

We cover your world

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**HDFC  
ERGO**

GENERAL INSURANCE



14th Annual Report 2015 -16

**HDFC ERGO General Insurance Company Limited**

## Our Vision

To be the most admired insurance company that enables the continued progress of customers by being responsive to their needs.

## Our Values



### Sensitivity

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

### Excellence

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

### Ethics

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

### Dynamism

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

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## Awards & Recognitions



### ISO Certification

for Operations & Services  
Customer Experience Management and Claims Management

HDFC ERGO has been awarded the ISO 9001:2008 certification for its processes relating to Operations and Services, Customer Experience Management and Claims Management. This certification validates HDFC ERGO's conformity with internationally established standards for quality systems and assurance in Operations, Claim Processing and Customer Service. The certification is a validation of the controls that have been built in place to ensure that the needs and expectations of customers are met. This certification ensures that the Company's products and services are the most compliant with the existing market standards and requirements.



### ISO Certification

for Standardization and Uniformity of Information Security processes being followed across all branches and locations

HDFC ERGO is now ISO 9001:2008 certified for the scope of providing services pertaining to claims registered by its customers for its products through In-House Health Claim Services, Network of Surveyors, Third Party Administrators and other agencies.

This certification validates internationally established standards for quality systems and assurance in claim processing. It is also an acknowledgment of the standardization and uniformity of processes being followed across all branches and locations.



### iAAA rating

by ICRA

HDFC ERGO has been rated iAAA by ICRA (an associate of Mooby's Investors Service) indicating highest claim paying ability. This rating denotes Company's fundamentally strong position and prospect of meeting policyholder obligations as the best. The rating takes into account the Company's strong parentage, its leadership position amongst the private sector general insurers in the country, balanced and diversified portfolio, prudent underwriting practice and reinsurance strategy.

## Awards & Recognitions



### ICAI Awards

Excellence in Financial Reporting FY 2014-15

HDFC ERGO has been conferred the Gold Shield award for Excellence in Financial Reporting by The Institute of Chartered Accountants of India (ICAI) under Category III - Insurance for FY 2014-15. The award was based on accounting practices adopted by the participating enterprises in the preparation of financial statements, the policies adopted for disclosure, presentation of financial statements and other information in the annual reports. HDFC ERGO was the only company amongst 175 participants to be awarded with the said award.



### ERGO Award 2015

Project CSC - Customer Services Centre

Out of the myriad nominations from various countries, HDFC ERGO's CSC Project was chosen by the Members of the ERGO Board and the employees of all countries who voted for the project using an online platform, as winner of the international ERGO Award 2015. As stated by the Jury, Project CSC combines two of three ERGO targets: a great level of customer orientation and several positive aspects of digitalisation. It's a great honor to the organization to win this award.

Common Services Center (CSC) is a setup by Govt. of India in rural India, which in addition to several eGovernance services now offers select insurance products to rural India under its new model. The Company in addition to several other insurance companies have partnered with the CSC SPV and have created an ecosystem to digitally reach out to the rural customers with simple products.



### Best Customer Experience Award of the Year

(Financial Sector) by KamiKaze

HDFC ERGO has received the prestigious "Best Customer Experience of the Year" award under the Non-Banking (General Insurance) category at the Ninth Loyalty Awards and Customer Experience Awards organized by KamiKaze B2B Media. HDFC ERGO's Customer Service team was chosen as the winner amongst some of the very prominent financial services brands of the country. The award recognizes the efforts undertaken by Company in areas of Customer Service and Customer Experience which aims to improve customer relationships and building long-term profitability.

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## Chairman's Message



“ In FY16, the General Insurance sector grew by 13.8% as against 9.4% in the previous year. ”

While a number of macro parameters such as fiscal deficit, current account deficit, forex reserves, inflation, etc. continue to improve, the economy would have been better off had some of the pending key legislative reforms seen the light of the day. The banking system continues to bear the brunt of non-performing loans. Three years after setting up project management group, stalled projects continue to increase and according to CMIE, the same now stands at over ₹ 11 trillion (~ 8% of GDP) up ~40%. Almost the entire increase in stalled projects is in private sector reflecting the issues in metal sector and relatively constrained access to finance. We hope the investment cycle turns sooner than later and builds on the improving macro parameters.

In FY16, the General Insurance sector (including specialised companies) grew by 13.8% as against 9.4% in the previous year. A combination of higher auto sales and price correction undertaken by insurance industry saw motor premium witness a healthy growth. Accident and Health segment grew at a robust rate of over 22%, thus driving the overall growth for the Industry. The industry suffered losses on account of Chennai floods which was reflected in their results at underwriting level.

After passage of Insurance Amendment Bill last year, the year saw many foreign players reposing greater faith in Indian insurance market by increasing stake in their joint ventures. The Regulator issued revised regulations amongst others relating to solvency, expenses of management, corporate agency norms to deepen insurance penetration. Corporate Governance Guidelines have also been revised to ensure enhanced governance standards and transparency in line with the provisions contained in the Companies Act, 2013 with the ultimate aim of protection of the interests of various stakeholders and in particular the policyholders.

During the year, the Company's market share was 3.7% with gross written premium of ₹ 3,467 crore. After taking a number of measures last year, the year saw the fruits of the same as profit increased from ₹ 104 crore last year to ₹ 151 crore in FY16, despite losses on account of Chennai floods. In FY16, the Company paid gross benefits of over ₹ 2,156 crore to its esteemed customers.

The Company continues to operate on its value principles of 'Sensitivity, Excellence, Ethics and Dynamism' and continues to undertake many technology driven initiatives for superior customer services delivery. I take this opportunity to thank all the stakeholders for their support in steering the company into bright future despite challenging economic and business environment.

**Deepak S. Parekh**  
Chairman

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## MD & CEO's Message



“ For the year ended March 31, 2016, the general insurance industry wrote gross direct premium of over ₹ 96,400 crore. ”

The growth of the non-life industry is directly linked to the economic growth - with early signs of economic turnaround, the industry is beginning to see the signs of return to the high growth phase. While on one hand historic low crude prices provided some succor to the economy, the below normal monsoon for the last two years more than neutralized this impact. However, expectation of above normal rainfall this year augurs well for the economy. There are clear signs that all the initiatives taken by the government during the last two years are beginning to yield results and the economy is getting back on track.

For the year ended March 31, 2016, the General Insurance industry wrote gross direct premium of over ₹ 96,400 crore (including specialized insurance companies), registering a growth of 13.8% (FY15: 9.4%). The Industry growth momentum seems to have started picking up with a growth rate of 15.4% in Q3FY16 and at 15.7% in Q4FY16. Motor and Health continue to be the major drivers of growth (contributing over 80% of the accretion). Private sector (including stand-alone health companies) grew at a healthy 15.3%, largely driven by Motor and Health. FY16 saw passenger vehicles sales growth at 7.2% and commercial vehicles growing at 11.5% which was very encouraging. FY17 would see the Industry premium cross the milestone of ₹ 100,000 crore and we expect to see higher growth on back of improving economy, as effects of the seventh pay commission & the launch of new crop insurance scheme.

During FY16 the overall gross direct premium of the Company grew at 6.4%, from ₹ 3,257 crore to ₹ 3,467 crore. The Retail Business grew at 14% closing the year at ₹ 2,186 crore compared to ₹ 1,917 crore and Corporate Business grew at 11% closing the year at ₹ 981 crore compared to ₹ 885 crore in FY15. Due to overall reduction of the Rural and Agri Business market size, this business registered a negative growth this year and as against ₹ 453 crore in FY15, the Company could achieve ₹ 299 crore showing de-growth of 34%. The Government recently announced the new crop insurance scheme, Pradhan Mantri Fasal Bima Yojana. With the new scheme the government is expecting to increase the crop insurance penetration of cultivable land from 22% to 50% which augurs well for the farmers. With the push from the Government it is expected that the Crop Insurance will see a major growth this year. HDFC ERGO being one of the key partners in crop insurance scheme, we look forward to FY17 with great optimism.

During FY16, the Company faced challenges to the profitability due to portfolio steering efforts in the motor portfolio, reduction of crop business and the losses arising out of Chennai Floods. Despite these challenges, the Company was able to improve the overall loss ratio to 72.8% from 78.7% in FY15. However, due to low growth in business, the expense ratio of the Company increased from 29.9% in FY15 to 32.8% in the current year. The combined ratio saw improvement, dropping from 108.6% in FY15 to 105.6% this year. The Company achieved profit after tax of ₹ 151.4 crore up from ₹ 104 crore during last year, registering a growth of 45.5%. Our company declared an interim dividend of 12.5% for FY16.

During the year, Company sold over 4.8 million policies through its 108 branches and various channel partners. The Company has put in place robust systems resulting in around 88% of these policies being issued in touch free mode. Being on the path of digitalization and providing fully digital experience to the new age customer, the Company continues to explore new age technologies and intends to invest in Artificial Intelligence and Big Data Analytics to predict customer behaviour and sentiments. Company has invested into state-of-the-art "Social CRM" for meeting customers' needs more efficiently. The focus has also been to implement self service and mobile technology driven solutions for improved service delivery.

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

**Ritesh Kumar**  
MD & CEO

## Company Highlights

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- 4th largest General Insurance Company in private sector and 3rd largest in Non-Motor.
- Gross Written Premium growth for the last 5 years is ~ 20% (CAGR).
- Overall market share grew from 1.1% in 2008-09 to 3.7% in current year.
- Largest player in personal accident lines in the industry.
- iAAA rated by ICRA (an associate of Moody's Investors Service) indicating highest claims paying ability.
- ISO 9001:2008 certification for its Claim Services, Policy Issuance and Customer Services.
- Spread across 108 branches in 91 cities and a close knit family of 2000+ professionals.
- Company continues to be compliant on Solvency Ratio.
- Servicing more than 5 million policies.



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## Board of Directors

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Mr. Deepak S. Parekh - Chairman

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Mr. Keki M. Mistry

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Ms. Renu Sud Karnad

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Mr. Andreas Kleiner

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Mr. Mark Lammerskitten  
(upto June 23, 2015)

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Mr. Arno Frank Fehler  
(w.e.f. June 24, 2015)

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Dr. Jagdish Khattar

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Mr. Bernhard Steinruecke

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Mr. Mehernosh B. Kapadia

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Mr. Anuj Tyagi - Executive Director  
(w.e.f. May 1, 2016)

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Mr. Mukesh Kumar - Executive Director

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Mr. Ritesh Kumar - MD & CEO

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## Senior Management

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Mr. Ankur Bahorey

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Mr. Sanjay Kaw

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Mr. Mehmood Mansoori

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Mr. Samir H. Shah

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## Auditors

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A. F. Ferguson Associates  
Chartered Accountants

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B. K. Khare & Co.  
Chartered Accountants

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## Bankers

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HDFC Bank Ltd.

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## Appointed Actuary

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Mr. Anurag Rastogi

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## Company Secretary

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Mr. Dayananda V. Shetty

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**Registered & Corporate Office** : 1<sup>st</sup> Floor, HDFC House, 165 - 166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020.  
**Customer Service Address** : 6<sup>th</sup> Floor, Leela Business Park, Andheri Kurla Road, Andheri (E), Mumbai - 400 059.  
Telephone : +91 22 6638 3600 ; Fax : +91 22 6638 3699 ; Website : www.hdfcergo.com.  
CIN : U66010MH2002PLC134869. IRDAI Reg No. 125.

## Brief Profile of the Directors



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



**Mr. Keki M. Mistry** is the Vice Chairman & Chief Executive Officer of HDFC. He is a fellow of The Institute of Chartered Accountants of India. He has been employed with HDFC since 1981 and was appointed as the Executive Director in 1993. He was appointed as the Deputy Managing Director of HDFC in 1999 and as the Managing Director in 2000. He was last re-appointed as the Managing Director, designated as the Vice Chairman & Chief Executive Officer of HDFC for a period of 3 years, w.e.f. November 14, 2015.



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



**Mr. Andreas Kleiner** is Member of the Board of Management, ERGO International AG, Dusseldorf, Germany. He is a Graduate Civil Engineer from University of Stuttgart, Germany. He is a Chartered Insurer from Chartered Insurance Institute, London and has completed Executive MBA studies in Financial Services Industry (MBA-FSI) from University of St. Gallen (Switzerland), Vlerick Leuven Gent Management School (Belgium) and HEC Montréal (Canada). He has an experience of over 22 years in the insurance industry across different functions as well as in Senior Executive Management positions such as CEO of Munich Reinsurance Company of Africa Ltd., Johannesburg (2003-2007) and General Manager of Munich Re Singapore Branch, Singapore (1996-2003).



**Mr. Arno Frank Fehler** is Head of Regional Management India, Turkey and Greece at ERGO Group AG since September 2015. Mr. Fehler is a graduate in Economics (lic. rer. pol.) from University of Fribourg, Switzerland, and is a CFA Charterholder since 2004. He started his career in Capital Markets and joined ERGO Group AG, Germany, in 2001 wherein he held various positions in corporate finance and International Operations. Prior to his current role, he was General Manager at ERGO Asia Management Pte Ltd., Singapore, and concurrently held the position of Regional CFO for ERGO's operations in South-East Asia.



**Dr. Jagdish Khattar**, former officer of Indian Administrative Service (IAS) is an Independent Director of the Company. While in administrative service he held various positions in the State and Centre. Most of the assignments were as Head of Public Sector Undertakings in Cement, Transport, Tea Board etc. He took voluntary retirement from the service to join Maruti Udyog Ltd. in 1993. He was Managing Director of Maruti Suzuki India Ltd. from 1999 to 2007. Dr. Khattar was recognized by various channels for his contribution to the automobile industry. In 2003, he received Entrepreneur Manager award from E&Y. He was awarded prestigious Founders' Award 2008 by JD Powers & Associates, only in India and fourth international CEO of an auto company to be recognized in the last 50 years. An Honours graduate in Arts from St. Stephens College, Delhi University, Dr. Khattar also holds a degree in Law. He has been conferred an Honorary Doctorate of Business Administration by the London Metropolitan University, UK. In 2008, he founded Carnation Auto, India's first independent multi brand sales and service network. In 2013, his book "Driven – Memoirs of a Civil Servant Turned Entrepreneur" was released nationwide. Dr. Khattar was appointed as an Independent Director of the Company for a period of 5 years w.e.f. July 21, 2014.



**Mr. Bernhard Steinruecke** is the Director General of Indo-German Chamber of Commerce. He studied Law and Economics in Vienna, Bonn, Geneva and Heidelberg and has a Law Degree from the University of Heidelberg in 1980 (Honours Degree) and passed his Bar exam at the High Court of Hamburg in 1983. Mr. Steinruecke was the former Co-CEO of Deutsche Bank India and Co-Owner and Speaker of the Board of ABC Privatkunden - Bank, Berlin. Mr. Steinruecke was appointed as an Independent Director of the Company for a period of 5 years w.e.f. July 21, 2014.



**Mr. Mehernosh B. Kapadia** holds a Master's degree in Commerce (Honours) and is a Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. Most of his corporate career of 34 years has been with GlaxoSmithKline Pharmaceuticals Limited (GSK) where he has worked for over 27 years. He retired as the Senior Executive Director and Chief Financial Officer of GSK w.e.f. December 1, 2014. Over the years, he has been responsible for an extensive range of finance and company secretarial matters. He has also held management responsibility for other functions during his tenure with GSK, including Investor Relations, Legal and Compliance, Corporate Affairs, Corporate Communications, Administration and Information Technology, and held the position of Company Secretary for many years. He has been appointed as an Independent Director of the Company for a period of 5 years w.e.f. October 17, 2014.



**Mr. Anuj Tyagi** is presently the Member of Executive Management and Chief Distribution Officer of the Company. Mr. Anuj Tyagi is a Science graduate from Delhi University and has a Post Graduate Diploma in Business Management. Mr. Tyagi joined the Company in 2008 as Head-Corporate Business Group and has about 16 years of work experience in insurance and banking. Subject to the approval of IRDAI and Shareholders, the Board of Directors appointed Mr. Anuj Tyagi as a Whole-time Director (designated as the 'Executive Director') of the Company for a period of 5 years with effect from May 1, 2016. He is responsible for Wholesale and Retail business and Reinsurance functions of the Company.



**Mr. Mukesh Kumar** is an Executive Director of the Company. Mr. Kumar is an Arts graduate from Allahabad University. Mr. Mukesh Kumar has about 35 years of work experience in the Insurance Industry, covering functions such as Business Development, Underwriting, Claims, Human Resources, Quality Management and Marketing, including 21 years of experience at the National Insurance Company Limited. Mr. Mukesh Kumar was appointed as a Whole-time Director (designated as the 'Executive Director') of the Company for a period of 3 years w.e.f. June 1, 2014. He is primarily responsible for Underwriting & Claims, Strategy, Human Resources and IT & Operations functions of the Company.



**Mr. Ritesh Kumar** is the Managing Director and CEO of the Company. Mr. Kumar has about 24 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 14 years in Insurance. He joined HDFC ERGO in the year 2008. Mr. Kumar is a Commerce graduate from Shriram College of Commerce, Delhi and holds a MBA degree from Faculty of Management Studies (FMS), Delhi. Mr. Ritesh Kumar was re-appointed as the Managing Director and CEO of the Company for a period of 5 years w.e.f. June 10, 2015.

## Directors' Report

### TO THE MEMBERS

Your Directors are pleased to present the Fourteenth Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2016.

### Financial Results

(₹ in crore)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Gross Written Premium	<b>3,466.5</b>	3,257.0
Net Written Premium	<b>1,898.0</b>	1,778.4
Net Earned Premium	<b>1,708.5</b>	1,674.1
Other Income/Liabilities written back	<b>3.0</b>	3.2
Net Incurred Claims	<b>1,244.2</b>	1,317.9
Net Commission (Income) / Expenses	<b>(149.9)</b>	(96.8)
Expenses of Management	<b>772.4</b>	628.8
Investment Income – Policyholders	<b>258.6</b>	224.8
General Insurance Result	<b>103.4</b>	52.2
Investment Income – Shareholders	<b>99.4</b>	88.6
<b>Profit before Tax</b>	<b>202.8</b>	140.8
Provision for Tax	<b>51.4</b>	36.8
<b>Profit after Tax</b>	<b>151.4</b>	104.0
Interim Dividend (incl. dividend distribution tax)	<b>81.0</b>	48.5
Transferred to Reserves	<b>—</b>	—
Balance carried to Balance Sheet	<b>70.4</b>	55.5
Credit balance in P & L account at the year end	<b>200.5</b>	130.1*

\*Adjusted for value of assets with no balance useful life as on April 1, 2014 (net of deferred tax)

### Performance

The gross written premiums of the Company increased by 6.4%, from ₹ 3,257.0 crore to ₹ 3,466.5 crore. The Company achieved a Profit before Tax of ₹ 202.8 crore (PY: ₹ 140.8 crore) representing a growth of 44.0%. The Profit after Tax for the year is ₹ 151.4 crore as against ₹ 104.0 crore in the previous year. The net earned premium increased to ₹ 1,708.5 crore from ₹ 1,674.1 crore in the previous year.

### Dividend

The Board of Directors had approved the payment of an interim dividend for the financial year 2015-16 of ₹ 1.25 per equity share of ₹ 10 each in February 2016, as against ₹ 0.75 during the previous year. The said dividend was encashed by all shareholders. No final dividend was recommended by the Board.

### Change in Shareholding

Pursuant to the amendment in the Insurance Act, 1938, providing for foreign investment upto 49% in the insurance sector, the foreign promoter ERGO International AG, has decided to increase its shareholding in the Company to upto 49% of the paid up share capital. The Board at its meeting held on October 21, 2015, accorded its consent to the same, subject to regulatory approvals, including from the Insurance Regulatory and Development Authority of India (IRDAI), under Section 6A of the Insurance Act, 1938.

The Indian and Foreign Promoters and the Company have entered into a Restated Shareholders Agreement, inter-alia incorporating conditions to ensure that the Company is Indian Owned and Controlled at all times, as envisaged under IRDAI Guidelines on Indian Owned and Controlled and the Indian Insurance Companies (Foreign Investment) Rules, 2015.

The Company is awaiting the approval of IRDAI, for affecting the transfer of shares.

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

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

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

During the year, the Board met five (5) times on April 21, 2015, July 20, 2015, October 21, 2015, January 7, 2016 and January 22, 2016.

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

#### **Declaration by Directors**

The Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as provided under sub-section 6 of Section 149 of the Companies Act, 2013 (Act).

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

#### **Policy on Director's Appointment and Remuneration**

The Company has in place a Board approved Policy on Appointment of Directors and Members of Senior Management (Appointment Policy) and Policy on Remuneration of Directors, Key Managerial Personnel, Senior Management and other Employees (Remuneration Policy).

The objective of the Appointment Policy is inter-alia to provide a framework and set standards for the appointment of high quality directors who should have the capacity and ability to lead the Company towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders including policyholders, channel partners and employees. The objectives of the Remuneration Policy is inter-alia to ensure that (i) the level and composition of remuneration

is in line with other companies in the industry, sufficient to attract and retain right talent at all levels and keep them motivated enough to meet the organizational objectives; (ii) a reasonable balance is maintained in the composition of remuneration (fixed and variable component); and (iii) to have performance measurement parameters in place to assess the overall performance of Directors, Key Managerial Personnels (KMPs), Members of Senior Management and other employees.

The said Policies are available on the website ([www.hdfcergo.com](http://www.hdfcergo.com)) of the Company.

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

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

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

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

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

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

#### **Related Party Transactions**

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

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

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

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

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

### Material changes and commitments affecting the financial position

There were no material changes or commitments, affecting the financial position of the Company between March 31, 2016 and the date of this report.

### Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo

Since the Company does not carry out any manufacturing activity, the provisions w.r.t. disclosure of particulars regarding conservation of energy and technology absorption are not applicable to the Company.

The Company incurred an expenditure of ₹ 212.03 crore (PY: ₹ 192.6 crore) in foreign exchange during the year under review mainly on account of reinsurance premium. Premium received in foreign exchange during the year was ₹ 78.05 crore (PY: ₹ 68.0 crore).

### Risk management policy and material risks

The Company has a comprehensive Risk Management Framework (RMF) to identify, assess, monitor and report all material risks. The key risks identified by the Company and the mitigation measures are as under:

#### Underwriting and Reserving Risks

The Company has an exposure to the risk of loss due to either inadequate pricing, reserving or inadequate reinsurance protection. To effectively mitigate these risks, the Company has formulated appropriate risk response strategies comprising of the following controls and mitigation measures:

- Risks are underwritten based on underwriting guidelines after thorough analysis to enable that an appropriate price is charged to the proposer. The Company analyses the claim experience and profitability of the risks underwritten to mitigate the risk of inadequate pricing.
- Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.
- Reinsurance program is designed to ensure optimal protection from financially sound reinsurers.
- Catastrophe (CAT) risk is the risk that the Company will suffer very large losses if there is a catastrophic event that causes lot of destruction. The Company has

taken CAT protection in order to mitigate the risks of large losses arising from probable catastrophic events.

The Company's current reinsurance arrangement provides cover for a CAT risk event loss.

#### Credit and Market Risk

The risk of adverse change in financial situation due to fluctuation in the market price of investment assets, its liquidity and credit quality are also material risks to which the Company is exposed to.

The Investment Policy and the Standard Operating Guidelines which are framed as per IRDA (Investment) Regulations, 2000, as amended and circulars issued thereunder, guide the investment decisions of the Company.

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

A diversified investment portfolio approach is followed to mitigate the Market risk exposure of the Company.

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

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

The risk of default of counter parties (Credit Risk) is managed by investing in securities in line with the regulatory provisions relating to investment which provide for the minimum level at which sovereign and AAA rated securities are to be held with a view to mitigate the credit risk exposure in the debt portfolio.

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

#### Corporate Social Responsibility

The Company's CSR Policy is hosted on the website of the Company ([www.hdfcergo.com](http://www.hdfcergo.com)). The Policy inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism.

The Annual Report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended to this Report.

During the year, as against the required CSR spend of ₹ 3.59 crore, the Company spent ₹ 2.30 crore on CSR activities. Though the intention was to spend the full amount of CSR obligation, the same could not be achieved due to the following reason.

As per the CSR Policy, 80% of the available CSR amount (₹ 2.87 crore) was earmarked on project 'Gaon Mera', of which amount actual spent was ₹ 1.79 crore, leaving a balance of ₹ 1.08 crore. The various activities involved in 'Gaon Mera', viz. baseline study and village development plan, selection and deployment of NGO teams at ground level, formation of village level committees, took longer time than planned and hence accordingly, the amount was disbursed only to the extent of actual completed work in the specified activity area.

The balance 20% of the available CSR amount (₹ 0.71 crore) was planned to be spent on other CSR activities apart from 'Gaon Mera'. However, only ₹ 0.51 crore was spent on such activities. The balance ₹ 0.20 crore was under discussion on other identified projects which could not be concluded in time and hence unutilized.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Directors have carried out an annual performance evaluation of Individual Directors, Board as a whole and Board Committees.

In addition, the Independent Directors have inter-alia separately evaluated the performance of the Board as a whole, its Committees, individual directors and Chairman of the Board, at their separate meeting held on January 22, 2016.

The evaluation of the Board and the Board Committees was carried out on the basis of various parameters like quality and experience of Board members, cohesion in the Board/ Committee meetings, constitution and terms of reference of various Board Committees, follow up on implementation of decisions taken at Board/Committee meetings, quality, quantity and timeliness of flow of information, etc.

The evaluation of Non-Executive Directors (including Independent Directors) was carried out based on parameters like attendance, active participation, bringing one's own experience to bear on the items for discussion, awareness and observance of governance, value addition to the business and strategic aspects of the Company.

In addition to the above, Executive Directors were also evaluated on other parameters such as involvement in the job requirements with dedication and competence, quest for improvement in performance, quality of

leadership and teamwork, encouragement towards transparent flow of information between Management and Board.

### Particulars of Employees

The total employee strength of the Company as on March 31, 2016 stood unchanged at 2,007.

### Secretarial Audit

In accordance with 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 Messrs Bhandari & Associates, Practising Company Secretaries for conducting Secretarial Audit of the Company for FY 2015-16.

The Secretarial Audit Report is appended to this Report.

### Employees Stock Option Plan (ESOP)

During the year, the Company did not grant any stock options.

During the year, Options vested aggregated to 12,39,750 and Option exercised was nil, hence there was no allotment of any shares.

The Options lapsed during the year aggregated to 97,250 and the Options in force as on March 31, 2016 were 74,53,750.

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

The diluted EPS is ₹ 2.79 against a basic EPS of ₹ 2.81.

### Public Deposits

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

### Auditors

#### Ratification of Appointment

At the twelfth Annual General Meeting (AGM) of the Company held on July 21, 2014, Members had appointed Messrs B. K. Khare & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 105102W), as one of the Joint Statutory Auditors of the Company for a period of 5 years and to hold office as such up to the conclusion of the seventeenth AGM of the Company, subject to ratification at every AGM.

In terms of proviso to Section 139 of the Companies Act, 2013, the Company is required to ratify statutory auditor's appointment at every AGM.

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

### Appointment of new auditor in place of retiring auditor

At the twelfth AGM of the Company held on July 21, 2014, Members had appointed Messrs A. F. Ferguson Associates, Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI: 102849W), as one of the other Joint Statutory Auditors of the Company, for a period of 2 years and to hold office as such up to the conclusion of the fourteenth AGM of the Company, subject to ratification at every AGM.

Accordingly, their term as Auditors would expire at the conclusion of the ensuing AGM.

The Board wishes to place on record its appreciation for the services rendered by Messrs A. F. Ferguson Associates, Chartered Accountants during their tenure as one of the Joint Statutory Auditors of the Company.

Messrs G. M. Kapadia & Co., Chartered Accountants, were previously one of the Joint Statutory Auditors of the Company and their last term expired with the audit for FY 2013-14. The cooling period of 2 years, as required under the Guidelines for Appointment of Statutory Auditors issued by IRDAI, would expire with conclusion of FY 2015-16.

The Company has received a Special Notice from a Member of the Company signifying its intention to propose the name of Messrs G. M. Kapadia & Co., Chartered Accountants as one of the Joint Statutory Auditors from FY 2016-17.

The Board after considering the qualifications and experience of Messrs G. M. Kapadia & Co., Chartered Accountants and being satisfied that qualifications and experience of the firm is commensurate with the size and requirements of the Company recommends their appointment as one of the Joint Statutory Auditors of the Company for a period of 5 years commencing from FY 2016-17 to FY 2020-21. Messrs G. M. Kapadia & Co., Chartered Accountants have expressed their willingness to act as one of the Joint Statutory Auditors of the Company and have confirmed that they fulfil the conditions of eligibility to be appointed as the Auditors as required under the provisions of Sections 139 and 141 of the Companies Act, 2013 and Auditor Guidelines issued by IRDAI.

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

### Subsidiaries

The Company has no subsidiaries.

### Directors and Key Managerial Personnel

#### Appointment of Non-Executive Director

Mr. Mark Lammerskitten has been a nominee of ERGO International AG (ERGO) on the Board of the Company.

Pursuant to change in his role at ERGO, Mr. Lammerskitten resigned as a Director of the Company w.e.f. June 24, 2015, and in his place, ERGO has nominated Mr. Arno Frank Fehler. In accordance with the Policy of the Company on Appointment of Directors and Members of Senior Management and pursuant to the recommendations of the Nomination and Remuneration Committee of Directors (NRC), the Board in accordance with the provisions of Section 161 of the Act vide circular resolution, appointed Mr. Arno Frank Fehler as an Additional Director w.e.f. June 24, 2015. In accordance with the provisions of Section 152 of the Act, the Members, at the last AGM held on July 21, 2015, appointed Mr. Fehler as a Non-Executive Director of the Company, liable to retire by rotation.

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

#### Appointment of Executive Director

The Board of Directors at its meeting held on April 21, 2016, pursuant to the recommendations of the NRC and in accordance with the provisions of Section 197 of the Act and Section 34A of the Insurance Act, 1938, appointed Mr. Anuj Tyagi as a Whole-time Director of the Company (designated as 'Executive Director') for a period of 5 years with effect from May 1, 2016, subject to the approval of IRDAI and Shareholders.

#### Re-appointment of Directors liable to retire by rotation

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Keki M. Mistry and Ms. Renu S. Karnad, Directors retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

#### Induction Programme for Non-Executive Director

An induction programme was organised for the newly inducted Non-Executive Director, Mr. Arno Frank Fehler, spanning over a period of two days. The objective of the programme was to familiarize the newly appointed director with the Company's business, operations, policies and processes and mechanism in place to ensure compliance with applicable laws. The induction programme included meetings with representatives of various functions which provided an overview of the activities and core responsibilities of the function.

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

There were no significant or material orders passed by the regulators, courts or tribunals which would impact the going concern status of the Company or its future operations.



### Internal Financial Controls over Financial Statements

With the objective of ensuring adequacy of Internal Financial Controls and accuracy and completeness of financial reporting and demonstrate that entries in the financial records are accurate, complete, timely, reliable and made in accordance with applicable regulations, statutes and generally accepted accounting principles, the Management has taken various steps including:

1. Reviewing the existing processes and mapping them with risks and controls to ensure that they are adequate;
2. Testing internal controls on a regular basis and ensuring that processes and controls are working effectively and strengthening the same wherever required;
3. Assessing Fraud Risk and building processes around the same so that risk is managed, deterred and minimized;
4. Deployed required resources for ensuring segregation of duties at the operating level and regular oversight to ensure the accuracy, completeness and timely preparation of reliable financial statements. The oversight also ensures that accounting policies are applied properly and consistently so as to ensure that the financial statements provide a true and fair view of the financial affairs of the Company.

The controls ensure that the Company's books, records, accounts and financial statements are maintained in reasonable detail and appropriately reflect the Company's transactions.

Further the Company has:

- Institutionalized required policies and procedures to cover all aspects of the Company's operations;
- Adopted appropriate levels of automation for transmission of data amongst various systems;
- Put in place requisite mechanism for assignment of responsibilities, delegation of authority and segregation of duties and provide a basis of accountability;
- Created and maintained a culture of integrity and high ethical standards; and
- Deployed dedicated resources for identification and investigation of possible frauds.

### Audit Committee

The Audit and Compliance Committee comprises five (5) members – three Independent Directors and two Non-Executive Directors. The Chairman of the Committee

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

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

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

### Indian Accounting Standards (Ind AS)

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

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

As advised by IRDAI, the Company has constituted an Ind AS Steering Committee headed by Executive Director and comprising of CFO, Head – IT, Appointed Actuary, Financial Controller, and officers from actuarial and finance function. The Committee would meet on a regular basis and update the Audit Committee and Board about the progress in implementation of Ind AS.

### Directors' Responsibility Statement

In accordance with the provisions of Section 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, the applicable accounting standards have been followed and there were no material departures;
- (b) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in

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accordance with the provisions of the Companies Act, 2013 and rules made thereunder, Insurance Act, 1938, as amended, Insurance Rules, 1939 and IRDAI Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- (d) The annual accounts of the Company have been prepared on a going concern basis;
- (e) Proper systems are in place to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Acknowledgements**

The Board wishes to place on record its gratitude to and acknowledge the role of all the stakeholders, policyholders,

channel partners, reinsurers and shareholders for their continued support, trust and cooperation.

The Board wishes to thank and appreciate the Insurance Regulatory and Development Authority of India, General Insurance Council, the Reserve Bank of India, Ministry of Corporate Affairs (MCA) and various ministries of the Government of India for their guidance and extending cooperation in the endeavors pursued by the Company.

The Board also wishes to thank and appreciate the employees of the Company at all levels for their hard work, efforts and dedication to achieve the targets, goals and objectives.

On behalf of the Board of Directors

Mumbai  
April 21, 2016

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

## Report of the Directors on Corporate Governance

Corporate Governance means and includes conducting the business in a fair, transparent and ethical manner, by giving due recognition to the interests of various stakeholders viz. shareholders, customers, employees, government, regulator, service providers, financiers and the society at large, who have direct or indirect interest in the success and growth of a business enterprise. Corporate Governance includes adherence to all laws, rules, regulations and guidelines, as applicable.

The corporate governance framework in India has been further strengthened by the enactment of the Companies Act, 2013 (the Act), which has recognized the importance of good governance practices by stipulating in the statute book various tenets of good Corporate Governance. The Act has included stipulation for Board composition, appointment of independent and women directors for prescribed class of companies, duties of directors and code of conduct for independent directors, fixed term for independent directors, mandatory constitution of nomination and remuneration committee and stakeholders relationship committee in addition to the audit committee, oversight of related party transactions by the audit committee / shareholders, fixed term for statutory auditors and empowering shareholders to voice their say on various corporate matters and transactions. The Board of Directors are entrusted with the responsibility to ensure good governance practices and to gain trust of its stakeholders. Pragmatic indication shows a direct relationship between high governance standards of a listed entity and relatively high price-earnings ratio (P/E ratio) of its securities.

### Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance has been influenced by its Promoters, Housing Development Finance Corporation Limited (HDFC) and ERGO International AG (ERGO). Corporate Governance at the Company is not just adherence to mandatory rules and guidelines. It is Company's philosophy to observe the spirit behind the letter. A commitment to Policyholder satisfaction and nurturing of Shareholder value has been the cornerstone of governance practices at HDFC ERGO. The Company endeavors to adhere to the established and proven practices of HDFC and ERGO in maintaining corporate culture and the spirit in managing the business. HDFC ERGO believes that Corporate Governance is a continuous journey towards sustainable value creation for all the stakeholders and is driven by its values of Sensitivity, Excellence, Ethics and Dynamism (SEED). The Company's vision is to be the most trusted partner for every stakeholder and the Company is committed to provide fair, transparent and equitable treatment to all Stakeholders. The Company's core value system is guided by the principles of accountability, transparency and timely disclosure of matters of interest to the stakeholders and

ensuring thorough compliance with the applicable acts, laws, rules and regulations and conducting business in best ethical manner.

The Company is not only committed to follow the prescribed Corporate Governance practices embodied in various regulatory provisions, but is constantly striving to adopt emerging best practices.

The Board of Directors fully support and endorse various provisions of the Act towards ensuring and enhancing the standards of Corporate Governance and the Guidelines on Corporate Governance for the Insurance Sector (the Guidelines) issued by the Insurance Regulatory and Development Authority of India (IRDAI). The Company has complied with the mandatory requirements of the Act, the Guidelines and certain non-mandatory requirements. The status with regard to the same is listed below.

### Board of Directors

The Board of Directors of the Company are responsible for ensuring fairness, transparency and accountability of the Company's business operations and they provide appropriate directions, with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of performance on a sustained basis as well as adherence to the best practices of Corporate Governance. The Board plays a pivotal role in creation of stakeholder value and ensures that the Company adopts sound and ethical business practices and that the resources of the Company are optimally used. The Board periodically reviews and approves the strategy and oversees the decisions of the Management. The Company has a multi – tier management structure, comprising Board of Directors and its Committees at the apex, followed by employees at senior management, middle management and junior management positions. Through this, it is ensured that strategic supervision is provided by the Board; control and implementation of Company's strategy is achieved effectively, operational management remains focused on implementation; information regarding the Company's operations and financial performance is made available promptly; delegation of decision making with accountability is achieved; financial and operating control and integrity are maintained at an optimal level; and risks are suitably evaluated and dealt with.

### Composition

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

The size of the Board, in addition to being compliant with legal requirements is consistent with scale, nature and complexity of business of the Company.

The Board comprises eleven members, of which three are Whole-time Directors and eight are Non-Executive Directors. The three Whole-time Directors include a Managing Director & CEO and two Executive Directors. Of the eight Non-Executive Directors, three Directors represent HDFC, two Directors represent ERGO and three are Independent Directors.

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

All the Independent Directors have confirmed that they satisfy the criteria laid down for an independent director under Section 149 (6) of the Companies Act, 2013. None of the Directors of the Company are related to one another. All the Directors of the Company fulfill the fit and proper criteria as mentioned in the Guidelines.

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

Sr. No.	Directors	Category	No. of Directorships+
1	Mr. Deepak S. Parekh	Chairman (Non-Executive)	8
2	Mr. Keki M. Mistry	Non-Executive Director	9
3	Ms. Renu Sud Karnad	Non-Executive Director	9
4	Mr. Andreas Kleiner	Non-Executive Director	1
5	Mr. Mark Lammerskitten*	Non-Executive Director	1
6	Mr. Arno Frank Fehler**	Non-Executive Director	1
7	Dr. Jagdish Khattar	Independent Director	3
8	Mr. Bernhard Steinruecke	Independent Director	3
9	Mr. Mehernosh B. Kapadia	Independent Director	1
10	Mr. Anuj Tyagi***	Executive Director	—
11	Mr. Mukesh Kumar	Executive Director	—
12	Mr. Ritesh Kumar	Managing Director and CEO	—

\*Upto: June 23, 2015 \*\*From: June 24, 2015

\*\*\*From: May 1, 2016

+Directorships held in public companies registered under the provisions of the Companies Act, 1956/ 2013 (excluding HDFC ERGO) have been considered.

### Responsibilities

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

### Role of Independent Directors

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

During the year, the Independent Directors met the Joint Statutory Auditors separately, without the presence of the Management and discussed the issues arising out of the Annual audit.

### Tenure

The Non-Executive Directors (excluding Independent Directors) are liable to retire by rotation. One-third of the total directors are liable to retire every year and if eligible, offer themselves for re-appointment.

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

### Board Meetings and Procedures

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

The meetings of the Board of Directors are generally held at the Company's registered office in Mumbai. The schedule of meetings to be held in a calendar year is planned well in advance and informed to the Directors. The notice of each Board and Committee meeting is given in writing through email to each Director, Appointed Actuary, Members of Senior Management and Statutory and Internal Auditors, as and when required. The Company

also makes arrangements for participation of Directors in the meeting through video-conferencing (VC), if for any reason they are unable to participate in the meeting in person. The Board meets at least once a quarter to review the financial, operational and investment performance of the Company.

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

The Members of the Board have access to all information of the Company. Appointed Actuary is a permanent invitee at the Meetings of the Board, Audit & Compliance Committee and Risk Management Committee. Members of Senior Management team are invited to attend the Board and Committee meetings so as to provide additional inputs on the items being discussed by the Board. Urgent matters are also considered and approved by passing resolution through circulation, which are noted at the next meeting of the Board. The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. The brief minutes of each Board meeting are circulated to the Board members within two working days from the date of meeting and detailed draft minutes are circulated to the members of the Board/Committee within fifteen days from the date of meeting and the comments, if any, on the draft minutes are received within seven days of its circulation. The minutes are finalized within thirty days and thereafter recorded in the Minutes Book. In compliance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the minutes of the Board meetings, summary of the key decisions taken by the Board and the details of significant transactions or arrangements entered into by the Company, if any, are submitted to the holding company on a regular basis.

During the year, the Board met five (5) times on April 21, 2015, July 20, 2015, October 21, 2015, January 7, 2016 and January 22, 2016. The time gap between any two meetings did not exceed 120 days.

The Board also met on April 21, 2016 and inter-alia considered and approved the audited financial statements for the year ended March 31, 2016.

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

Directors	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Deepak S. Parekh	5	5
Mr. Keki M. Mistry	5	5
Ms. Renu S. Karnad	5	5
Mr. Andreas Kleiner	5	5
Mr. Mark Lammerskitten*	1	1
Mr. Arno Frank Fehler**	4	3
Dr. Jagdish Khattar	5	5
Mr. Bernhard Steinruecke	5	5
Mr. Mehernosh B. Kapadia	5	5
Mr. Anuj Tyagi***	—	—
Mr. Mukesh Kumar	5	5
Mr. Ritesh Kumar	5	5

\* Upto: June 23, 2015 \*\*From: June 24, 2015

\*\*\*From: May 1, 2016

#### Committees

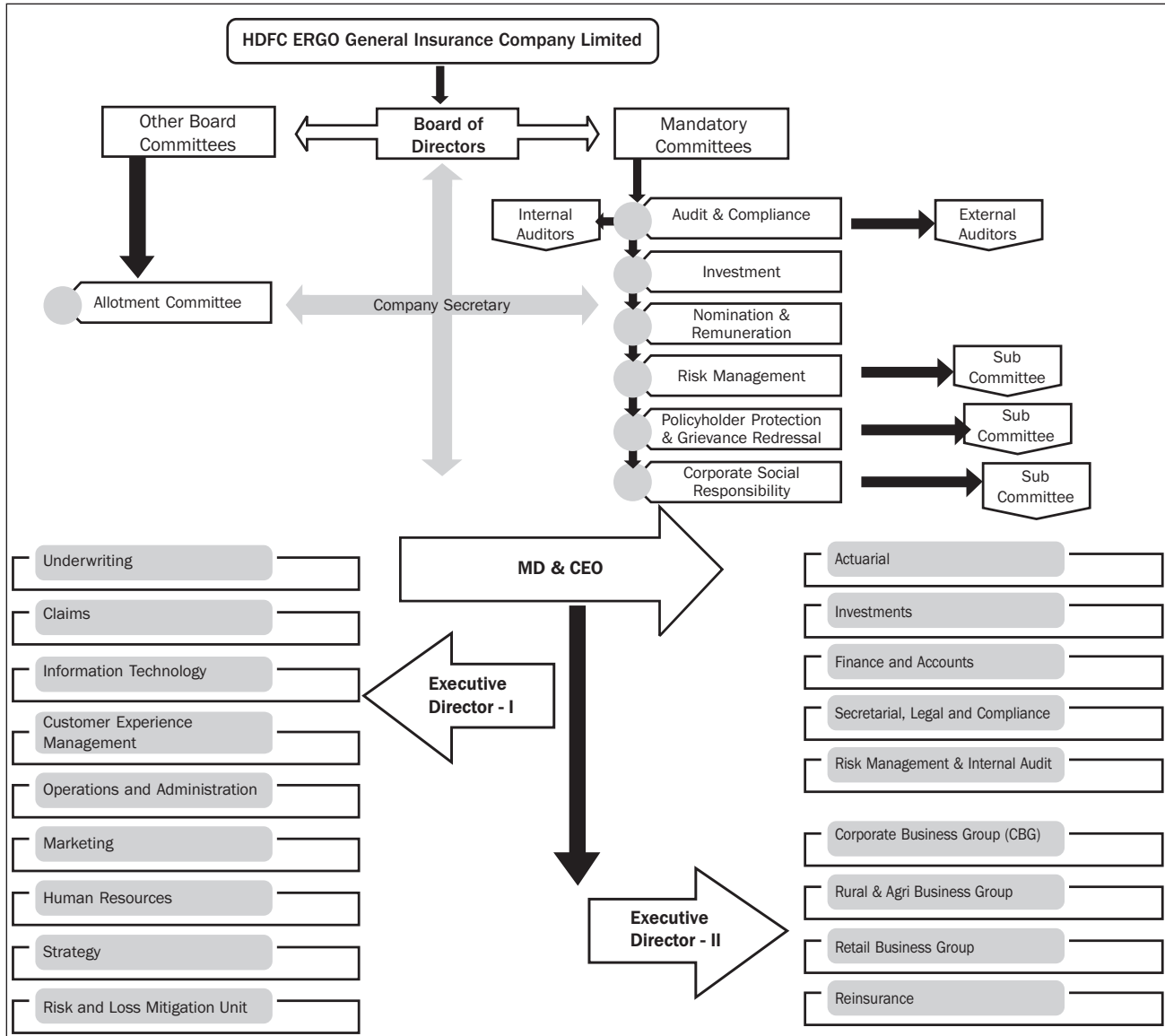
To enable better and more focused attention on the affairs of the Company and as required under regulatory provisions, the Company has constituted various Committees. These Committees lay down the groundwork for decision-making and report at the subsequent Board meeting. The terms of reference of the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

- (i) Audit and Compliance Committee (ACC)
- (ii) Investment Committee (IC)
- (iii) Risk Management Committee (RMC)

- (iv) Policyholder Protection and Grievance Redressal Committee (PPGRC)
- (v) Nomination and Remuneration Committee (NRC)
- (vi) Corporate Social Responsibility Committee (CSR)

(vii) Allotment Committee (AC)

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



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

**Audit and Compliance Committee (ACC)**

The Audit and Compliance Committee comprises five (5) members – three Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an Independent Director and a qualified Chartered Accountant. The composition of the Committee is in conformity with the provisions of Section 177 of the Act and the Guidelines.

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

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

The Committee inter-alia oversees the financial statements and financial reporting before submission to the Board, internal audit function, compliance function and the work of the statutory auditors. It also reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the Management. The Committee gives appropriate directions to the Management in areas that need to be strengthened. The Committee reviews and ratifies the related party transactions, monitors age-wise analysis of unclaimed amount of Policyholders, progress on settlement of unclaimed amount and steps taken by the Company to reduce unclaimed amount and suggests appropriate measures thereto, reviews the mechanisms to comply with the provisions of applicable laws, rules, regulations, circulars issued by the regulators. The Committee recommends to the Board, the appointment or re-appointment of the statutory auditors, internal auditors, secretarial auditors, concurrent auditors, investment risk management auditors and their remuneration. The Committee and Statutory Auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit.

During the year, the ACC met five (5) times on April 21, 2015, July 20, 2015, October 21, 2015, January 8, 2016 and January 22, 2016. The Committee also met on April 21, 2016, for review of the audited financial statements for the year ended March 31, 2016 and recommended the same for the approval of the Board.

The details of composition of the ACC and attendance of the Committee members at the meetings are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Mehernosh B. Kapadia (Chairman)	5	5
Mr. Bernhard Steinruecke	5	5
Dr. Jagdish Khattar	5	5
Mr. Keki M. Mistry	5	5
Mr. Andreas Kleiner	5	5

#### Investment Committee (IC)

The Investment Committee comprises six (6) members - two Non-Executive Directors, the Managing Director and CEO, the Chief Financial Officer, the Appointed Actuary and the Chief Investment Officer. The composition of the Committee is in conformity with the provisions of the IRDA (Investment) Regulations, 2000, as amended and the Guidelines issued thereunder by IRDAI from time to time. During the year, the Committee was re-constituted to induct Mr. Arno Frank Fehler as its member, in place of Mr. Mark Lammerskitten.

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

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

All the Committee members are fully conversant with the various responsibilities cast on them by the IRDA (Investment) Regulations, 2000, as amended and Guidelines issued thereunder by IRDAI from time to time. The Committee regularly apprises the Board on the performance and analysis of Company's investment portfolio and strategy.

During the year, the IC met four (4) times on April 21, 2015, July 20, 2015, October 21, 2015 and January 22, 2016. The IC also met on April 21, 2016.

The details of composition of the IC and attendance of the members at the meetings are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Keki M. Mistry (Chairman)	4	4
Mr. Mark Lammerskitten*	1	1
Mr. Arno Frank Fehler**	3	3
Mr. Ritesh Kumar	4	4
Mr. Anurag Rastogi (Appointed Actuary)	4	4
Mr. Samir H. Shah (Member of Executive Management and CFO)	4	4
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4

\* Upto: June 23, 2015 \*\*From: June 24, 2015

#### Risk Management Committee (RMC)

To comply with the provisions of the Indian Owned and Controlled Guidelines issued by IRDAI, the Board at its meeting held on April 21, 2016 re-constituted the Committee by inducting Mr. Keki M. Mistry, Non-Executive Director as 2<sup>nd</sup> HDFC nominee.

The Risk Management Committee comprises six (6) members - two Independent Directors, two HDFC nominees, one ERGO nominee and the Managing Director and CEO of the Company. The Chairman of the Committee is an Independent Director.

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

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

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

During the year, the RMC met four (4) times on April 21, 2015, July 20, 2015, October 21, 2015 and January 22, 2016. The RMC also met on April 21, 2016.

The composition of the RMC and attendance of the members at the meetings are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Bernhard Steinruecke (Chairman)	4	4
Mr. Mehernosh B. Kapadia	4	4
Mr. Keki M. Mistry*	—	—
Ms. Renu S. Karnad	4	4
Mr. Andreas Kleiner	4	4
Mr. Ritesh Kumar	4	4

\*From: April 21, 2016

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

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

To comply with the provisions of the Indian Owned and Controlled Guidelines issued by IRDAI, the Board at its

meeting held on April 21, 2016 re-constituted the Committee by inducting Ms. Renu S. Karnad, Non-Executive Director as 2<sup>nd</sup> HDFC nominee. Further, during the year, the Committee was re-constituted to induct Mr. Arno Frank Fehler as its member, in place of Mr. Mark Lammerskitten.

The Committee comprises five (5) members - one Independent Director, being the Chairman of the Committee, two HDFC nominees, one ERGO nominee and the Executive Director of the Company.

The Committee reviews the processes being followed in redressal of Policyholder grievances and the grievance redressal mechanism of the Company and suggests mechanism for speedy redressal of complaints / grievances of Policyholders. The Committee regularly submits its report to the Board inter alia with regard to complaints / grievances received and resolved, mechanism in place / process being followed for resolution of the complaints / grievances and its observations on the efficacy of the existing mechanism. The Committee also reviews the steps taken by the Company to reduce unclaimed amount due to the Policyholders. The Complaints and Grievance Redressal Policy of the Company is available on the website of the Company. The key objective of the Policy is to provide for a mechanism to redress the grievance and complaints of the Policyholders in a time bound manner and to their satisfaction in accordance with the applicable laws. A designated email id viz. grievance@hdfcergo.com is provided to enable Policyholders to submit their grievance/complaint and its speedy redressal.

During the year, the PPGRC met four (4) times on April 21, 2015, July 20, 2015, October 21, 2015 and January 22, 2016. The PPGRC also met on April 21, 2016.

The composition of the PPGRC and the attendance of the members at the meetings are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Jagdish Khattar (Chairman)	4	4
Mr. Keki M. Mistry	4	4
Ms. Renu S. Karnad***	—	—
Mr. Mark Lammerskitten*	1	1
Mr. Arno Frank Fehler**	3	3
Mr. Mukesh Kumar	4	4

\* Upto: June 23, 2015 \*\*From: June 24, 2015

\*\*\*From: April 21, 2016



The Company also has a sub-committee of the PPGR (SC-PPGR) comprising of Senior Executives of the Company including the Executive Director. The SC-PPGR inter-alia reviews the effectiveness of the grievance redressal mechanism in the Company, volume of complaints as compared to business growth, turn-around-time for redressal of Policyholder grievances, customer service initiatives and insurance awareness programmes being undertaken by the Company.

#### Nomination and Remuneration Committee (NRC)

To comply with the provisions of the Indian Owned and Controlled Guidelines issued by IRDAI, the Board at its meeting held on April 21, 2016 re-constituted the Committee by inducting Mr. Keki M. Mistry, Non-Executive Director as 2<sup>nd</sup> HDFC nominee. Further, during the year, the Committee was re-constituted to induct Mr. Mehernosh B. Kapadia as the third Independent Director.

The NRC comprises three (3) Independent Directors, two HDFC nominees and one ERGO nominee. The Chairman of the Committee is an Independent Director.

The Committee considers and determines the salary and other terms of the compensation package for the Whole-time Directors. The annual compensation of the Whole-time Directors is approved by the Committee, subject to approval of IRDAI. The annual increments to the Senior Management personnel as well as overall salary increase across the organization are approved by the Committee. The Committee administers the Employee Stock Option Plan (ESOP), approves grant of stock options to eligible employees and approves the criteria inter-alia for evaluation of performance of individual Directors, Board as a whole and Board Committees.

During the year, the Committee met twice (2) on April 21, 2015 and January 22, 2016. The Committee also met on April 21, 2016.

The composition of the NRC and the attendance of the members at the meetings are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Jagdish Khattar (Chairman)	2	2
Mr. Bernhard Steinruecke	2	2
Mr. Mehernosh B. Kapadia*	—	—
Mr. Keki M. Mistry**	—	—
Ms. Renu S. Karnad	2	2
Mr. Andreas Kleiner	2	2

\*From: January 22, 2016 \*\*From: April 21, 2016

#### Corporate Social Responsibility Committee (CSR)

To comply with the provisions of the Indian Owned and Controlled Guidelines issued by IRDAI, the Board at its meeting held on April 21, 2016 re-constituted the Committee by inducting Mr. Keki M. Mistry, Non-Executive Director as 2<sup>nd</sup> HDFC nominee. Further, during the year, the Committee was re-constituted to induct Mr. Mehernosh B. Kapadia as the second Independent Director.

The CSR Committee comprises two Independent Directors, two HDFC nominees and one ERGO nominee and the Executive Director. The Chairman of the Committee is an Independent Director.

During the year, the Committee recommended to the Board CSR activities to be undertaken by the Company. The CSR Policy of the Company inter-alia specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism. The CSR Policy is available on the website of the Company: [www.hdfcergo.com](http://www.hdfcergo.com). The annual report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2014, (CSR Rules) as amended, is appended to the Board's Report.

During the year, the Committee met four (4) times on April 21, 2015, July 20, 2015, October 21, 2015 and January 22, 2016. The Committee also met on April 21, 2016.

The composition of the CSR Committee and the attendance of the members at said meetings are listed below:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Jagdish Khattar (Chairman)	4	4
Mr. Mehernosh B. Kapadia*	—	—
Mr. Keki M. Mistry**	—	—
Ms. Renu S. Karnad	4	4
Mr. Andreas Kleiner	4	4
Mr. Mukesh Kumar	4	4

\*From: January 22, 2016 \*\*From: April 21, 2016

The Company also has sub-committee of the CSR (SC-CSR) comprising of the Senior Management team including Executive Director. The SC-CSR facilitates the

Take it easy!



CSR Committee in accomplishing its objectives as stipulated under Section 135 of the Act read with CSR Rules. The SC-CSR is also responsible for monitoring of CSR projects on a continuous basis.

#### Allotment Committee (AC)

To comply with the provisions of the Indian Owned and Controlled Guidelines issued by IRDAI, the Board at its meeting held on April 21, 2016 re-constituted the Committee by inducting Mr. Keki M. Mistry, Non-Executive Director as 2<sup>nd</sup> HDFC nominee.

The Allotment Committee comprises of Dr. Jagdish Khattar (Chairman - Independent Director), Mr. Keki M. Mistry and Ms. Renu S. Karnad - HDFC Nominees, Mr. Andreas Kleiner - ERGO Nominee and Mr. Ritesh Kumar - Managing Director & CEO.

The terms of reference of the Committee are to consider and approve allotment of shares either pursuant to exercise of stock options by eligible employees or in case the Board approves, issue of fresh capital from time to time.

No meeting of the Committee was held during the year, as there was no allotment to be made.

#### Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors consists of sitting fees and commission. For details of sitting fees and commission paid to Non-Executive Directors, kindly refer Section VI (B) of Form MGT 9, appended to the Director's Report.

#### Whistleblower Policy

The Company promotes ethical behavior in all its dealings, business or otherwise and has put in place a Whistleblower Policy (Policy) for reporting of any illegal or unethical behaviour. In terms of the Policy, any person including employees, vendors and customers may report violations of laws, rules, regulations or unethical conduct to the Whistleblower Committee constituted for the purpose. The Policy provides for maintaining confidentiality of such

reporting and ensures that the Whistleblowers are protected and not subjected to any discriminatory practices. In respect of cases reported to the Committee appropriate disciplinary action has been taken or police complaint filed where adequate evidence was available.

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

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

The role of ICC is to monitor complaints and redressal of grievances under the Policy. During the year under review, there was no case reported. An Online POSH module was enabled for all employees (Included study material followed by compulsory test). Also during the year, training was imparted on an on-going basis to create awareness about the Policy amongst the employees.

#### Code of Conduct

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

On behalf of the Board of Directors

DEEPAK S. PAREKH

Chairman

(DIN: 00009078)

MUMBAI

April 21, 2016

#### Compliance Certificate

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

MUMBAI  
April 21, 2016

DAYANANDA V. SHETTY  
Company Secretary and Head - Legal & Compliance  
FCS: 4638

## Management Discussion and Analysis Report

### Macro Economic Environment

The world economy is still not out of woods even after eight years of the Global Financial Crisis. To stimulate economic activity, the US, Japan and several European Union members have employed Zero interest rate policy and few even a negative interest rate policy. While in December 2015, the Federal Reserve of US started the process of normalizing policy rates, China started showing more signs of weakness and depreciation of Yuan led to some turmoil in the global markets. To sum up in short, the external environment continues to remain volatile, uncertain and complex.

According to the advance estimates of Central Statistical Office (CSO), GDP in 2015-16 is expected to grow at 6.8% in current price terms. Agriculture is likely to grow at 4.4% while manufacturing is estimated to grow at 8.1%. Service (Trade, hotels, transport, financial and professional services, public administration and other services) is expected to grow at 8.2%. The gross fixed capital formation was at a five year low at 29.4%. Three years after setting up of Project Monitoring Group, stalled projects continue to increase and as per CMIE, value of such projects amounts to about ₹ 11 trillion (~8% of GDP), up 40% during this period. Private sector accounts for the entire increase in stalled projects reflecting the higher share of metals sector projects and relatively constrained access to finance.

### General Insurance Industry

FY16 saw the industry picking up growth in line with the economy. After a tepid growth of 10.8% in FY15, this year has seen pickup in growth to 13.6%. The growth in the sector was driven primarily by Motor at ~14% and Health at ~22%. Private sector showed higher growth in Fire, Motor and Accident & Health segments. Standalone health companies continue to show high growth.

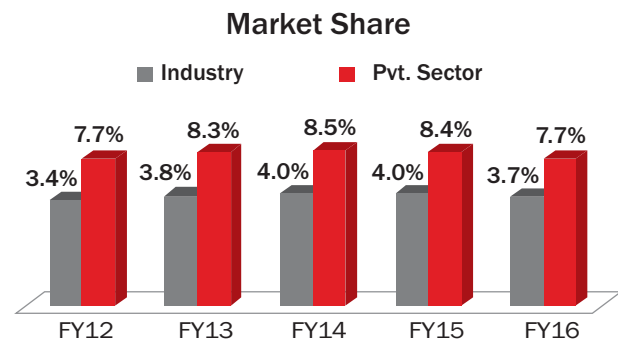
Since passing of the Insurance Amendment Bill last year, Insurance Regulatory and Development Authority of India (IRDAI) has brought about regulations / guidelines for Motor Third Party Obligations, Corporate Agency Guidelines, Reinsurers setting up branches in India, Use and File Guidelines, Point-of-Sales person, Insurance Marketing firms, etc. Some other Regulations on Investments, Expenses of Management, and Solvency are expected shortly. All these changes are expected to make the insurance market vibrant and increase protection of the policyholders amongst others. The amended Insurance Act allowed increase in FDI limits upto 49%. Some foreign partners are already in the process of stepping up their stake in the insurance companies.

FY16 witnessed further pick up in motor sales. Passenger cars registered a growth of over 7%, commercial vehicles grew by over 11% while two wheelers grew by only 3%. The Company's Motor premiums grew by over ~ 14%.

The corporate business remained flat vis-a-vis last year with growth in Fire being negated by de-growth in other segments. An analysis of the power equipment sector points to a turn in capex cycle after almost five years. A confirmation of this would be seen once Fire and Engineering premiums show growth next year.

The crop insurance premium witnessed de-growth in FY16 after many years. Beginning of this calendar year, the Government announced Pradhan Mantri Fasal Bima Yojana (PMFBY). PMFBY as envisaged will increase penetration and coverage with premium rates to farmer remaining at very nominal level. The scheme proposes extensive use of technology for crop yield estimation and is likely to be very beneficial to the farmers in case of any adverse situations.

### Performance Review



The gross written premiums of the Company increased from ₹ 3,257 crore to ₹ 3,466 crore, registering a growth of 6.4%. In line with the Company's strategy, the product mix in Motor, A&H and Corporate line of businesses was at 33.9% (PY: 32.3%), 32.5% (PY: 29.9%), and 33.7% (PY: 37.8%) respectively. As at March 31, 2016 the Company's market share was at 3.7% and the Company maintained its 4<sup>th</sup> position amongst private players.

The Company achieved a profit after tax of ₹ 151.4 crore up from ₹ 104 crore during last year, which is an increase of 45.5%. The increase in profits was despite major catastrophe events during the year (Chennai Floods, Hailstorm, etc.), and lower than expected weather business. The losses out of these events were however contained, due to adequate Reinsurance programs in place.

### Retail Business Group (RBG)

The Company's Retail Business Group (RBG) recorded a growth of 14% during FY16 with premiums reaching ₹ 2,186.4 crore (PY: ₹ 1,917.5 crore). The share of RBG's business for FY16 was 63% (PY: 59%).

The premiums for non-motor retail products grew by 17.2% from ₹ 893.4 crore in FY15 to ₹ 1,047.5 crore in FY16. Retail personal accident and retail health grew by 18% and 24% respectively compared to previous year.

The portfolio correction undertaken in the motor segment in the previous year continued in FY16 also. In spite of this, motor business grew by 11.7% from ₹ 1,051.7 crore in FY15 to ₹ 1,174.3 crore in FY16. The Company met the motor third party premium obligation of ₹ 562 crore set for the financial year.

The Bancassurance channel continued to contribute major portion of the RBG premiums, leveraging on distribution spread of the Bancassurance partners.

The Company continued to focus on online renewal of private car insurance policies and as a result saw an increase in renewals as well as new policy sales through this channel.

The Company has undertaken a host of digital initiatives with its channel partners and has integrated e-wallet payment mechanism into its operating models.

#### Corporate Business Group (CBG)

The corporate portfolio in general insurance continues to be competitive, driven by large reinsurance capacities in property lines and limited new asset creation activity. Health and Marine portfolio still continues to be highly price sensitive and competitive. The year also witnessed major natural catastrophe in the form of Chennai floods, which affected the profitability of the corporate portfolio. The Company continues to build its corporate portfolio selectively focusing on geographic channel as well as product diversification. On group health, the Company continues to adopt a cautious approach.

Broking channel is emerging as a key channel for corporate business and to harness its full potential, the Company has engaged with large and mid-segment brokers to create the portfolio spread. Currently, more than 55% of corporate business is sourced from the broking channel, in which the Company would continue to invest.

The Company has also invested in new product development for the corporate customers and has developed / launched new products like Extended Warranty, Trade Credit, Film and Media Insurance.

During FY16, the CBG has recorded a business of ₹ 981.1 crore (PY: ₹ 885.1 crore), registering a growth of 10.9% over FY15.

#### Rural and Agri Business Group (RABG)

The Company has been making efforts to expand the reach of insurance solutions to the rural market. The Company's rural market development activities continue to be

spearheaded by the crop portfolio, which covers the large agrarian population who are frequently affected by crop losses attributed to irregular climatic pattern.

Over the past couple of years, the Company has successfully built a rural portfolio with adequate diversity. The Company's business model is backed by strong IT infrastructure and innovative channels. In FY16 a new scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY) was formulated by the Central Government, wherein the Company was a key contributor in designing the technical aspects.

The Company has scaled up its rural reach and penetration in geographies covering 25 states through 7,500+ authorized Common Service Centers (CSCs). Fully IT integrated platform dovetailed with the CSC platform makes it a unique initiative to sell insurance in rural areas where hitherto the reach was a challenge. The Company was able to cater the rural masses using the CSC Channel offering insurance coverage to 55,000+ customers with Motor Liability, Personal Accident, Fire and Farmer Package Policy.

The Company continues to invest in insurance awareness programs using various media, educating customers about the benefits of rural insurance products. The Company has strengthened its market positioning with new product initiatives in the agriculture portfolio.

During FY16, the RBG recorded a business of ₹ 299.0 crore (PY: ₹ 453.0 crore). The share of RABG business for FY16 was 8.6% (PY: 13.9%).

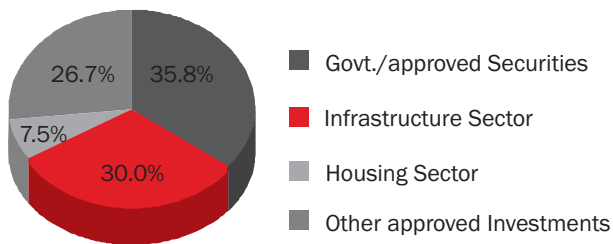
#### Investments

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

As on March 31, 2016, the Investment Assets of the Company stood at ₹ 4,113.1 crore (PY: ₹ 3,766.7 crore). The IRDAI Investment Regulations requires Non-Life companies to invest 30% of their Investment Assets in Government and approved Securities, 10% in Infrastructure sector and 5% in Housing sector.

The Company held ₹ 1,479 crore (35.8%) in Government securities, ₹ 1,241 crore (30.0%) in securities of the Infrastructure sector and ₹ 308 crore (7.5%) in the Housing sector. The Company held 88% of its debt assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 547 crore in assets maturing within one year. The total investment income for the year ended March 31, 2016 was ₹ 360.3 crore (PY: ₹ 316.3 crore).

### Portfolio Mix - Investments



### Underwriting

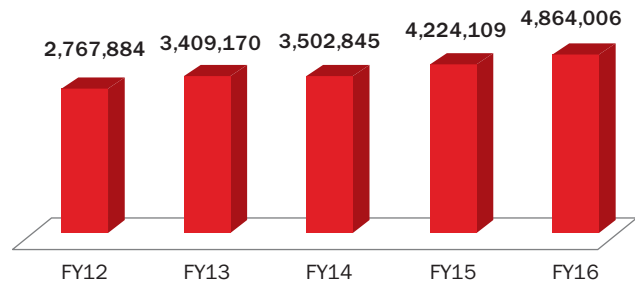
FY16 posed some challenges for the Indian non-life insurance industry.

The unexpected Chennai floods during November and December of 2015, saw the industry suffering losses of about ₹ 5,000 crore, primarily across property, aviation and motor lines of business. The Company has been no exception and did suffer significant losses, thereby impacting its profitability. However, owing to its careful risk mapping, selection and appropriate usage of reinsurance aided by advanced technological solutions, the overall impact on the bottom line was considerably contained. The Company has been proactive in reaching out to all its affected policyholders to advise them on loss mitigation and steps to be taken for early settlement of claims. The Company continues to take steps in fine tuning its risk acceptance, pricing and accumulation tracking models to ensure that negative impact of unexpected natural catastrophes is minimized.

Property and engineering insurance market in the country has witnessed only a moderate growth. However, there are visible signs of price correction being seen in the market, which augurs well for the future. This coupled with new initiatives of the Government to push investment, such as 'Make in India', are expected to see addition of capacity, resulting in accretion of premium in the coming years.

On the Marine insurance front, though the Company has been able to control its losses and thereby improve profitability, the market remained soft and growth rates muted.

### Number of Policies Sold



On the Liability lines of business, the Company has been able to maintain a profitable growth as it has in the past. The market continued to be soft on pricing with increased number of capacity providers. However, despite the market challenges the Company has been successfully maintaining its position as a niche player in this segment and has been consistently introducing new products and solutions to buttress its market position.

The year saw the Motor insurance business doing a comeback post the completion of the course correction cycle initiated last year, though the pricing pressures remained without any let up. Measures have been put in place to ensure underwriting prudence while protecting the renewals along with the attempt to grow profitable business in new geographies. The systems put in place for real-time monitoring have been further strengthened and effectively used to grow the business while maintaining profitability. Consequent upon the amendments to the Insurance Act, 1938, IRDAI introduced an obligation on the companies to write Motor Third Party Insurance calculated on the basis of average of overall market share and market share in motor business for the preceding year. The Company has been able to fulfill its obligation while maintaining profitability using careful risk selection and portfolio steering strategies. As a fall out of obligation for overall Motor Third Party insurance business, the Regulator announced dismantling of Declined Risk Pool w.e.f. April 1, 2016.

On the health insurance front, the strategic underwriting interventions done basis channel and geography, led to an overall improvement in loss ratios across all channels in the retail business segment. However, the pricing pressure on the Group Health business continued due to market dynamics. The Company wrote this business selectively with prudent underwriting and pricing approach.

In general, the Company continued its journey of profitable growth, despite challenging market conditions and unexpected catastrophic loss events.

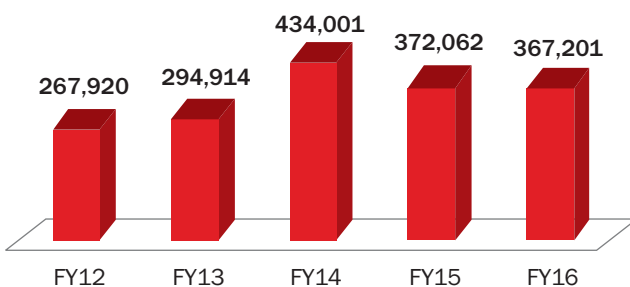
Take it easy!



### Claim Service

The Company's claims department is ISO 9001:2008 certified for the last five years. The Company's constant efforts have been to deliver improved customer experience. Following Company's core values, the claims service vertical has been able to provide equity of treatment to all its stakeholders. Prompt response and quick claim settlement has helped in creating an atmosphere of trust. The Company's user friendly systems have helped to streamline processes to improve, monitor and bring about better efficiency in the turn-around-time (TAT) for claims settlement, customer queries and complaints resolution. Customers are able to view and track claims status, log in complaints and provide feedback through Company's website, thus bringing in transparency amongst the customers. Other initiatives like short messaging service, emails and "out calling" at every stage of claim have helped in reaching out to the customer. The Company has been sensitive in addressing claims and in this regard measures taken include simplifying procedures, especially during calamities like Chennai floods to ensure faster settlement. The Company continues to leverage technology for improving TAT and customer convenience.

Number of Claims



### Reinsurance

The Company had a seamless reinsurance renewal for FY16 despite catastrophic losses from Hudhud cyclone and Jammu & Kashmir floods in FY15. From a natural catastrophe perspective, FY16 initially saw losses from hailstorm and then Chennai floods in November – December 2015, causing large scale retail and corporate losses. The impact of these losses was mitigated by the robust reinsurance programme of the Company.

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

The Company's reinsurance panel comprises of the national reinsurer, GIC and strong international reinsurers.

### Operations, Technology and Customer Experience Management

Focused on innovations, the Company strives to review and re-engineer processes on a continuous basis to drive efficiencies and enhancing customer and Channel experience. Leveraging technology the Company invested in Mobile technologies for policy issuance, integration of proposal management workflow solution with policy issuance application for straight thru processing, altogether eliminating several additional operational steps.

Policy volume grew by 15.1% over the previous year with overall volumes for the year at 48.64 lakh policies.

Customer experience continues as a key focus area as the Company positions itself as a brand that customer can rely upon. Keeping this in mind, the Company has invested significantly in deep data mining, 360 degree view of customer, customer life cycle management and going omni channel for servicing customer. To be on the forefront in social space, the Company has invested into state-of-the-art "Social CRM" (*Customer Relationship Management fostered by communication with customer through social networking sites*) product, helping and addressing their concerns more efficiently. It will additionally help boosting customer loyalty, satisfaction and will spark innovation.

The Company has invested in mobile technologies to empower its claims staff, garages and lawyers to manage claim cases on mobile devices while on the go. This has helped in quality assessment, better customer engagement and faster claim settlement and thereby achieving efficiencies in the entire value chain. Committed to innovation, the Company continues to explore new age technologies and intend to invest in Artificial Intelligence and Big Data Analytics to predict customer behaviour and sentiments.

The Company also actively used social media platforms like Facebook, Twitter, LinkedIn and e-mail campaigns for Customer Engagement with interesting tidbits on various policies available, wellness tips and expert speak, all intricately planned and designed to provide an opportunity to connect with existing customers thereby increasing mindshare and positively impacting overall experience.

The Company's pursuit of protecting business interests of the organization from natural threats / data breaches, with an ability to respond effectively led the implementation of Business Continuity Management System (BCMS) framework. The Company started its

journey with British Standard BS-25999, improved it overtime, matured itself and achieved ISO 22301:2012 during FY16.

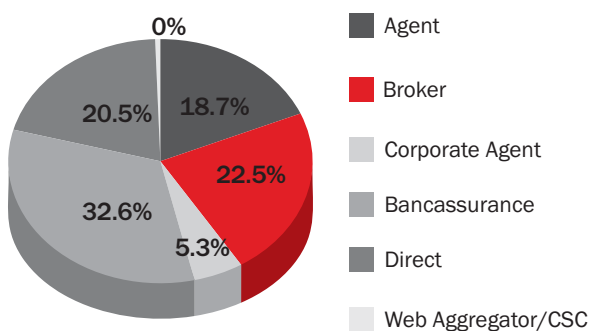
**Distribution Network**

The Company continues with its strategy of multi geography, multi product and multi distribution channel. The ratio of its Motor, Accident & Health and other products for FY16 is 34%, 32%, and 34% respectively.

The corporate business grew this year across all profitable products, in line with the Company’s philosophy and plan. The retail business grew through all channels – Bancassurance, Agency and Direct. The Company continues to focus on growing the agency business and from all geographies. The Company has also realigned the distribution structure to bring in the desired focus on smaller geographies, which has started showing results.

Online sales and Common Service Centre (CSC) continues to be the Company’s focused alternate channel for distribution. In Online, the Company launched a mobile version of the website with enhanced features, increased the content on its website to make it more customer friendly. The Company has also been able to successfully channelize more of existing customers to its website, www.hdfcergo.com, for renewals. On CSC, the Company was able to enroll 2,000+ Village Level Entrepreneurs (VLE) to sell its products. The Company’s seamless IT Platform allows for policy issuance within 3 minutes making it easier and user friendly.

**Channel Wise Gross Written Premium**



**Human Resources**

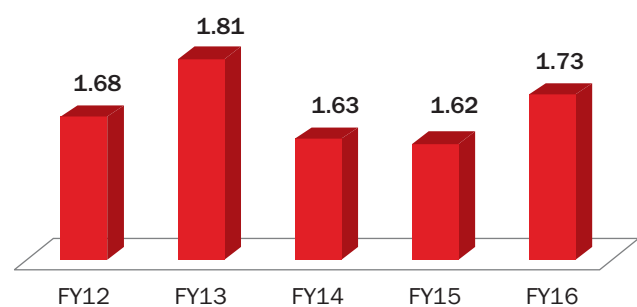
Considering the continuing challenging business environment it was critical to manage employee engagement and productivity. The Company undertook an extensive Organizational Development exercise with the help of external consultants to review the organizational structure and develop a structure more suited to the current business environment.

As a result many functions were either streamlined or aligned so as to bring optimal synergies, providing vertical as well as horizontal growth to critical resources presenting challenging opportunities.

Through automation initiatives over the last 5 years, the HR processes have become seamless and paperless. To move to the next level, HR can now begin partnering with the business. Projects have been initiated to provide valuable information to the business that will aid decision support in critical areas. Towards this, an HR Analytics division was set up to analyze and study the current HR information landscape to find alternatives to achieve efficiency in data capturing and reporting. After an extensive evaluation process it has been decided to adopt cloud based HRMS tools and data migration to these tools.

On the hiring front, there has been an organization wide initiative to develop rational basis for manpower planning and budgeting. The objective has been primarily to forecast talent requirements based on business outlook in close coordination with the business functions. Additionally, to improve assessment of campus hires, this year HR introduced a Psychometric Assessment Tool to assess the candidature, readiness and competency of individuals to be inducted. The selected management trainees will be mentored separately for their readiness to take up critical positions in the Company.

**Employee Productivity (₹ in Crore)**



**Risk Management**

The Company acknowledges risk taking as a fundamental and inherent element of General Insurance business. In line with its philosophy, the comprehensive Risk Management Framework (RMF) institutionalized by the Company has instilled a robust risk management culture that supports the Company’s objective through regular risk assessments to enable an in depth understanding of risks the Company is exposed to.

RMF supports appropriate risk awareness, risk transparency, consequent risk management behaviours and risk based decision making in a manner that optimal results are delivered to all its stakeholders.

Risks relevant to the Company’s overall environment are proactively identified and prioritized depending on the probability and severity. The consequent response strategy is devised and implemented for sound and informed risk based decision making. These response strategies which could either be risk avoidance, risk transfer, risk reduction or risk acceptance are operationalized to ensure that the said risks are within acceptable risk tolerance thresholds as set by the Risk Management Committee (RMC) and the Board of Directors.

The RMC oversees the RMF across the Company. The RMC has set and periodically monitors the risk tolerance thresholds and assesses risk behavior across categories spanning Company’s operations. It has established methodologies to help operating units to identify, record and manage risk in a systematic and effective way.

During the year, in addition to the periodic risk re-assessment and restatement exercise, the key development has been the introduction and implementation of heat mapping of identified risks by operating units as an improved method of risk assessment. Risk heat mapping has enabled the Company to periodically determine whether a given risk should be avoided, retained, transferred or reduced in relation to its threshold. The Risk Management infrastructure is therefore capable of managing all risks relevant to its environment which if materialized could prevent the Company from achieving its risk objectives.

During the year, the Company carried out an exhaustive evaluation of Internal Control over Financial Reporting (ICFR). All ICFR were tested for design and operative effectiveness by the Company and confirmed by the statutory auditors.

The Internal Audit function continues to be an independent and objective assurance providing function. It proactively works with the Company Management to navigate the risks and provides assurance that internal controls and processes, are in place and optimized for effective and efficient risk mitigation.

Over the last several years, internal audit has established synergies with all stakeholders including the Risk Management Function in objective and independent risk assessment, plan development and ongoing risk monitoring efforts.

**Risk and Loss Mitigation**

The Company has a designated Risk and Loss Mitigation Unit (RLMU) which handles the Fraud Management

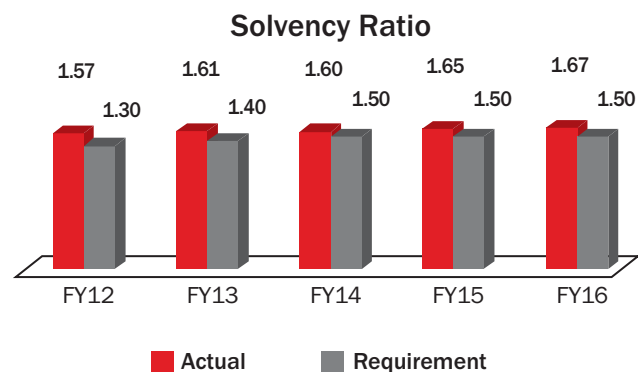
Framework comprising Whistleblower Policy, Anti-Fraud Policy and Code of Conduct. It also carries out field investigation of claims. The function is ISO 9001:2008 certified.

The Company has leveraged on technology and developed applications to handle huge volume of claims.

**Solvency**

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

As on March 31, 2016, the Company had a solvency ratio of 1.67 as against the minimum regulatory requirement of 1.50.



**Future Outlook**

As the Indian economy gathers momentum, non-life industry is amongst the first to experience the revival. Asset creation and higher awareness regarding risk mitigation would see higher insurance penetration which has remained in a narrow range for the last decade. With appropriate thrust from the policymakers, campaigns like the “Make in India” have enormous potential to increase insurable assets in the country. IRDAI has initiated a number of reforms on the distribution and product regime to increase insurance penetration. Product innovation in home, motor and health is likely to play a bigger role. Further, impetus on skill development; adoption of technology etc would result in better delivery of services leading to higher growth.

Increase in FDI limits may see more global insurers and reinsurers setting up operations in India thereby providing higher risk capacity to the Indian market. Low penetration levels of 0.8% to the GDP, provides an opportunity for



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improvement in insurance penetration vis-a-vis comparable economies.

The Company believes that the recent regulatory changes and measures to provide impetus to the economy will

result in stronger growth for the insurance industry. The Company would continue to innovate and strive to provide better policyholder and stakeholder propositions in the future.

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

## ANNUAL REPORT ON CSR ACTIVITIES

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

#### A. CSR Policy

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

The Policy is available on the website of the Company, [www.hdfcergo.com](http://www.hdfcergo.com).

#### B. Organization setup

The CSR projects are implemented under the guidance of the CSR Committee of Directors, which presently comprises five Directors. The terms of reference of the Committee inter-alia includes:

- (i) Recommend for approval of the Board the amount of expenditure to be incurred on the activities in a financial year along with projects to be undertaken earmarking funds for broad area wise projects.
- (ii) Monitor from time to time the implementation of the CSR projects undertaken by the Company.

#### C. Scope of activities

The CSR activities are as per the provisions of Schedule VII of the Companies Act, 2013.

##### i. Planning

The identification of CSR activities are done using one or more combination of the following methods:

- (i) In-house planned projects.
- (ii) Proposals from District Administration / Local Govt. body/public representatives etc.
- (iii) Proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiatives, subject to the condition that it fulfills the criteria as prescribed in the statute in this regard.

##### ii. Implementation Methodology

The CSR activities / projects are implemented using internal resources or through collaboration with NGOs / specialized agencies / trusts / institutions / foundations / societies / Government bodies etc. in accordance with the provision of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

The details of CSR initiatives undertaken by the Company during the financial year 2015-16 and other particulars are given below.

#### I. 'Gaon Mera'

The focal area for the Company's CSR intervention is a dedicated "Adopt Village" programme called 'GAON MERA'. The program is aimed at improving the current status of Sanitation, Healthcare, Education and Livelihood in selected village/s. The idea is to work holistically with all relevant stakeholders in above mentioned areas to make a sustainable impact in lives of the marginalized communities living in the village. Accordingly, the Company has selected villages through internal employee nomination in 4 states of India namely Kerala, Maharashtra, Uttar Pradesh and Chattisgarh. Charities Aid Foundation (CAF) India is working as an Implementation Partner in "GAON MERA" Project. CAF India has also taken into partnership with local NGO Partners for better implementation of project. The duration of the project at the initial stage is 6 months starting from February 2016 to July 2016. Preliminary work in the start-up phase has been undertaken by CAF India in the form of rapid needs assessment and development of short term project proposal. Besides, CAF would also prepare Phase II plan for these villages, after submission of detailed baseline study and Village development plan.

#### II. CSR Intervention in Pulwama, Jammu & Kashmir

After visiting Pulwama district's villages by Company's CSR team along with J&K Ministry officials, the Company identified the areas requiring short term CSR intervention through its 'Gaon Mera' programme. CSR team has distributed 75 Kg of rationing and solar lanterns with mobile charging in identified 5 villages namely Tchotal, Sona Bangar, Sikhlu, Wassimarg and Indravali on February 4-5, 2016 along with J&K Ministry officials. The completed intervention covered more than 500 households and approximately 2,457 population in the said 5 villages.

#### III. CSR Intervention at Shravasti

Shravasti district is amongst the Country's 250 most backward district and Bhinga town is the District Head Quarter of Shravasti. In 2015, District Magistrate, Shravasti in discussion with Company's local team identified needs to improve condition of school situated in the Government college premises at Village Bargi Barga, Tehsil - Hariharpur Rani, District Shravasti. As part of CSR, one Water Purifier unit and 10 Ceiling Fans have been provided.

#### IV. Grant to Bombay Scottish Orphanage Society

The Bombay Scottish Orphanage Society, Mumbai runs two schools in Mumbai, one at Mahim and another one at Powai. The aim of the society is to provide education of the highest quality with very reasonable fees. To meet the above objective, the Society requested grant for repair and maintenance. On basis of the structural audit of the building, the Society was required to carry out repairs and maintenance of structural parts of school building. On basis of the grant request and from student safety perspective, as part of CSR, the Company provided ₹ 50 lacs as grant for repair and maintenance work in school.

#### 2. Composition of the CSR Committee:

1. Dr. Jagdish Khattar — Chairman - Independent Director
2. Mr. Mehernosh B. Kapadia — Independent Director
3. Ms. Renu Sud Karnad — Non - Executive Director
4. Mr. Andreas Kleiner — Non - Executive Director
5. Mr. Mukesh Kumar — Executive Director and Chairman – CSR Sub -Committee

#### 3. Average net profit of the Company for last three financial years: ₹ 179.43 crore

#### 4. Prescribed CSR Expenditure (2% percent of the amount as in item 3. above): ₹ 3.59 crore

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

- (a) Total amount to be spent for the financial year: ₹ 3.59 crore
- (b) Amount spent during the year: ₹ 2.30 crore
- (c) Amount unspent, if any: ₹ 1.29 crore
- (d) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Projects / Activities	Sector	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (District (State))	Amount outlay (budget) project or programs - wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1.	"GAON MERA" - Project Intervention in selected 4 villages	Overall development with focus on Sanitation, Health care, Education and livelihood	Cherthala (Kerala), Raweli (Chattisgarh), Kharapati (Maharashtra) Saunda in UP	1,56,10,740	Direct expenditure	1,34,28,308	Through implementing partner CAF India. (Note 1)
2.	Rationing and Solar lantern Distribution	Livelihood, Healthcare and Education	Pulwama's 5 villages, J&K	50,00,000	Direct expenditure	44,91,000	Direct
3.	Provide 1 Water purification & 10 ceiling fan	Healthcare and Education	Bhinga, Shravasti	57,000	Direct expenditure	56,193	Direct
4.	Provide grants for repair and maintenance	Education	Bombay Scottish Orphanage Society, Mumbai	50,00,000	Direct expenditure	50,00,000	Direct
	<b>TOTAL</b>			<b>2,56,67,740</b>		<b>2,29,75,501</b>	

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**Note 1: Charities Aid Foundation (CAF) India** is a registered charitable trust set up in 1998 to provide strategic and management support to corporate, individuals and NGOs with an aim to ensure greater impact of their philanthropic and CSR investments.

During the year, as against the required CSR spend of ₹ 3.59 crore, the Company spent ₹ 2.30 crore on CSR activities. Though the intention was to spend the full amount of CSR obligation, the same could not be achieved due to the following reason.

As per the CSR Policy, 80% of the available CSR amount (₹ 2.87 crore) was earmarked on project 'Gaon Mera', of which amount actual spent was ₹ 1.79 crore, leaving a balance of ₹ 1.08 crore. The various activities involved in 'Gaon Mera', viz. baseline study and village development plan, selection and deployment of NGO teams at ground

level, formation of village level committees, took longer time than planned and hence accordingly, the amount was disbursed only to the extent of actual completed work in the specified activity area.

The balance 20% of the available CSR amount (₹ 0.71 crore) was planned to be spent on other CSR activities apart from 'Gaon Mera'. However, only ₹ 0.51 crore was spent on such activities. The balance ₹ 0.20 crore was under discussion on other identified projects which could not be concluded in time and hence unutilized.

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

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

**Dr. Jagdish Khattar**  
(Chairman – CSR Committee)  
(DIN:00013496)

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**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on March 31, 2016**

[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: U66010MH2002PLC134869
- ii) Registration Date: February 8, 2002
- iii) Name of the Company: HDFC ERGO GENERAL INSURANCE COMPANY LIMITED
- iv) Category / Sub-Category of the Company: General Insurance
- v) Address of the Registered office and contact details: HDFC House, 1<sup>st</sup> Floor, 165-166, Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai – 400020, Email: care@hdfcergo.com | Website: www.hdfcergo.com | Tel. No.: +91 22-66383600 Fax No.: +91 22-66383699
- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited, Corporate Registry, Karvy Selenium Pvt. Ltd. Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032. E-mail: support@karvy.com. Website: www.karvycomputershare.com Tel No.: +91 40-67161500 Fax No.: +91 40-23311968

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

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

Sr. No.	Name and Description of main products/ services	NIC Code of the product/service	% to total turnover of the Company
1	Motor - OD	General Insurance (Non-Life) 6512 (sub-class 65120)	17.35%
2	Health Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	18.30%
3	Motor-TP	General Insurance (Non-Life) 6512 (sub-class 65120)	16.52%
4	Fire	General Insurance (Non-Life) 6512 (sub-class 65120)	13.72%
5	Personal Accident	General Insurance (Non-Life) 6512 (sub-class 65120)	13.27%

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Housing Development Finance Corporation Limited	L70100MH1977PLC019916	Holding	73.63	2(46)

#### IV. SHARE HOLDING PATTERN

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	39,66,08,190	60	39,66,08,250	73.63	39,66,08,190	60	39,66,08,250	73.63	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(1):</b>	<b>39,66,08,190</b>	<b>60</b>	<b>39,66,08,250</b>	<b>73.63</b>	<b>39,66,08,190</b>	<b>60</b>	<b>39,66,08,250</b>	<b>73.63</b>	<b>—</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	13,91,78,000	—	13,91,78,000	25.84	13,91,78,000	—	13,91,78,000	25.84	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub-total (A)(2):</b>	<b>13,91,78,000</b>	<b>—</b>	<b>13,91,78,000</b>	<b>25.84</b>	<b>13,91,78,000</b>	<b>—</b>	<b>13,91,78,000</b>	<b>25.84</b>	<b>—</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>53,57,86,190</b>	<b>60</b>	<b>53,57,86,250</b>	<b>99.47</b>	<b>53,57,86,190</b>	<b>60</b>	<b>53,57,86,250</b>	<b>99.47</b>	<b>—</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>(2) Non-Institutions</b>									
a) <u>Bodies Corp.</u>									
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) <u>Individuals</u>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,21,250	—	1,21,250	0.03	1,21,250	—	1,21,250	0.03	—
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	27,12,750	—	27,12,750	0.50	27,12,750	—	27,12,750	0.50	—
c) Others	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(2):</b>	<b>28,34,000</b>	<b>—</b>	<b>28,34,000</b>	<b>0.53</b>	<b>28,34,000</b>	<b>—</b>	<b>28,34,000</b>	<b>0.53</b>	<b>—</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>28,34,000</b>	<b>—</b>	<b>28,34,000</b>	<b>0.53</b>	<b>28,34,000</b>	<b>—</b>	<b>28,34,000</b>	<b>0.53</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>53,86,20,190</b>	<b>60</b>	<b>53,86,20,250</b>	<b>100.00</b>	<b>53,86,20,190</b>	<b>60</b>	<b>53,86,20,250</b>	<b>100.00</b>	<b>—</b>

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(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares	% of Shares Pledged encumbered to total shares	
1	Housing Development Finance Corporation Limited	39,66,08,250	73.63	—	39,66,08,250	73.63	—	—
2	ERGO International AG	13,91,78,000	25.84	—	13,91,78,000	25.84	—	—
	<b>Total</b>	53,57,86,250	99.47	—	53,57,86,250	99.47	—	—

(iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding	
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
<b>Name of Promoter: Housing Development Finance Corporation Limited (HDFC) - Indian Promoter</b>				
At the beginning of the year	39,66,08,250	73.63	39,66,08,250	73.63
Date wise Increase/Decrease in Shareholding during the year	NIL	NIL	NIL	NIL
At the end of the year	39,66,08,250	73.63	39,66,08,250	73.63
<b>Name of Promoter: ERGO International, AG - Foreign Promoter</b>				
At the beginning of the year	13,91,78,000	25.84	13,91,78,000	25.84
Date wise Increase/ Decrease in Shareholding during the year	NIL	NIL	NIL	NIL
At the end of the year	13,91,78,000	25.84	13,91,78,000	25.84

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative Shareholding		Shareholding at the End of the year	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Karan Chopra	3,22,500	0.06	NIL	NIL	3,22,500	0.06	3,22,500	0.06
2	Subramanian Gopalakrishnan	2,58,750	0.05	NIL	NIL	2,58,750	0.05	2,58,750	0.05
3	Sanjiv Sharma	2,40,000	0.04	NIL	NIL	2,40,000	0.05	2,40,000	0.04
4	Samir H. Shah	1,50,000	0.03	NIL	NIL	1,50,000	0.03	1,50,000	0.03
5	Gujrathi Atul Sufal	1,11,000	0.02	NIL	NIL	1,11,000	0.02	1,11,000	0.02
6	Dr. Kashyap M Dakshini	1,00,500	0.02	NIL	NIL	1,00,500	0.02	1,00,500	0.02
7	Hari Radhakrishnan	93,500	0.02	NIL	NIL	93,500	0.02	93,500	0.02
8	Abhiranjan Gupta	83,000	0.02	NIL	NIL	83,000	0.02	83,000	0.02
9	Ankur Bahorey	75,000	0.01	NIL	NIL	75,000	0.01	75,000	0.01
10	Mukesh G Sachdev	69,000	0.01	NIL	NIL	69,000	0.01	69,000	0.01

## (v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date-wise Increase/ Decrease		Cumulative Shareholding		Shareholding at the end of the year	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Ritesh Kumar - MD & CEO	10,000	0.00	NIL	NIL	10,000	0.00	10,000	0.00
2	Mukesh Kumar - Executive Director	69,500	0.01	NIL	NIL	69,500	0.01	69,500	0.01
3	Samir H. Shah - Member of Executive Management & CFO	1,50,000	0.03	NIL	NIL	1,50,000	0.03	1,50,000	0.03

## V. INDEBTEDNESS

The Company has not borrowed monies by way of secured loan or deposits; neither it has contracted unsecured debt. Accordingly, the indebtedness of the Company at the beginning and closure of FY 2015 -16 is nil.



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/OR MANAGER:**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total
		Ritesh Kumar (Managing Director and CEO)	Mukesh Kumar (Executive Director)	
1	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	3,59,46,713	1,48,62,580	5,08,09,293
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	14,04,712	5,84,274	19,88,986
(c)	Profit in lieu of salary under Section 17(3) of the Income tax Act, 1961	—	—	—
2	<b>Number</b> of Stock Options granted during the year	—	—	—
3	Sweat Equity	—	—	—
4	Commission			
	— As % of profit	—	—	—
	— Others, specify	—	—	—
5	Others, please specify	—	—	—
	<b>Total (A)</b>	<b>3,73,51,425</b>	<b>1,54,46,854</b>	<b>5,27,98,279</b>
	Ceiling as per the Act	<b>Refer Note 1</b>		

**B. REMUNERATION TO OTHER DIRECTORS**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total
		Bernhard Steinruecke	Jagdish Khattar	Mehernosh B. Kapadia	
<b>1</b>	<b>Independent Directors</b>				
	• Fee for attending Board/Committee meetings	9,00,000	11,00,000	8,00,000	28,00,000
	• Commission	10,00,000	10,00,000	10,00,000	30,00,000
	• Others, please specify	—	—	—	—
	<b>Total (1)</b>	<b>19,00,000</b>	<b>21,00,000</b>	<b>18,00,000</b>	<b>58,00,000</b>
		<b>Deepak S. Parekh</b>	<b>Keki M. Mistry</b>	<b>Renu Sud Karnad</b>	
<b>2</b>	<b>Other Non - Executive Directors</b>				
	• Fee for attending Board/Committee meetings	2,50,000	9,00,000	7,50,000	19,00,000
	• Commission	—	—	—	—
	• Others, please specify	—	—	—	—
	<b>Total (2)</b>	<b>2,50,000</b>	<b>9,00,000</b>	<b>7,50,000</b>	<b>19,00,000</b>
	<b>Total (B) = (1+2)</b>	<b>21,50,000</b>	<b>30,00,000</b>	<b>25,50,000</b>	<b>77,00,000</b>
	<b>Total remuneration to Non-executive Directors, excluding Sitting Fee (Refer Note - 2)</b>				<b>30,00,000</b>
	Ceiling as per the Act ( <b>Refer Note - 2</b> )				<b>1,51,37,330</b>
	Total Managerial Remuneration				<b>5,57,98,279</b>
	Overall Ceiling as per the Act	<b>Refer Note 1&amp;2</b>			

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

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

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Dayananda V. Shetty (Company Secretary)	Samir H. Shah (CFO)	
1	Gross salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	46,62,216	1,08,36,008	1,54,98,224
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	2,66,600	3,28,848	5,95,448
(c)	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–
2.	<b>Number</b> of Stock Options granted during the year	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of profit	–	–	–
	– Others, specify...	–	–	–
5.	Others, please specify	–	–	–
	<b>Total</b>	<b>49,28,816</b>	<b>1,11,64,856</b>	<b>1,60,93,672</b>

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

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

## Secretarial Audit Report for the Financial Year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**HDFC ERGO General Insurance Company Limited**  
**CIN: U66010MH2002PLC134869**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC ERGO General Insurance Company Limited** having CIN: U66010MH2002PLC134869 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder #;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Company does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009#;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998#;

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

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

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

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India and
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable#.
- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable.

# Not applicable for the period under review.

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

**We further report that -**

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

Adequate notices were given to all Directors to schedule the Board Meetings. The Agenda and the detailed notes on agenda were circulated to the directors seven days in advance as required by Secretarial Standards-1 (SS-1). The Company has a reasonable system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**Annexure 'A'**

To,  
The Members,  
**HDFC ERGO General Insurance Company Limited**  
**CIN: U66010MH2002PLC134869**

Our Secretarial Audit Report for the Financial Year ended on March 31, 2016 of even date is to be read along with this letter.

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

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

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

**We further report** that during the audit period the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **BHANDARI & ASSOCIATES**  
Company Secretaries

**S. N. Bhandari**

Partner

FCS No: 761

CP. No: 366

MUMBAI  
21<sup>st</sup> April, 2016

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

MUMBAI  
21<sup>st</sup> April, 2016

For **Bhandari & Associates**  
Company Secretaries

**S. N. Bhandari**

Partner

FCS No: 761

CP. No: 366

## Independent Auditors' Report

TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016, 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 "IRDA Financial Statements Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDA") in this regard and the Accounting Standards specified under Section 133 of the Act, to the extent applicable. This responsibility also includes maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, orders/directions issued by the IRDA, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements 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.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, the orders/directions issued by the IRDA and the Act to the extent applicable 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 the Insurance Companies:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- ii. in the case of the Revenue Accounts, of the operating profit in so far as it relates to the Fire Revenue Account and the Miscellaneous Revenue Account and the operating loss in so far as it relates to the Marine Revenue Account for the year ended March 31, 2016;
- iii. in the case of the Profit and Loss Account, of the profit for the year ended March 31, 2016; and
- iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended March 31, 2016.

### Other Matter

The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2016 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such

## Independent Auditors' Report (Continued)

valuation are in accordance with the guidelines and norms issued by the IRDA and the Institute of Actuaries of India in concurrence with the IRDA. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

### Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 21, 2016 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. As required by the IRDA Financial Statements Regulations, read with Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory.
  - (b) In our opinion, 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 centralised, no returns for the purposes of our audit are prepared at the branches of the Company.
  - (d) The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent not inconsistent with the accounting principles prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statements Regulations and/or orders/directions issued by the IRDA in this regard.
  - (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act and with the accounting principles as prescribed in the IRDA Financial Statements

Regulations and orders/directions issued by the IRDA in this regard.

- (h) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 16 Note 3 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. The Company was not required to deposit or pay any dues in respect of the Investor Education and Protection Fund during the year.

#### For A. F. FERGUSON ASSOCIATES

Chartered Accountants  
Firm's Registration No.: 102849W

#### Rupen K. Bhatt

Partner  
Membership No.: 046930

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

Chartered Accountants  
Firm's Registration No.: 105102W

#### Padmini Khare Kaicker

Partner  
Membership No.: 044784  
Mumbai,  
April 21, 2016

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

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

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

We have audited the internal financial controls over financial reporting of **HDFC ERGO General Insurance Company Limited** (the “Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

The estimate of claims Incurred But Not Reported (“IBNR”) and claims Incurred But Not Enough Reported (“IBNER”), included under Claims Outstanding as at March 31, 2016 has been duly certified by the Company’s Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 (the “IRDA Financial Statements Regulations”), and has been relied upon by us, as mentioned in “Other Matter” paragraph of our audit report on the financial statements of the Company as at and for the year ended March 31, 2016. In view of this, we did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the “Insurance Act”) read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/CPM/056/03/2016 dated April 4, 2016, the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”), the IRDA Financial Statements Regulations, orders/directions issued by the

Insurance Regulatory and Development Authority of India (the “IRDA”) in this regard.

### Auditor’s Responsibility

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial 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

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

and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all

material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **For A. F. FERGUSON ASSOCIATES**

Chartered Accountants  
Firm’s Registration No.: 102849W

### **Rupen K. Bhatt**

Partner  
Membership No.: 046930

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

Chartered Accountants  
Firm’s Registration No.: 105102W

### **Padmini Khare Kaicker**

Partner  
Membership No.: 044784  
Mumbai,  
April 21, 2016



## Independent Auditors' Certificate

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditor's Report dated April 21, 2016)

This certificate is issued to **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED** (the "Company") to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

The Company's Management is responsible for complying with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/CPM/056/ 03/2016 dated April 4, 2016, the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders / directions issued by the Insurance Regulatory and Development Authority of India (the "IRDA") which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

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

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by the Company for the year ended March 31, 2016, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2016, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on the Management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by the IRDA;
3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2016, by actual inspection or on the basis of certificates/confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

For **A. F. FERGUSON ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.: 102849W

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

**Rupen K. Bhatt**  
Partner  
Membership No.: 046930

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

Mumbai,  
April 21, 2016

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**FORM B - BS**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Balance Sheet as at March 31, 2016**

	Schedule	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	5	5,386,203	5,386,203
RESERVES AND SURPLUS	6	5,313,058	4,609,663
FAIR VALUE CHANGE ACCOUNT		(181,556)	122,351
BORROWINGS	7	—	102
DEFERRED TAX LIABILITY (Refer note 14 of Schedule 16)		96,473	118,240
<b>TOTAL</b>		<b>10,614,178</b>	<b>10,236,559</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS	8	41,131,355	37,666,870
LOANS	9	—	—
FIXED ASSETS	10	1,345,343	1,497,344
CURRENT ASSETS			
Cash and Bank Balances	11	1,388,984	1,224,926
Advances and Other Assets	12	5,048,403	4,908,051
Sub-Total (A)		6,437,387	6,132,977
CURRENT LIABILITIES	13	24,131,890	22,794,253
PROVISIONS	14	14,168,017	12,266,379
Sub-Total (B)		38,299,907	35,060,632
<b>NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)</b>		<b>(31,862,520)</b>	<b>(28,927,655)</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	—
<b>TOTAL</b>		<b>10,614,178</b>	<b>10,236,559</b>
<b>NOTES TO ACCOUNTS</b>	<b>16</b>		

Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

Signature to the Balance Sheet Schedules 1 to 16

In terms of our report attached

**A. F. Ferguson Associates**  
Chartered Accountants  
Firm's Registration No.:102849W

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

**Rupen K. Bhatt**  
Partner  
Membership No.: 046930

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

Mumbai,  
Dated: April 21, 2016

For and on behalf of the Board of Directors

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

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

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

**Dayananda V. Shetty**  
Company Secretary  
Membership No.: FCS 4638

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

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

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

**Andreas Kleiner**  
Directors  
(DIN: 02072259)

**Arno Frank Fehler**  
Directors  
(DIN: 07218619)

**Dr. Jagdish Khattar**  
Independent Directors  
(DIN: 00013496)

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

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

Take it easy!



**FORM B - PL**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Profit and Loss Account for the year ended March 31, 2016**

Particulars	Schedule	For the year ended March 31, 2016 (₹ '000)	For the year ended March 31, 2015 (₹ '000)
<b>OPERATING PROFIT/(LOSS)</b>			
Fire Insurance		393,370	130,434
Marine Insurance		(303,652)	(345,222)
Miscellaneous Insurance		1,012,966	792,062
		<b>1,102,684</b>	<b>577,274</b>
<b>INCOME FROM INVESTMENTS</b>			
Interest, Dividend and Rent – Gross		908,128	812,701
Profit on sale of investments		78,830	59,295
Less: Loss on sale of investments		—	—
Accretion/(Amortisation) of Debt Securities		6,783	13,926
		<b>993,741</b>	<b>885,922</b>
<b>OTHER INCOME</b>			
		—	—
<b>TOTAL (A)</b>		<b>2,096,425</b>	<b>1,463,196</b>
<b>PROVISIONS (OTHER THAN TAXATION)</b>			
For diminution in the value of investments		—	—
For doubtful debts		7,710	—
Others		—	—
		<b>7,710</b>	<b>—</b>
<b>OTHER EXPENSES</b>			
Expenses other than those related to insurance business			
Employees' related remuneration and welfare benefits (Refer note 10 of Schedule 16)		34,625	28,178
Corporate Social Responsibility Expenses (Refer note 30 of Schedule 16)		22,976	24,453
Bad debts written off		—	—
Remuneration to directors and others		3,000	2,214
		<b>68,311</b>	<b>54,845</b>
<b>TOTAL (B)</b>		<b>68,311</b>	<b>54,845</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>2,028,114</b>	<b>1,408,351</b>
Provision for Taxation			
- Current Tax / Minimum Alternate Tax (MAT)		536,148	402,893
- Deferred Tax (Refer note 14 of Schedule 16)		(21,767)	(34,562)
		<b>1,513,733</b>	<b>1,040,020</b>
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>1,513,733</b>	<b>1,040,020</b>
<b>APPROPRIATIONS</b>			
Interim dividends paid during the year		673,275	403,965
Proposed final dividend		—	—
Dividend distribution tax		137,063	80,769
Transfer to any Reserves or Other Accounts		—	—
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year (Refer note 31 of Schedule 16)		1,301,433	756,669
		<b>2,004,828</b>	<b>1,311,955</b>
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>2,004,828</b>	<b>1,311,955</b>
<b>EARNINGS PER SHARE (Basic) (in ₹)</b>		<b>2.81</b>	<b>1.95</b>
<b>EARNINGS PER SHARE (Diluted) (in ₹)</b>		<b>2.79</b>	<b>1.94</b>
(Face Value ₹10 per share) (Refer note 24 of Schedule 16)			

**NOTES TO ACCOUNTS**

16

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

Signature to the Balance Sheet Schedules 1 to 16

In terms of our report attached

**A. F. Ferguson Associates**  
Chartered Accountants  
Firm's Registration No.:102849W

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

**Rupen K. Bhatt**  
Partner  
Membership No.: 046930

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

Mumbai,  
Dated: April 21, 2016

For and on behalf of the Board of Directors

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

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

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

**Dayananda V. Shetty**  
Company Secretary  
Membership No.: FCS 4638

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

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

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

**Andreas Kleiner**  
(DIN: 02072259)

**Arno Frank Fehler**  
(DIN: 07218619)

Independent Directors  
**Dr. Jagdish Khattar**  
(DIN: 00013496)

**Bernhard Steinruecke**  
(DIN: 01122939)

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

Take it easy!



IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

## Receipts and Payments Account for the year ended March 31, 2016

Particulars	Schedule	For the year ended March 31, 2016 (₹ '000)	For the year ended March 31, 2015 (₹ '000)
<b>Cash flows from operating activities</b>			
Premium received from policyholders, including advance receipts		39,421,008	34,771,680
Payments to re-insurers, net of commission and claims		(2,898,864)	(3,349,112)
Payments to co-insurers, net of claims recovery		100,472	(245,802)
Payments of claims		(21,827,005)	(18,362,052)
Payments of commission and brokerage		(2,916,529)	(2,633,566)
Payments of other operating expenses		(7,391,850)	(5,656,595)
Deposits, advances and staff loans		(68,618)	(10,962)
Income taxes paid (Net) (Including wealth tax)		(555,063)	(240,913)
Service tax paid		(2,438,622)	(2,351,372)
<b>Net cash flow from operating activities (A)</b>		<b>1,424,929</b>	<b>1,921,306</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(166,498)	(348,132)
Proceeds from sale of fixed assets		1,925	2,826
Purchase of investments		(14,746,947)	(15,388,412)
Sale of investments		11,964,703	9,938,986
Application Money for investments		—	(20,000)
Rent/Interest/Dividend received		3,139,321	2,824,922
Investments in money market instruments and in liquid mutual funds (Net)		(642,244)	(398,501)
<b>Net cash used in investing activities (B)</b>		<b>(449,740)</b>	<b>(3,388,311)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital and share premium		—	626,290
Repayments of borrowing		(102)	(512)
Interest		(32)	(43)
Dividend paid (Including dividend distribution tax)		(810,337)	(484,734)
<b>Net cash (used in) / flow from financing activities (C)</b>		<b>(810,471)</b>	<b>141,001</b>
<b>Effect of foreign exchange rates on cash and cash equivalents (Net) (D)</b>		<b>(660)</b>	<b>(447)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C + D)</b>		<b>164,058</b>	<b>(1,326,451)</b>
Cash and cash equivalents at the beginning of the year		1,212,526	2,538,977
Cash and cash equivalents at the end of the year		1,376,584	1,212,526
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>164,058</b>	<b>(1,326,451)</b>
<b>Reconciliation of cash and cash equivalents with the Balance Sheet:</b>			
Cash and Bank balances		1,388,984	1,224,926
Less: Deposit Accounts not considered as cash and cash equivalents as defined in AS-3 "Cash Flow Statements"		(12,400)	(12,400)
<b>Cash and cash equivalents at the end of the year</b>		<b>1,376,584</b>	<b>1,212,526</b>

### NOTES TO ACCOUNTS

Refer Schedule 11 for components of cash and bank balances

16

Signature to the Balance Sheet Schedules 1 to 16

In terms of our report attached

**A. F. Ferguson Associates**  
Chartered Accountants  
Firm's Registration No.:102849W

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

**Rupen K. Bhatt**  
Partner  
Membership No.: 046930

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

Mumbai,  
Dated: April 21, 2016

For and on behalf of the Board of Directors

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

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

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

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

**Dayananda V. Shetty**  
Company Secretary  
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(DIN: 00008886)

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

**Andreas Kleiner**  
(DIN: 02072259)

**Arno Frank Fehlert**  
(DIN: 07218619)

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(DIN: 00013496)

**Bernhard Steinruecke**  
(DIN: 01122939)

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

Take it easy!

**HDFC ERGO**  
GENERAL INSURANCE

FORM B - RA

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

Revenue Accounts for the year ended March 31, 2016

Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015
1 Premiums Earned (Net)	1	733,033	684,007	747,848	716,879	15,604,518	15,339,993	17,085,399	16,740,879
2 Profit/(Loss) on Sale/Redemption of Investments (Net)		14,399	9,917	5,275	3,709	185,416	138,448	205,090	152,074
3 Accretion/(Amortisation) of Debt Securities		1,239	2,329	453	871	15,954	32,516	17,646	35,716
4 Others:									
Investment Income from Terrorism Pool		23,408	29,769					23,408	29,769
Miscellaneous Income/Liabilities written back		274	91	294	100	6,129	2,133	6,697	2,324
Interest, Dividend and Rent - Gross		165,873	135,922	60,769	50,836	2,136,031	1,873,125	2,362,673	2,059,883
<b>TOTAL (A)</b>		<b>938,226</b>	<b>862,035</b>	<b>814,639</b>	<b>772,395</b>	<b>17,948,048</b>	<b>17,386,215</b>	<b>19,700,913</b>	<b>19,020,645</b>
1 Claims Incurred (Net)	2	371,836	601,529	761,531	815,170	11,308,226	11,762,059	12,441,593	13,178,758
2 Commission (Net)	3	(187,080)	(186,104)	65,559	64,154	(1,377,143)	(846,291)	(1,498,664)	(968,241)
3 Operating Expenses Related to Insurance Business	4	360,100	316,176	291,201	238,293	7,003,999	5,678,385	7,655,300	6,232,854
4 Premium Deficiency									
<b>TOTAL (B)</b>		<b>544,856</b>	<b>731,601</b>	<b>1,118,291</b>	<b>1,117,617</b>	<b>16,935,082</b>	<b>16,594,153</b>	<b>18,598,229</b>	<b>18,443,371</b>
<b>Operating Profit/(Loss) (A-B)</b>		<b>393,370</b>	<b>130,434</b>	<b>(303,652)</b>	<b>(345,222)</b>	<b>1,012,966</b>	<b>792,062</b>	<b>1,102,684</b>	<b>577,274</b>
<b>APPROPRIATIONS</b>									
Transfer to Shareholders' Account		393,370	130,434	(303,652)	(345,222)	1,012,966	792,062	1,102,684	577,274
Transfer to Catastrophe Reserve									
Transfer to Other Reserves									
<b>TOTAL (C)</b>		<b>393,370</b>	<b>130,434</b>	<b>(303,652)</b>	<b>(345,222)</b>	<b>1,012,966</b>	<b>792,062</b>	<b>1,102,684</b>	<b>577,274</b>

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

Signature to the Revenue Accounts Schedules 1 to 16

As required by Section 40C(2) of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, we hereby certify that on the basis of information and explanation given to us, all expenses of the management, incurred by the Company, in respect of general insurance business have been fully debited in the Revenue Accounts as expenses.

In terms of our report attached

**A. F. Ferguson Associates**  
Chartered Accountants  
Firm's Registration No.: 102849W Firm's Registration No.: 105102W

**Rupen K. Bhatt**  
Partner  
Membership No.: 046930

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

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

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Member of Executive Management & CFO  
Membership No.: FCA 045476

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(DIN: 00013496)

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(DIN: 00008064)

**Andreas Kleiner**  
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**Arno Frank Fehler**  
(DIN: 07218619)

**Bernhard Steiruecke**  
(DIN: 01122939)

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

Take it easy!



## Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2016						For the year ended March 31, 2015					
	Marine			Fire	Total	* Miscellaneous	Marine			** Miscellaneous	Total	
	Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total			
Premium from direct business written-net of Service tax	4,217,117	956,942	87,038	1,043,980	28,534,393	33,795,490	131,903	1,066,909	27,008,257	31,822,053		
Add: Premium on Re-insurance accepted	537,793	88,880	6,178	95,058	236,174	869,025	7,622	84,902	182,819	747,541		
Less: Premium on Re-insurance ceded	(3,813,109)	(274,835)	(88,741)	(363,576)	(11,507,478)	(15,684,163)	(135,997)	(416,359)	(10,982,403)	(14,785,911)		
Net Premium	941,801	770,987	4,475	775,462	17,263,089	18,980,352	3,528	735,452	16,208,673	17,783,683		
Add/(Less): Adjustment for changes in reserve for unexpired risks	(208,768)	(26,005)	(1,609)	(27,614)	(1,658,571)	(1,894,953)	2,162	(18,573)	(868,680)	(1,042,804)		
<b>Total Premium Earned (Net)</b>	<b>733,033</b>	<b>744,982</b>	<b>2,866</b>	<b>747,848</b>	<b>15,604,518</b>	<b>17,085,399</b>	<b>5,690</b>	<b>716,879</b>	<b>15,339,993</b>	<b>16,740,879</b>		

Particulars	Miscellaneous														
	Motor			Aviation	Health Insurance	Others			Total Miscellaneous						
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool			Product Liability	Public Liability	Workmen Compensation		Engineering	Personal Accident	Other Liability	Home	Specialty	Weather
Premium from direct business written-net of Service tax	6,015,328	572,689	-	11,743,017	81,749	4,548	671,909	283,891	6,328,934	621,845	33,103	704,737	1,138,816	2,283,517	28,534,393
Add: Premium on Re-insurance accepted	(1,570,788)	(1,464,170)	(3,089)	(3,034,958)	(4,554)	-	63,636	95,671	15,642	38,382	-	25,668	-	284	236,174
Less: Premium on Re-insurance ceded	4,444,540	4,263,519	(3,089)	8,704,970	77,195	9,947	170,069	28,342	3,241,169	3,886,982	23,595	170,843	163,567	638,127	(11,507,478)
Net Premium	(57,168)	(745,316)	-	(802,484)	1,481	684	(6575)	(1,874)	(321,709)	10,498	(12,793)	1,114	3,476	(104,340)	17,263,089
Add/(Less): Adjustment for changes in reserve for unexpired risks	4,387,372	3,518,203	(3,089)	7,902,486	78,676	9,462	163,494	26,468	2,919,460	3,461,418	10,802	171,957	167,043	533,787	15,604,518

Particulars	Miscellaneous														
	Motor			Aviation	Health Insurance	Others			Total Miscellaneous						
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool			Product Liability	Public Liability	Workmen Compensation		Engineering	Personal Accident	Other Liability	Home	Specialty	Weather
Premium from direct business written-net of Service tax	6,269,113	4,247,397	-	10,516,510	87,665	13,425	617,548	272,158	5,548,896	576,581	12,985	603,180	3,223,403	1,647,098	27,008,257
Add: Premium on Re-insurance accepted	(1,587,025)	-	14,072	(1,407,2)	-	-	43,734	109	71,42	38,234	-	11,137	-	3,425	182,819
Less: Premium on Re-insurance ceded	4,682,088	3,150,871	(1,096,526)	(2,683,551)	(4,751)	(4,717)	(517,920)	(286,163)	(401,737)	(459,458)	(1,647)	(448,039)	(2,768,134)	(1,165,440)	(10,982,403)
Net Premium	269,545	(30,544)	14,072	7,847,031	82,914	8,706	164,594	29,729	3,478,004	155,357	11,338	166,278	455,269	485,083	16,208,673
Add/(Less): Adjustment for changes in reserve for unexpired risks	4,951,633	3,120,327	14,072	8,066,032	78,193	(2)	(7,827)	(1,147)	(988,425)	(2,837)	(3,065)	(15,568)	13,581	(96,641)	(868,680)
<b>Total Premium Earned (Net)</b>	<b>4,951,633</b>	<b>3,120,327</b>	<b>14,072</b>	<b>8,066,032</b>	<b>78,193</b>	<b>8,706</b>	<b>156,767</b>	<b>22,612</b>	<b>2,509,579</b>	<b>152,520</b>	<b>8,273</b>	<b>150,710</b>	<b>468,850</b>	<b>388,442</b>	<b>15,339,993</b>

Take it easy!

## Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2016						For the year ended March 31, 2015					
	Marine		*Miscellaneous		Total	Fire	Marine		**Miscellaneous		Total	
	Marine Cargo	Marine Hull	Marine Total	Marine Cargo			Marine Hull	Marine Total	Other Liability	Home		Specialty
Claims paid direct	2,038,207	831,424	106,763	938,187	18,281,155	21,257,549	1,685,403	784,388	36,538	820,926	14,251,655	16,757,984
Add: Claims on Re-insurance accepted	105,071	68,547	—	68,547	1,24,273	297,891	46,822	138,092	—	138,092	1,37,916	1,564,080
Less: Claims on Re-insurance ceded	(1,754,221)	(211,063)	(104,568)	(315,631)	(8,412,004)	(10,481,856)	(1,415,946)	(203,151)	(31,657)	(234,808)	(4,789,621)	(6,420,375)
Net Claims paid	389,057	688,908	2,195	691,103	9,993,424	11,073,584	316,279	719,329	4,881	724,210	10,861,200	11,901,689
Add: Claims Outstanding at the end of the year	457,409	525,197	6,217	531,414	13,466,745	14,455,568	474,630	450,785	10,201	460,986	12,151,943	13,087,559
Less: Claims Outstanding at the beginning of the year	(474,630)	(450,785)	(10,201)	(480,986)	(12,151,943)	(13,087,559)	(189,380)	(346,179)	(23,847)	(370,026)	(11,251,084)	(11,810,490)
<b>Total Claims Incurred (Net)</b>	<b>374,836</b>	<b>763,320</b>	<b>(4,789)</b>	<b>761,531</b>	<b>11,308,226</b>	<b>12,444,593</b>	<b>601,529</b>	<b>823,935</b>	<b>(8,765)</b>	<b>815,170</b>	<b>11,762,059</b>	<b>13,178,758</b>

Particulars	Miscellaneous											
	Motor		Workmen Compensation		Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Total Miscellaneous
	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Motor Total								
Claims paid direct	4,581,603	2,847,448	—	7,429,051	3	12,051	23,901	950,664	2,803,394	21,030	181,748	3,243,033
Add: Claims on Re-insurance accepted	—	—	(6,680)	(6,680)	698	—	92,940	—	8,884	—	—	6,216
Less: Claims on Re-insurance ceded	(1,350,862)	(411,294)	—	(1,762,156)	(1,795)	(11,795)	(44,918)	(134,715)	(703,743)	3,372	(174,719)	(2,568,259)
Net Claims paid	3,230,741	2,436,154	(6,680)	5,666,215	701	256	99,844	815,949	2,108,535	24,402	13,029	680,990
Add: Claims Outstanding at the end of the year	539,646	10,864,105	—	11,403,751	5,949	5,566	89,054	459,270	798,380	51,512	67,228	279,777
Less: Claims Outstanding at the beginning of the year	(649,354)	(9,634,384)	—	(10,283,738)	(4,513)	(6,836)	(90,820)	(18,467)	(386,602)	(32,803)	(45,945)	(245,794)
<b>Total Claims Incurred (Net)</b>	<b>3,121,033</b>	<b>3,665,875</b>	<b>(6,680)</b>	<b>6,780,228</b>	<b>2,137</b>	<b>(4)</b>	<b>128,290</b>	<b>1,187,752</b>	<b>2,365,603</b>	<b>43,111</b>	<b>28,312</b>	<b>714,973</b>

Particulars	Miscellaneous											
	Motor		Workmen Compensation		Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Total Miscellaneous
	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Motor Total								
Claims paid direct	4,719,782	2,060,541	—	6,780,323	195	33,879	283,440	801,641	3,007,845	56,171	11,875	1,450,381
Add: Claims on Re-insurance accepted	—	—	1,318,192	1,318,192	2,011	—	14,657	—	11,598	—	—	3,653
Less: Claims on Re-insurance ceded	(1,160,174)	(189,588)	—	(1,349,762)	(40)	(33,088)	(207,774)	(63,799)	(47,713)	(45,846)	(2,797)	(1,063,183)
Net Claims paid	3,559,608	1,870,953	1,318,192	6,748,773	2,196	781	90,323	737,842	2,542,230	12,323	9,078	390,851
Add: Claims Outstanding at the end of the year	649,354	9,634,384	(0)	10,283,738	4,513	5,636	90,820	459,270	541,312	32,803	1,150	245,794
Less: Claims Outstanding at the beginning of the year	(573,799)	(7,782,017)	(1,370,817)	(9,726,733)	(3,373)	(6,124)	(86,742)	(9,307)	(607,580)	(24,403)	(971)	(1,163,453)
<b>Total Claims Incurred (Net)</b>	<b>3,635,163</b>	<b>3,723,340</b>	<b>(62,725)</b>	<b>7,305,778</b>	<b>3,336</b>	<b>493</b>	<b>94,401</b>	<b>39,909</b>	<b>2,475,962</b>	<b>20,723</b>	<b>9,257</b>	<b>520,192</b>

Take it easy!



## Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2016						For the year ended March 31, 2015						Total
	Fire		Marine		*Miscellaneous	Total	Fire		Marine		**Miscellaneous	Total	
	Marine Cargo	Marine Hull	Marine Total	Marine Cargo			Marine Hull	Marine Total					
Commission paid direct	227,130	80,118	1,034	81,152	2,212,657	2,520,939	180,695	77,746	2,881	80,627	2,018,826	2,280,148	
Add: Commission paid on Re-insurance accepted	37,499	7,694	27	7,721	29,068	74,288	28,825	5,190	(17)	5,173	15,117	49,115	
Less: Commission received on Re-insurance ceded	(451,709)	(16,204)	(7,110)	(23,314)	(3,618,868)	(4,093,891)	(395,624)	(15,380)	(6,266)	(21,646)	(2,880,234)	(3,297,504)	
<b>Net commission paid/(received)</b>	<b>(187,080)</b>	<b>71,608</b>	<b>(6,049)</b>	<b>65,559</b>	<b>(1,377,143)</b>	<b>(1,498,664)</b>	<b>(186,104)</b>	<b>67,556</b>	<b>(3,402)</b>	<b>64,154</b>	<b>(846,291)</b>	<b>(968,241)</b>	

\* Miscellaneous Commission Break-up for the year ended March 31, 2016

Particulars	Miscellaneous										Total Miscellaneous	
	Motor			Workmens Compensation		Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Others Total							
Commission paid direct	469,407	48	-	469,455	7,564	1,858	532	47,671	8,018	660,725	827,226	2,212,657
Add: Commission paid on Re-insurance accepted	-	-	-	-	-	-	-	11,502	9,301	-	1,779	29,068
Less: Commission received on Re-insurance ceded	(345,003)	(300,145)	-	(645,148)	(737)	(374)	(40)	(127,148)	(7,217)	(801,784)	(4,376,747)	(3,618,868)
<b>Net commission paid/(received)</b>	<b>124,404</b>	<b>(300,097)</b>	<b>-</b>	<b>(175,693)</b>	<b>6,827</b>	<b>1,484</b>	<b>492</b>	<b>(67,975)</b>	<b>10,102</b>	<b>(141,059)</b>	<b>(547,742)</b>	<b>(1,377,143)</b>

\*\* Miscellaneous Commission Break-up for the year ended March 31, 2015

Particulars	Miscellaneous										Total Miscellaneous	
	Motor			Workmens Compensation		Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Others Total							
Commission paid direct	524,680	42	-	524,722	8,160	1,429	886	43,839	6,043	553,352	733,250	2,018,826
Add: Commission paid on Re-insurance accepted	-	-	-	-	-	-	-	5,115	6,571	16	692	15,117
Less: Commission received on Re-insurance ceded	(199,985)	(120,518)	-	(320,503)	(664)	(96)	(503)	(134,261)	(6,695)	(130,988)	(1,302,828)	(2,880,234)
<b>Net commission paid/(received)</b>	<b>324,695</b>	<b>(120,476)</b>	<b>-</b>	<b>204,219</b>	<b>7,496</b>	<b>1,333</b>	<b>383</b>	<b>(85,307)</b>	<b>5,919</b>	<b>422,380</b>	<b>(568,886)</b>	<b>(846,291)</b>

## Schedule - 3A

### COMMISSION PAID DIRECT

Particulars	For the year ended March 31, 2016			For the year ended March 31, 2015		
	Fire	Marine	Total	Fire	Marine	Total
Agents	4,903	10,466	251,844	267,213	4,550	314,023
Brokers	142,292	61,034	380,958	584,284	79,676	378,861
Corporate Agency	79,934	9,652	1,574,060	1,663,646	96,469	1,429,657
Others: Web aggregator	1	-	5,795	-	-	1,596
<b>Total</b>	<b>227,130</b>	<b>81,152</b>	<b>2,212,657</b>	<b>180,695</b>	<b>80,627</b>	<b>2,018,826</b>



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## Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2016					For the year ended March 31, 2015						
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Employees' remuneration and welfare benefits	130,986	75,712	1,539	77,251	1,837,774	2,046,011	134,932	3,183	74,984	1,681,172	1,891,088	
Travel, conveyance and vehicle running expenses	9,060	4,251	110	4,361	128,095	141,516	11,494	303	4,752	124,991	141,237	
Training expenses	15,936	16,528	64	16,592	357,745	390,273	7,598	73	7,751	174,504	189,853	
Rents, rates and taxes	14,310	15,300	59	15,359	320,387	350,056	14,679	128	16,127	344,574	375,380	
Repairs	7,683	4,434	55	4,489	139,405	151,577	7,150	99	3,612	129,227	139,989	
Printing and stationery	4,637	3,244	22	3,266	96,362	104,265	5,061	58	3,349	103,579	111,989	
Communication	2,857	2,123	23	2,146	50,848	55,851	3,007	53	1,953	49,306	54,266	
Legal and professional charges	98,077	99,868	408	100,276	2,185,371	2,383,724	61,565	552	60,490	1,412,858	1,534,913	
Auditors' fees, expenses etc												
(a) as auditors	243	260	1	261	5,447	5,951	176	2	194	4,125	4,495	
(b) as advisor or in any other capacity, in respect of:												
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	
(c) in any other capacity	85	91	-	91	1,905	2,081	79	1	88	1,807	1,974	
Advertisement and publicity	21,015	21,149	105	21,254	452,213	494,482	14,257	156	14,721	318,440	347,418	
Interest and bank charges	5,946	6,355	24	6,379	191,090	203,415	7,815	68	8,578	192,155	208,548	
Others:												
Electricity expenses	3,510	3,753	14	3,767	78,593	85,870	3,523	31	3,870	82,690	90,083	
Office expenses	1,694	1,293	13	1,306	31,432	34,432	1,602	19	1,282	32,727	35,611	
Miscellaneous expenses	15,397	4,032	357	4,389	36,990	56,776	13,336	509	4,519	36,947	54,802	
Service charges	-	-	-	-	449,964	449,964	-	-	-	291,718	291,718	
Information Technology expenses	10,424	10,636	41	10,677	233,345	254,446	8,933	75	9,392	209,708	228,033	
Postage and courier	5,369	5,500	23	5,523	118,867	129,759	5,391	52	5,516	122,166	133,073	
Loss on sale of assets (net)	18	19	-	19	404	441	18	0	20	430	468	
Depreciation	12,853	13,742	53	13,795	287,762	314,410	15,560	136	17,095	365,261	397,916	
<b>Total Operating Expenses</b>	<b>360,100</b>	<b>288,290</b>	<b>2,911</b>	<b>291,201</b>	<b>7,003,999</b>	<b>7,655,300</b>	<b>316,176</b>	<b>5,498</b>	<b>238,293</b>	<b>5,678,385</b>	<b>6,232,854</b>	

(₹ '000)

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## Schedules

Annexed to and forming part of the Revenue Accounts

### Schedule - 4 (Continued)

\* Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2016

(₹ '000)

Particulars	Miscellaneous											Total Miscellaneous					
	Motor		Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others							
	Motor-OD	Motor-TP								Motor/Declined Risk Pool	Motor Total		Other Liability	Home	Specialty	Weather	Others
Employees' remuneration and welfare benefits	489,690	412,521	-	902,211	7,770	1,050	353	23,792	7,461	337,527	411,615	21,977	1,620	24,208	26,939	71,251	1,837,774
Travel, conveyance and vehicle running expenses	31,749	27,569	-	59,318	445	62	20	1,542	509	22,364	27,173	1,348	121	1,481	4,749	8,963	128,095
Training expenses	100,258	80,873	-	181,131	1,757	211	77	3,508	587	66,949	79,289	3,459	257	3,809	4,166	12,545	357,745
Rents, rates and taxes	90,105	72,255	-	162,360	1,616	194	71	3,204	544	59,958	71,088	3,204	222	3,532	3,431	10,963	320,387
Repairs	38,193	32,936	-	71,129	503	63	22	1,334	297	26,576	31,578	1,101	144	1,201	1,477	3,980	139,405
Printing and stationery	26,580	22,607	-	49,187	368	44	16	851	149	18,322	21,617	718	93	783	1,180	3,034	96,362
Communication	13,886	11,515	-	25,401	225	28	10	555	133	9,450	11,318	519	42	570	705	1,892	50,848
Legal and professional charges	610,939	493,861	1,039	1,105,839	10,627	1,278	467	21,407	3,630	408,524	483,882	21,007	1,588	23,128	26,353	77,641	2,185,371
Auditors' fees, expenses etc	1,533	1,229	-	2,762	27	3	1	54	9	1,020	1,209	54	4	60	58	186	5,447
(a) as auditors																	
(b) as advisor or in any other capacity, in respect of:																	
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	536	430	-	966	10	1	-	19	3	357	423	19	1	21	20	65	1,905
Advertisement and publicity	126,045	101,574	-	227,619	2,232	271	98	4,588	840	84,171	99,960	4,543	320	5,006	5,787	16,778	452,213
Interest and bank charges	37,438	30,018	-	67,456	671	81	30	1,331	226	24,906	29,537	1,331	92	1,467	24,641	39,321	191,090
Others:																	
Electricity expenses	22,104	17,725	-	39,829	396	48	17	786	133	14,708	17,439	786	54	866	842	2,689	78,593
Office expenses	8,602	7,135	-	15,737	138	17	6	331	75	5,852	6,987	308	26	338	444	1,173	31,432
Miscellaneous expenses	5,460	4,932	-	10,392	248	65	15	2,548	1,462	4,461	9,302	2,554	22	2,846	432	2,643	36,990
Service charges	204,260	-	-	204,260	-	-	-	-	-	143,716	101,988	-	-	-	-	-	449,964
Information Technology expenses	65,615	53,088	-	118,703	1,135	136	50	2,274	377	43,884	51,956	2,224	172	2,448	2,376	7,610	233,345
Postage and courier	33,296	26,866	-	60,162	584	70	26	1,177	202	22,240	26,360	1,160	85	1,278	1,370	4,153	118,867
Loss on sale of assets (net)	114	91	-	205	2	-	-	4	1	76	90	4	-	4	4	14	404
Depreciation	80,930	64,897	-	145,827	1,451	175	64	2,878	488	53,853	63,850	2,878	199	3,172	3,081	9,846	287,762
Total Operating Expenses	1,987,333	1,462,122	1,039	3,450,494	30,205	3,797	1,343	72,183	17,126	1,348,914	1,546,661	69,194	5,062	76,218	108,055	274,747	7,003,999

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**HDFC ERGO**  
GENERAL INSURANCE

## Schedules

### Annexed to and forming part of the Revenue Accounts

#### Schedule - 4 (Continued)

\* Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2015

(₹ '000)

Particulars	Miscellaneous											Total Miscellaneous				
	Motor				Workmens			Public					Health Insurance			
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Other Liability					
Others	Home	Specialty	Weather	Others	Other Liability	Home	Specialty	Weather	Others	Other Liability	Home	Specialty	Weather	Others		
Employees' remuneration and welfare benefits	513,745	330,781	-	844,526	7,528	906	510	24,701	7,907	276,984	23,275	922	23,108	55,372	44,212	1,681,172
Travel, conveyance and vehicle running expenses	35,011	22,914	-	57,925	461	58	35	1,959	717	19,696	1,760	66	1,748	9,095	5,100	124,991
Training expenses	55,463	35,073	-	90,536	849	95	49	1,669	269	28,367	1,680	94	1,659	7,018	5,001	174,504
Rents, rates and taxes	111,390	70,194	-	181,584	1,759	196	100	3,334	509	56,455	3,431	186	3,390	10,547	8,738	344,574
Repairs	41,179	26,857	-	68,036	433	47	27	1,209	262	22,842	958	78	936	3,091	2,430	129,227
Printing and stationery	32,796	21,180	-	53,976	391	43	23	928	170	17,725	794	60	777	3,610	2,485	103,579
Communication	15,488	9,953	-	25,441	211	24	13	564	142	8,283	521	28	515	1,539	1,197	49,306
Legal and professional charges	454,938	288,518	1,192	744,648	6,710	743	382	13,242	2,054	234,494	13,050	779	12,866	43,333	34,660	1,412,858
Auditors' fees, expenses etc																
(a) as auditors	1,334	840	-	2,174	21	2	1	40	6	676	41	2	41	126	105	4,125
(b) as advisor or in any other capacity, in respect of:																
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	602	380	-	982	10	1	1	18	3	306	19	1	18	57	47	1,807
Advertisement and publicity	100,458	63,373	-	163,831	1,592	178	92	3,166	547	51,060	3,242	168	3,206	14,143	9,786	318,440
Interest and bank charges	59,240	37,350	-	96,590	936	104	53	1,773	271	30,031	1,825	99	1,803	11,949	7,182	192,155
Others:																
Electricity expenses	26,731	16,845	-	43,576	422	47	24	800	122	13,548	823	45	814	2,531	2,097	82,690
Office expenses	10,524	6,728	-	17,252	144	16	8	318	59	5,546	296	19	292	868	726	32,727
Miscellaneous expenses	6,581	4,387	-	10,968	290	49	32	2,310	1,162	4,157	2,317	11	2,329	2,438	2,212	36,947
Service charges	149,138	-	-	149,138	-	-	-	-	-	84,481	-	-	-	-	-	291,718
Information Technology expenses	67,882	42,910	-	110,792	1,035	115	59	1,982	296	34,686	1,997	115	1,971	6,125	5,110	209,708
Postage and courier	39,408	24,912	-	64,320	604	67	35	1,186	191	20,146	1,195	67	1,180	3,696	3,040	122,166
Loss on sale of assets (net)	139	88	-	227	2	-	-	4	1	71	4	-	4	13	11	430
Depreciation	118,077	74,408	-	192,485	1,865	208	106	3,535	539	59,844	3,637	197	3,594	11,180	9,263	365,261
Total Operating Expenses	1,840,124	1,077,691	1,192	2,919,007	25,263	2,899	1,550	62,738	15,227	969,398	60,865	2,937	60,251	1,866,731	143,402	5,678,385

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## Schedules

### Annexed to and forming part of the Balance Sheet

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
<b>Authorised Capital</b>		
600,000,000 Equity Shares of ₹ 10/- each (Previous Year: 600,000,000 Equity Shares of ₹ 10/- each)	6,000,000	6,000,000
<b>Issued Capital</b>		
538,620,250 Equity Shares of ₹ 10/- each (Previous Year: 538,620,250 Equity Shares of ₹ 10/- each)	5,386,203	5,386,203
<b>Subscribed Capital</b>		
538,620,250 Equity Shares of ₹ 10/- each (Previous Year: 538,620,250 Equity Shares of ₹ 10/- each)	5,386,203	5,386,203
<b>Called-up Capital</b>		
538,620,250 Equity Shares of ₹ 10/- each (Previous Year: 538,620,250 Equity Shares of ₹ 10/- each)	5,386,203	5,386,203
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par Value of Equity Shares bought back	—	—
Less: Preliminary Expenses	—	—
<b>Total</b>	<b>5,386,203</b>	<b>5,386,203</b>

Of the above, 396,608,250 (Previous year 396,608,250) Equity Shares of ₹ 10/- each are held by Housing Development Finance Corporation Limited, the Holding Company.

### Schedule - 5A

#### SHARE CAPITAL

#### PATTERN OF SHAREHOLDING

[As certified by the Management]

	As at March 31, 2016		As at March 31, 2015	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	396,608,250	73.63%	396,608,250	73.63%
Foreign: ERGO International AG	139,178,000	25.84%	139,178,000	25.84%
Others: Employees	2,834,000	0.53%	2,834,000	0.53%
<b>Total</b>	<b>538,620,250</b>	<b>100.00%</b>	<b>538,620,250</b>	<b>100.00%</b>

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## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule – 6

#### RESERVES AND SURPLUS

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	3,308,230	3,308,230
General Reserves	—	—
Less: Debit balance in Profit and Loss Account	—	—
Less: Amount utilised for buy-back	—	—
Contingency Reserve for Unexpired Risk	—	—
Catastrophe Reserve	—	—
Other Reserves	—	—
Balance of Profit/(Loss) in		
Profit and Loss Account - Opening	1,301,433	756,669
Add: Profit during the year	703,395	555,286
Less: Adjustment of Depreciation (net of deferred tax) (Refer note 31 of Schedule 16)	—	10,522
<b>Total</b>	<b>5,313,058</b>	<b>4,609,663</b>

### Schedule – 7

#### BORROWINGS

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
Debentures/Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others:		
OAIS Auto Financial Services Limited (Refer note 4 and 13 of Schedule 16)	—	102
<b>Total</b>	<b>—</b>	<b>102</b>

### Schedule – 8

#### INVESTMENTS (Refer note 9 of schedule 16)

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	12,494,855	10,163,266
Other Approved Securities	1,111,282	739,147
Other Investment:		
Shares		
— Equity	1,033,436	1,318,069
— Preference	818,329	279,973

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## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule – 8 (Continued)

#### INVESTMENTS (Refer note 9 of schedule 16)

Particulars		As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
Mutual Funds		—	—
Derivative Instruments		—	—
Debentures/Bonds		7,186,048	7,917,374
Other Securities (Bank Deposits)		533,900	1,821,400
Subsidiaries		—	—
Investment Properties-Real Estate		—	—
Investments in Infrastructure and Social Sector Bonds		11,023,048	9,685,187
Other than Approved Investments			
— Equity Shares		—	18,840
— Preference Shares and Debentures		1,487,077	486,357
<b>Sub-total</b>	<b>(A)</b>	<b>35,687,975</b>	<b>32,429,613</b>
<b>SHORT TERM INVESTMENTS</b>			
Government securities and Government guaranteed bonds including Treasury Bills		1,186,437	1,174,414
Other Approved Securities		—	—
Other Investment:			
Shares			
— Equity		—	—
— Preference		—	—
Mutual Funds		55,083	110,222
Derivative Instruments		—	—
Debentures/Bonds		699,586	1,305,066
Other Securities (Commercial Papers and Certificate of Deposits)		1,300,000	1,430,965
Subsidiaries		—	—
Investment Properties - Real Estate		—	—
Investments in Infrastructure and Social Sector Bonds		925,620	600,259
Other than Approved Investments			
— Mutual Fund		1,226,736	419,638
— Preference Shares and Debentures		49,918	196,693
<b>Sub-total</b>	<b>(B)</b>	<b>5,443,380</b>	<b>5,237,257</b>
<b>Total</b>	<b>(A+B)</b>	<b>41,131,355</b>	<b>37,666,870</b>

#### Note:

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

		(₹ '000)	(₹ '000)
Long term investments	— Book Value	34,654,539	31,092,704
	— Market Value	35,825,858	32,235,763
Short term investments	— Book Value	4,161,561	4,707,397
	— Market Value	4,183,604	4,719,301

b) Aggregate cost of Investments in Debentures issued by Housing Development Finance Corporation Limited (Holding Company) for the year ended March 31, 2016 was ₹ 1,206,716 thousand (Previous year ₹ 1,256,594 thousand).

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## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule - 9

#### LOANS

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
<b>SECURITY-WISE CLASSIFICATION</b>		
Secured		
(a) On mortgage of property		
(aa) In India	—	—
(bb) Outside India	—	—
(b) On Shares, Bonds, Government Securities	—	—
(c) Others	—	—
Unsecured	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
<b>BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
(a) Loans classified as standard		
(aa) In India	—	—
(bb) Outside India	—	—
(b) Non-performing loans less provisions		
(aa) In India	—	—
(bb) Outside India	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
<b>MATURITY-WISE CLASSIFICATION</b>		
(a) Short-Term	—	—
(b) Long-Term	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
<b>Total</b>	<u>—</u>	<u>—</u>

## Schedules

### Annexed to and forming part of the Balance Sheet

Particulars	Cost/Gross Block			Depreciation/Amortisation			Net Block		
	Opening	Additions	Deductions	Closing	Upto Last Year	For The Year	On Sales / Adjustments	As at Year End	Previous Year
Goodwill	—	—	—	—	—	—	—	—	—
Intangibles - Computer Software*	722,922	97,519	—	820,441	456,386	126,490	—	237,565	266,536
Leasehold Property	137,604	—	—	137,604	68,590	38,576	—	30,438	69,014
Building	759,980	—	—	759,980	49,172	12,681	—	698,127	710,808
Furniture and Fittings	146,943	5,585	588	151,940	23,495	14,562	190	114,073	123,448
Information Technology Equipment	435,725	32,590	19,980	448,335	297,749	68,790	19,836	101,632	137,976
Vehicles	98,374	14,160	2,947	109,587	42,163	20,899	1,123	47,648	56,211
Office Equipment	172,981	6,292	242	179,031	65,035	32,336	242	81,902	107,946
Leased Vehicles	895	—	895	—	819	76	895	—	76
<b>Total</b>	<b>2,475,424</b>	<b>156,146</b>	<b>24,652</b>	<b>2,606,918</b>	<b>1,003,409</b>	<b>314,410</b>	<b>22,286</b>	<b>1,311,385</b>	<b>1,472,015</b>
Capital Work-in-progress (includes advances)									
(Refer Note 5 of Schedule 16)	25,329	31,232	22,603	33,958	—	—	—	33,958	25,329
<b>Grand Total</b>	<b>2,500,753</b>	<b>187,378</b>	<b>47,255</b>	<b>2,640,876</b>	<b>1,003,409</b>	<b>314,410</b>	<b>22,286</b>	<b>1,345,343</b>	<b>1,497,344</b>
Previous year as at March 31, 2015	2,230,600	349,349	79,196	2,500,753	616,614	413,855 #	27,060	1,497,344	

\*There are no internally generated Computer Software # (Refer note 31 of Schedule 16)



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## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule - 11

#### CASH AND BANK BALANCES

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
Cash (including cheques, drafts and stamps)	817,211	721,538
Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	—	120,000
(bb) Others	12,400	12,400
(b) Current Accounts	559,373	370,988
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
<b>Total</b>	<b>1,388,984</b>	<b>1,224,926</b>

### Schedule - 12

#### ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
<b>ADVANCES</b>		
Reserve deposits with ceding companies	—	—
Application money for investments	—	20,000
Prepayments	86,520	78,083
Advance to Directors/Officers	—	—
Advance tax paid and taxes deducted at source (Net of provision for taxation)	116,746	36,072
Others:		
Advances to employees	3,970	1,988
Advances to suppliers	131,846	59,465
Service Tax utilized credit	150,628	157,180
MAT credit entitlement	76,909	139,162
<b>Sub-total</b>	<b>(A) 566,619</b>	<b>491,950</b>

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## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule - 12 (Continued)

#### ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
<b>OTHER ASSETS</b>		
Income accrued on investments	1,343,637	1,224,227
Outstanding Premiums	1,634,743	2,112,270
Agents' Balances	—	—
Foreign Agents' Balances	—	—
Due from other entities carrying on insurance business (including reinsurers)	1,356,882	984,339
Less : Provisions for doubtful debts	(7,710)	—
Due from subsidiaries/holding Company	—	—
Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938)	—	—
Others:		
Deposits for premises	94,865	95,265
Stock of salvaged cars	59,367	—
<b>Sub-total</b>	<b>(B) 4,481,784</b>	<b>4,416,101</b>
<b>Total</b>	<b>(A+B) 5,048,403</b>	<b>4,908,051</b>

### Schedule - 13

#### CURRENT LIABILITIES

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '0000)
Agents' Balances	160,857	157,513
Balances due to other insurance companies	4,230,084	4,943,660
Deposits held on re-insurance ceded	—	—
Premiums received in advance	1,276,587	1,031,895
Unallocated Premium	1,038,506	956,506
Unclaimed amount of Policyholders (Refer note 29 of Schedule 16)	133,149	220,952
Sundry creditors	2,786,929	2,117,556
Due to subsidiaries/holding company	—	669
Claims Outstanding (Refer note 23(b) and 28 of Schedule 16)	14,455,568	13,087,559
Due to Officers/Directors	2,700	1,683
Others:		
Service tax liability	—	—
Tax deducted at source	33,813	274,427
Other statutory dues	13,697	1,833
<b>Total</b>	<b>24,131,890</b>	<b>22,794,253</b>

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## Schedules

Annexed to and forming part of the Balance Sheet

### Schedule - 14

#### PROVISIONS

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
Reserve for Unexpired Risk	14,114,043	12,219,090
For taxation (less advance tax paid and taxes deducted at source)	4,876	4,876
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	49,098	42,413
<b>Total</b>	<b>14,168,017</b>	<b>12,266,379</b>

### Schedule - 15

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2016 (₹ '000)	As at March 31, 2015 (₹ '000)
Discount Allowed in issue of shares/debentures	—	—
Others:		
Pre-operative expenses:		
Opening balance	—	—
Incurred during the year	—	—
Less: Amortisation during the year	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

## Schedule – 16

### NOTES TO ACCOUNTS

#### 1. BACKGROUND

HDFC ERGO General Insurance Company Limited (“the Company”) was incorporated on February 8, 2002 as a Company under the Companies Act, 1956. As on March 31, 2016, Housing Development Finance Corporation Limited holds 73.63% and ERGO International AG holds 25.84% of paid up capital of the Company respectively. The Company is registered with the Insurance Regulatory and Development Authority of India (“IRDAI”) and continues to be in the business of underwriting general insurance policies and has launched general insurance products in Motor, Home, Accident & Health, Weather, Commercial and Specialty business lines.

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation

These financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDAI from time to time (including circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, to the extent applicable and the relevant provisions of the Companies Act, 2013.

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

##### (b) Use of estimates

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

##### (c) Revenue Recognition

###### Premium Income

Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.

###### Income earned on investments

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

**(d) Reinsurance ceded**

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

**(e) Commission received**

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

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

**(f) Reserve for Unexpired Risk**

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365<sup>th</sup> method, or as required by section 64V(1)(ii)(b) of Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, i.e. subject to a minimum of 100% in case of Marine Hull business and 50% in case of other businesses based on Net Premium Written during the year, whichever is higher. As per the Master Circular on preparation of financial statements—General Insurance Business, the Net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance Sheet date.

**(g) Premium deficiency**

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

**(h) Claims incurred**

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

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

#### (i) Salvage Recoveries

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

#### (j) Acquisition Costs

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

#### (k) Fixed Assets and Depreciation

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

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

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

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

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

Leasehold Property is depreciated over the duration of lease.

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

- Computer Softwares - 4 years

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

#### Impairment of assets

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

#### (l) Finance Leases

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

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

#### (m) Operating Leases

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

#### (n) Foreign Currency Transactions

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

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

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

#### (o) Investments

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

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

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

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

The Investment made by the Company are recognised and reported in aggregate at Company level and not segregated between Policyholder's funds and Shareholder's funds.

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

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

#### (p) Employee Benefits

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

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

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

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

##### Defined contribution plans

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

##### Defined benefit plans

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

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

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

Provision for other long term benefits includes accumulated compensated absences that are entitled to be carried forward for future encashment or availment, at the option of the employer subject to the rules framed by the Company which are expected to be availed or encashed beyond twelve months from the Balance Sheet date. The Company’s liability towards these other long term benefits are accrued and



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

provided for on the basis of an actuarial valuation using projected unit credit method made at the end of the financial year.

#### (q) Taxation

Income tax expense comprises current tax (i.e. amount of tax payable on the taxable income for the period determined in accordance with the Income-tax Act, 1961), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realised.

In accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India and in accordance with the provisions of the Income Tax Act, 1961, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

#### (r) Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ("GIC"). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ("TAC") are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from the GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

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

#### (s) Indian Motor Third Party Insurance Pool (IMTPIP)

As per the directions of the IRDAI, the Company has collectively, mandatorily and automatically participated in pooling arrangement to share in all Motor Third Party insurance business underwritten in respect of commercial vehicles. The pooling arrangement was made effective in respect of insurances and renewals commencing on or after April 1, 2007. GIC is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council ("Council"). The pooling amongst all the insurers is achieved through a multi-lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance/reinsurance business. Under the arrangement, GIC's participation shall be to the extent of the statutory cessions from the pool. All the business remaining after deducting such cessions to GIC, is shared amongst members in the same proportion as the total gross direct premium in India of the insurer in respect of all classes of general insurance business for a financial year bears to the total market gross direct premium in India in respect of all classes of general insurance business of all

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

member insurers for that financial year (market share). Operating expenses of the pool incurred by GIC are borne by the members in proportion of their respective market share. The Company accounts for share in the income and expenditure based on the statement of account received from the pool.

IRDAI vide its Orders IRDA/NL/ORD/MPL/276/12/2011 dated December 23, 2011, IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012, IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 and IRDA/NL/ORD/MPI/72/03/2012 dated March 22, 2012 ordered for dismantling of IMTPIP with effect from April 1, 2012.

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

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

The Company has to cede to the extent of such premium of declined risk premium to the IMTPDRIP after net retention (currently 20%) and obligatory cession as prescribed by the IRDAI from time to time. All the premiums ceded to the IMTPDRIP is shared amongst members in the proportion of shortfall of the respective insurers. Shortfall is a difference of mandatory obligation and actual net retention of Liability only premium of the insurer. The mandatory obligation is calculated by applying average of market share (being average of overall market share and market share in respect of motor business) to the total Liability only premium of the industry for every financial year. Operating expenses of the IMTPDRIP incurred by GIC are borne by all the members in proportion to their respective mandatory obligation. The Company effects the settlement of its share in the premium, claims and expenditure based on clean cut settlement statement received from the pool administrator on a quarterly basis. The Company earns 100% of the premium retro ceded from IMTPDRIP in the year of retrocession.

#### (u) Contributions to Solatium Fund

In accordance with the requirements of IRDAI circular dated March 18, 2003 and based on the decision made by the General Insurance Council in its meeting held on May 6, 2005, the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written premium for all motor policies written during that year, till the year ended March 31, 2010. Further, General Insurance Council in its meeting held on April 1, 2010 recommended that the contribution should be a percentage of gross written third party premiums including premium ceded to IMTPIP.

#### (v) Segment Reporting

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

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

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

**Schedule – 16** (Continued)**NOTES TO ACCOUNTS****Allocation of Investment income:**

Investment income has been allocated on the basis of the ratio of average policyholders' funds comprising reserves for unexpired risks, IBNR, IBNER and outstanding claims to average shareholders' funds, comprising share capital less accumulated losses, preliminary expenses and miscellaneous expenditure to the extent not written off or adjusted.

**Operating Expenses relating to Insurance Business:**

Expenses, which are directly attributable and identifiable to the business segments, are apportioned on an actual basis.

Expenses, which are not directly identifiable though attributable to a class of business segments collectively, are apportioned amongst the respective segments on a rational basis (viz. gross written premium basis).

Other allocable expenses are allocated on the basis of net earned premium.

The accounting policies used in segment reporting are same as those used in the preparation of financial statements.

**(w) Earnings Per Share ("EPS")**

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

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

**(x) Provisions and Contingencies**

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent liabilities are not recognised. A Contingent asset is neither recognised nor disclosed.

**(y) Employee Stock Option Plan ("ESOP")**

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

**(z) Receipts and Payments Account**

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

(ii) Cash and cash equivalents

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 3. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1.	Partly paid up investments	Nil	Nil
2.	Underwriting commitments outstanding (in respect of shares and securities)	Nil	Nil
3.	Claims, other than those under policies, not acknowledged as debts	Nil	Nil
4.	Guarantees given by or on behalf of the Company	Nil	Nil
5.	Statutory demands/liabilities in dispute, not provided for	201	201
6.	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

The Company has pending litigations arising out of matters relating to Income tax and has received show cause notice in respect of a Service tax matter of ₹ 216,891 thousand (Previous year ₹ 216,891 thousand). Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

#### 4. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances, other than leased vehicles, which constitutes the security in respect of the Company's finance lease arrangement.

#### 5. COMMITMENTS

There are commitments made and outstanding of ₹ 100,000 thousand (Previous year ₹ 50,000 thousand) for investments and no commitments made and outstanding for loans.

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments of ₹ 14,195 thousand (Previous year ₹ 25,329 thousand)] is ₹ 52,516 thousand (Previous year ₹ 39,473 thousand).

#### 6. CLAIMS

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

(₹ '000)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Outside India	557,761	581,942

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

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

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
More than six months	10,166,601	8,572,934
Others	5,149,000	4,906,495

#### 7. PREMIUM

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

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

For the year ended on March 31, 2016

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	4,754,910	1,196,060	3,558,850	25	75
Marine Cargo	Value at Risk	1,045,822	848,135	197,687	81	19
Marine Hull	Total sum insured	93,216	4,582	88,634	5	95
Miscellaneous						
– Motor	Total sum insured	11,739,928	8,801,135	2,938,793	75	25
– Workmens Compensation	Value at Risk	81,749	77,543	4,206	95	5
– Public/Product Liability	Value at Risk	22,966	12,744	10,222	55	45
– Engineering	Total sum insured	735,545	211,819	523,726	29	71
– Aviation	Value at Risk	379,562	28,724	350,838	8	92
– Personal Accident	Value at Risk	4,599,909	3,281,195	1,318,714	71	29
– Health Insurance	Value at Risk	6,344,576	3,894,768	2,449,808	61	39
– Other Liability/Specialty	Value at Risk	1,390,612	317,716	1,072,896	23	77
– Others	Value at Risk	3,475,720	844,660	2,631,060	24	76

The above excludes Excess of Loss cover reinsurance premium of ₹ 538,729 thousand for the year ended on March 31, 2016.

For the year ended on March 31, 2015

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Fire	Total sum insured	4,226,707	1,034,456	3,192,251	24	76
Marine Cargo	Value at Risk	1,012,286	819,366	192,920	81	19
Marine Hull	Total sum insured	139,525	3,528	135,997	3	97
Miscellaneous						
– Motor	Total sum insured	10,530,582	7,900,460	2,630,122	75	25
– Workmens Compensation	Value at Risk	87,665	83,247	4,418	95	5
– Public/Product Liability	Value at Risk	22,601	13,346	9,255	59	41
– Engineering	Total sum insured	682,514	199,118	483,396	29	71
– Aviation	Value at Risk	315,892	29,729	286,163	9	91
– Personal Accident	Value at Risk	3,879,741	3,516,435	363,306	91	9
– Health Insurance	Value at Risk	5,556,038	3,325,212	2,230,826	60	40
– Other Liability/Specialty	Value at Risk	1,229,132	321,635	907,497	26	74
– Others	Value at Risk	4,886,911	962,635	3,924,276	20	80

The above excludes Excess of Loss cover reinsurance premium of ₹ 425,484 thousand for the year ended on March 31, 2015.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 9. INVESTMENTS

There are no contracts outstanding in relation to sales where payments are outstanding/overdue at the end of the year. Following is the contract outstanding in relation to purchase where delivery is pending, which has been allotted, however credit in Company's Demat account has been received subsequent to the year end.

(₹ '000)

Particulars	Type of Security	As at March 31, 2016	As at March 31, 2015
Escorts Limited	Equity Shares	3,486	—
<b>Total</b>		<b>3,486</b>	—

Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as amended.

The Company has no non-performing assets for the purpose of income recognition as per the directions of IRDAI.

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

Mutual Funds – ₹ 1,280,200 thousand (Previous year ₹ 529,400 thousand)

Equity Shares – ₹ 1,216,611 thousand (Previous year ₹ 1,215,018 thousand)

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Aggregate market value of the Investments other than Mutual Fund and Equity	40,009,462	36,955,064
Aggregate amortized cost /cost of the Investments other than Mutual Fund and Equity	38,816,100	35,800,101

The Insurance Laws (Amendment) Act, 2015 has dispensed with the requirement of maintaining the deposit under Section 7 of the Insurance Act, 1938. Accordingly, IRDAI Circular No. IRDAI/F&I/CIR/INV/093/04/2015 dated April 30, 2015 permits insurers to withdraw the lien marked securities held in the Constituent Subsidiary General Ledger (CSGL) Account for the purpose of Section 7 Deposit. Consequently, as on March 31, 2016, the Company has no securities ear-marked under Section 7 of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015.

#### Investments under Section 7 of the Insurance Act, 1938 are as follows:

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
8.19% Government of India Securities (Maturity January 16, 2020)	—	48,923
7.99% Government of India Securities (Maturity July 9, 2017)	—	10,053
8.33% Government of India Securities (Maturity June 7, 2036)	—	19,550
5.59% Government of India Securities (Maturity June 4, 2016)	—	48,467
<b>TOTAL</b>	—	<b>126,993</b>

**Note:** The Investments as on March 31, 2015 were held in the Constituent Subsidiary General Ledger Account with Citi-Bank N.A.

#### 10. MANAGERIAL REMUNERATION

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

(₹ '000)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salary, perquisites and bonus	62,606	56,364
Contribution to Provident Fund	2,019	1,814
<b>Total</b>	<b>64,625</b>	<b>58,178</b>

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director has been charged to Revenue Accounts and balance has been transferred to Profit and Loss Account. Expenses towards gratuity funding and leave encashment provision are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

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

Business Sector	For the year ended March 31, 2016		For the year ended March 31, 2015	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	2,973,303	9	3,950,475	12
Urban	30,822,187	91	27,871,578	88
<b>Total</b>	<b>33,795,490</b>	<b>100</b>	<b>31,822,053</b>	<b>100</b>

Social Sector	For the year ended March 31, 2016	For the year ended March 31, 2015
Number of lives	78,790	100,049
GDPI (₹ '000)	24,131	3,645

#### 12. REINSURANCE REGULATIONS

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

#### 13. ASSETS TAKEN ON LEASE

##### Finance lease commitments – Vehicles:

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Total commitment towards minimum lease payments	—	105
Present value of minimum lease payments	—	102
Minimum Lease payments		
Not later than one year (Present value ₹ NIL thousand as on 31-03-2016) (Previous year ₹ 102 thousand)	—	105
Later than one year but not later than five years (Present value ₹ NIL thousand as on 31-03-2016) (Previous year ₹ NIL thousand)	—	—

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

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

(₹ '000)

Particulars	As at March 31, 2016	As at March 31, 2015
Not later than one year	254,568	264,272
Later than one year but not later than five years	87,589	271,016
Later than five years	—	—

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 296,713 thousand (Previous year ₹ 315,651 thousand).

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

#### 14. TAXATION

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

The component of the deferred tax is as under:

(₹ '000)

	As at March 31, 2016	As at March 31, 2015
<b>Deferred Tax Assets:</b>		
Section 43B of Income-tax Act, 1961	16,991	14,642
Rule 6 E of the Income-tax rules, 1962 (Reserve for unexpired risk)	456	1,079
<b>Total</b>	<b>17,447</b>	<b>15,721</b>
<b>Deferred Tax Liabilities:</b>		
Depreciation	113,920	133,961
<b>Total</b>	<b>113,920</b>	<b>133,961</b>
<b>Deferred Tax (Net)</b>	<b>(96,473)</b>	<b>(118,240)</b>

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

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

Under ESOP 2009, during the year NIL options (Previous year 1,466,000 options) were granted at an exercise price of ₹ NIL per option (Previous year ₹ 80.00 per option). The options will vest over a period of two to four years from the date of grant as given below and are exercisable over a period of five years from the respective dates of vesting. Accordingly, during the year NIL options (Previous year NIL options) were vested out of Tranche I, NIL options (Previous year 1,392,000 options) were vested out of Tranche II, NIL options (Previous year 235,500 options) were vested out of Tranche III and NIL options (Previous year 577,000 options) were vested out of Tranche IV.



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

#### Method used for accounting

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. Since the exercise price is more than the intrinsic value of shares on the date of grant, value of options is ₹ Nil and accordingly, no compensation cost is recognized in the books.

Had the Company followed the fair value method for valuing its options for the year, the charge to the Revenue Accounts and Profit and Loss Account would have been higher by ₹ 23,111 thousand (Previous year ₹ 19,765 thousand) and profit after tax would have been lower by ₹ 17,264 thousand (Previous year ₹ 14,596 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 2.78 and ₹ 2.76 respectively (Previous year ₹ 1.93 and ₹ 1.91 respectively).

#### Movement in the options under ESOP 2009

(No. of Options)

Particulars		O/s at the beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	O/s at the end of the year	Invested at the end of the year	Vested at the end of the year	Weighted average price per option
Tranche VII	As at 31.3.2016	1,331,000	—	—	17,000	1,314,000	1,314,000	—	80.00
	As at 31.3.2015	—	1,331,000	—	—	1,331,000	1,331,000	—	80.00
Tranche VI	As at 31.3.2016	135,000	—	—	—	135,000	135,000	—	80.00
	As at 31.3.2015	—	135,000	—	—	135,000	135,000	—	80.00
Tranche V	As at 31.3.2016	1,013,000	—	—	26,250	986,750	733,500	253,250	62.50
	As at 31.3.2015	1,048,000	—	—	35,000	1,013,000	1,013,000	—	62.50
Tranche IV	As at 31.3.2016	2,070,250	—	—	54,000	2,016,250	1,063,000	953,250	50.00
	As at 31.3.2015	2,296,000	—	161,250	64,500	2,070,250	1,657,500	412,750	50.00
Tranche III	As at 31.3.2016	799,000	—	—	—	799,000	—	799,000	50.00
	As at 31.3.2015	883,500	—	37,000	47,500	799,000	437,000	362,000	50.00
Tranche II	As at 31.3.2016	1,219,000	—	—	—	1,219,000	—	1,219,000	10.00
	As at 31.3.2015	2,073,500	—	854,500	—	1,219,000	—	1,219,000	10.00
Tranche I	As at 31.3.2016	983,750	—	—	—	983,750	—	983,750	10.00
	As at 31.3.2015	1,772,000	—	783,250	5,000	983,750	—	983,750	10.00

#### Fair Value Methodology:

The fair value of options on date of grant has been estimated using Black–Scholes model. The key assumptions used in Black–Scholes model for calculating fair value under ESOP 2009 Tranche I, Tranche II, Tranche III, Tranche IV, Tranche V, Tranche VI and Tranche VII as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011, April 24, 2012, April 30, 2013, April 25, 2014 and March 16, 2015 are as follows:

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Particulars	Risk Free Interest Rate	Expected Life	Expected Volatility*	Expected Dividend Yield
Tranche VII	7.82%-7.86%	4-6 years	13%	Nil
Tranche VI	8.75%-8.93%	4-6 years	17%	Nil
Tranche V	7.64%-7.60%	4-6 years	13%	Nil
Tranche IV	8.22%-8.49%	4-6 years	20%	Nil
Tranche III	8.22%-8.31%	4-6 years	17%	Nil
Tranche II	6.92%-7.42%	4-6 years	22%	Nil
Tranche I	7.29%-7.72%	4-6 years	32%	Nil

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

Particulars	Fair Value Method	
	As at March 31, 2016	As at March 31, 2015
A Net Profit After Tax (₹ '000)	1,496,469	1,025,424
B Less: Preference dividend	—	—
C Weighted Average number of Equity Shares of ₹ 10/- each (Basic) (in '000)	538,620	532,677
D Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) (in '000)	541,819	535,902
E Basic Earnings Per Share (₹)	2.78	1.93
F Diluted Earnings Per Share (₹)	2.76	1.91

#### Information in respect of Options outstanding

Particulars	Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche VII	<b>As at March 31, 2016</b>	<b>80</b>	<b>1,314,000</b>
	As at March 31, 2015	80	1,331,000
Tranche VI	<b>As at March 31, 2016</b>	<b>80</b>	<b>135,000</b>
	As at March 31, 2015	80	135,000
Tranche V	<b>As at March 31, 2016</b>	<b>62.5</b>	<b>986,750</b>
	As at March 31, 2015	62.5	1,013,000
Tranche IV	<b>As at March 31, 2016</b>	<b>50</b>	<b>2,016,250</b>
	As at March 31, 2015	50	2,070,250
Tranche III	<b>As at March 31, 2016</b>	<b>50</b>	<b>799,000</b>
	As at March 31, 2015	50	799,000
Tranche II	<b>As at March 31, 2016</b>	<b>10</b>	<b>1,219,000</b>
	As at March 31, 2015	10	1,219,000
Tranche I	<b>As at March 31, 2016</b>	<b>10</b>	<b>983,750</b>
	As at March 31, 2015	10	983,750

#### 16. SEGMENT REPORTING

The statement on segment reporting is included in Annexure 1.

#### 17. ACCOUNTING RATIOS

The statement on accounting ratios is provided in Annexure 2.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 18. EMPLOYEE BENEFITS

##### (a) Defined Contribution Plan:

(₹ '000)

Expenses on defined contribution plan	For the year ended March 31, 2016	For the year ended March 31, 2015
Contribution to Staff Provident fund	57,249	52,966
Contribution to Superannuation fund	1,053	805
Contribution to National Pension Scheme	9,515	7,405
<b>Total</b>	<b>67,817</b>	<b>61,176</b>

##### (b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2016:

(₹ '000)

Particulars	March 31, 2016	March 31, 2015
<b>I. Assumptions</b>		
Discount Rate	7.81%	7.95%
Rate of increase in Compensation levels	7.00%	7.00%
Rate of Return on Plan Assets p.a.	7.81%	7.95%
<b>II. Table Showing Change in Benefit Obligation</b>		
Net liability as per books (A)	Nil	Nil
Fair value of Assets at the beginning of the year (B)	106,349	63,469
Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	Nil	Nil
Opening net Liability as per actuarial valuation (A)+(B)+(C)	106,349	63,469
Interest Cost for the year	8,455	5,712
Service Cost for the year	25,716	18,805
Benefits paid during the year	(8,877)	(4,638)
Actuarial (Gain)/Loss on obligations	4,686	23,001
Plan Benefit Obligation at the end of the year	136,329	106,349
<b>III. Tables of Fair value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	106,246	63,469
Expected Return on Plan Assets for the year	8,446	5,712
Contributions during the year	28,735	39,208
Benefits Paid during the year	(8,877)	(4,638)
Actuarial Gain/(Loss) on Plan Assets	(1,268)	2,495
Fair Value of Plan Assets at the end of the year	133,282	106,246
<b>IV. The Amounts to be recognised in the Balance Sheet</b>		
Present Value of Obligation	136,329	106,349
Fair Value of Plan Assets	133,282	106,246
Liability Recognised in Balance Sheet	3,047	103

Take it easy!



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

(₹ '000)

Particulars	March 31, 2016	March 31, 2015
<b>V. Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)</b>		
Current Service Cost	25,716	18,805
Interest Cost	8,455	5,712
Expected Return on Plan Assets	(8,446)	(5,712)
Net actuarial Gain/(Loss) recognised in the year	5,955	20,506
Actuarial determined charge for the year (A)	31,680	39,311
Shortfall/(Excess) (B)	Nil	Nil
Total Charge as per books (A+B)	31,680	39,311
(expense is disclosed in the line item – Employees' remuneration and welfare benefit)		
<b>VI. Movements in the liability recognised in the Balance Sheet:</b>		
Net Liability as per books (A)	3,047	Nil
Shortfall/(Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
Opening net liability (A+B)	103	Nil
Expense as above	31,680	39,311
Contribution paid	(28,735)	(39,208)
Closing Net Liability	3,047	103
<b>VII. Actual Return on Plan Assets</b>		
Expected return on Plan Assets	8,446	5,712
Actuarial Gain/(Loss) on Plan Assets	(1,268)	2,495
Actual return on Plan assets	7,178	8,207

#### Experience adjustments

(₹ '000)

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined Benefit Obligation	136,329	106,349	63,469	44,084	29,576
Plan Assets	133,282	106,246	63,469	44,084	29,576
Surplus/(Deficit)	–	–	–	–	–
Experience Adjustment on Plan Liabilities	2,825	13,073	(8,366)	(1,627)	34
Experience Adjustment on Plan Assets	(1,268)	2,495	63	241	(122)

#### Investment Pattern of Gratuity Funds\* :

Particulars	Invested as on March 31, 2016		Invested as on March 31, 2015	
	Secure Managed Fund	Liquid Fund	Secure Managed Fund	Liquid Fund
Government Securities	54%	–	55%	–
Debentures/Bonds	39%	–	28%	–
Deposits, Money Market Securities and Net Current Assets	7%	100%	17%	100%
Total	100%	100%	100%	100%

\*The funds are managed by HDFC Standard Life Insurance Company Limited. Secure Managed Fund constitute 82% (Previous Year 73%) and Liquid Fund constitute 18% (Previous Year 27%) of the total fund balance.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

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

The contribution expected to be made by the Company during the financial year 2016-17, amounts to ₹ 31,744 thousand.

#### 19. RELATED PARTY DISCLOSURE

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

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

###### **Holding Company**

Housing Development Finance Corporation Limited (HDFC Limited)

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

HDFC Developers Limited

HDFC Asset Management Company Limited

HDFC Standard Life Insurance Company Limited

HDFC Realty Limited

GRUH Finance Limited

HDFC Sales Private Limited

HDFC Property Ventures Limited

Credila Financial Services Private Limited

HDFC Education and Development Services Private Limited

Haddock Properties Private Limited

Pentagram Properties Private Limited

Windermere Properties Private Limited

###### **Entities over which control is exercised**

HDFC Investment Trust

HDFC Investment Trust II

###### **Investing Party and its group companies**

ERGO International AG

Munich Re

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

Mr. Ritesh Kumar, Managing Director and CEO

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

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

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

Mr. Mukesh Kumar, Executive Director

Mr. Anurag Sinha, Spouse of Ms. Mitikshara Kumar, Daughter of Mukesh Kumar – ED

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### (b) Details of Transactions:

(₹ '000)

Particulars	Holding Company		Fellow Subsidiaries*		Investing Party and its Group Companies		Key Management Personnel (including relatives)	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
<b>INCOME</b>								
Interest, Dividend and Rent-Gross Premium from direct business written-net of service tax*	98,503	105,140	11,733	11,699	—	—	—	—
Commission received on Reinsurance ceded	69,965	58,352	25,984	20,558	—	—	110	43
Claims on Re-insurance ceded	—	—	—	—	7,183	8,548	—	—
Other Income	—	—	—	—	7,812	6,421	—	—
Other Income	192	172	—	—	—	—	—	—
<b>Total</b>	<b>168,660</b>	<b>163,664</b>	<b>37,717</b>	<b>32,257</b>	<b>14,995</b>	<b>14,969</b>	<b>110</b>	<b>43</b>
<b>EXPENSES</b>								
Rent, rates and taxes	63,905	64,910	—	—	—	—	—	—
Electricity expenses	3,269	5,578	—	—	—	—	—	—
Claims paid direct	923	152	1,053	4,199	—	—	—	—
Commission paid	40	5	182,629	178,025	—	—	—	—
Premium on Reinsurance ceded	—	—	—	—	111,204	120,924	—	—
Dividend	495,760	297,456	—	—	173,973	104,384	—	—
Legal and Professional charges	—	—	65	654	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	64,625	58,178
Insurance Premium	—	—	8,125	8,067	—	—	—	—
Others	13,919	12,404	—	—	—	—	—	—
<b>Total</b>	<b>577,816</b>	<b>380,505</b>	<b>191,872</b>	<b>190,945</b>	<b>285,177</b>	<b>225,308</b>	<b>64,625</b>	<b>58,178</b>
<b>ASSETS</b>								
Investments	1,206,716	1,256,594	121,689	121,830	—	—	—	—
Income accrued on investments	43,816	60,248	224	224	—	—	—	—
<b>Total</b>	<b>1,250,532</b>	<b>1,316,842</b>	<b>121,913</b>	<b>122,054</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>								
Transactions during the year:								
— Share Capital	—	55,500	—	—	—	19,500	—	—
— Share Premium	—	388,500	—	—	—	136,500	—	—
Unallocated premium	5,945	5,794	1,504	1,150	—	—	—	—
Agents' Balances	40	—	23,444	19,092	—	—	—	—
Others	—	—	—	—	—	—	—	—
Balance due to other insurance companies	—	—	—	—	40,922	62,075	—	—
Other Payables	—	669	—	—	—	—	—	—
<b>Total</b>	<b>5,985</b>	<b>450,463</b>	<b>24,948</b>	<b>20,242</b>	<b>40,922</b>	<b>218,075</b>	<b>—</b>	<b>—</b>

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

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2015-2016:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	Gruh Finance Limited	HDFC Sales Private Limited	HDFC Realty Limited	Munich Re	ERGO International AG	Ritesh Kumar (Incl. relatives) (KMP)	Mukesh Kumar (Incl. relatives) (KMP)
<b>INCOME</b>								
Interest, Dividend and Rent-Gross	—	11,733	—	—	—	—	—	—
Premium from direct business written-net of service tax	4,611	370	9,631	2,220	—	—	87	23
Commission received on Reinsurance ceded	—	—	—	—	7,183	—	—	—
Claims on Re-insurance ceded	—	—	—	—	7,812	—	—	—
Other Income	—	—	—	—	—	—	—	—
<b>Total</b>	<b>4,611</b>	<b>12,103</b>	<b>9,631</b>	<b>2,220</b>	<b>14,995</b>	<b>—</b>	<b>87</b>	<b>23</b>
<b>EXPENSES</b>								
Rent, rates and taxes	—	—	—	—	—	—	—	—
Electricity expenses	—	—	—	—	—	—	—	—
Claims paid direct	1,010	—	—	—	—	—	—	—
Commission paid	—	—	182,629	—	—	—	—	—
Premium on Reinsurance ceded	—	—	—	—	111,204	—	—	—
Dividend	—	—	—	—	—	173,973	—	—
Legal and Professional charges	—	—	—	65	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	45,940	18,685
Insurance Premium	8,125	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
<b>Total</b>	<b>9,135</b>	<b>—</b>	<b>182,629</b>	<b>65</b>	<b>111,204</b>	<b>173,973</b>	<b>45,940</b>	<b>18,685</b>
<b>ASSETS</b>								
Investments	—	121,689	—	—	—	—	—	—
Income accrued on investments	—	224	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>121,913</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>								
Transactions during the year :								
— Share Capital	—	—	—	—	—	—	—	—
— Share Premium	—	—	—	—	—	—	—	—
Unallocated premium	384	—	621	137	—	—	—	—
Agents' Balances	—	—	23,444	—	—	—	—	—
Balance due to other insurance companies	—	—	—	—	40,922	—	—	—
<b>Total</b>	<b>384</b>	<b>—</b>	<b>24,065</b>	<b>137</b>	<b>40,922</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2014-2015:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	Gruh Finance Limited	HDFC Sales Private Limited	HDFC Realty Limited	Munich Re	ERGO International AG	Ritesh Kumar (Incl. relatives) (KMP)	Mukesh Kumar (Incl. relatives) (KMP)
<b>INCOME</b>								
Interest, Dividend and Rent-Gross	—	11,699	—	—	—	—	—	—
Premium from direct business written-net of service tax	2,193	370	7,812	896	—	—	43	—
Commission received on Reinsurance ceded	—	—	—	—	8,548	—	—	—
Claims on Re-insurance ceded	—	—	—	—	6,421	—	—	—
Other Income	—	—	—	—	—	—	—	—
<b>Total</b>	<b>2,193</b>	<b>12,069</b>	<b>7,812</b>	<b>896</b>	<b>14,969</b>	<b>—</b>	<b>43</b>	<b>—</b>
<b>EXPENSES</b>								
Rent, rates and taxes	—	—	—	—	—	—	—	—
Electricity expenses	—	—	—	—	—	—	—	—
Claims paid direct	4,162	—	—	—	—	—	—	—
Commission paid	—	—	178,025	—	—	—	—	—
Premium on Reinsurance ceded	—	—	—	—	120,924	—	—	—
Dividend	—	—	—	—	—	104,384	—	—
Legal and Professional charges	—	—	—	654	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	41,301	16,877
Insurance Premium	8,067	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
<b>Total</b>	<b>12,229</b>	<b>—</b>	<b>178,025</b>	<b>654</b>	<b>120,924</b>	<b>104,384</b>	<b>41,301</b>	<b>16,877</b>
<b>ASSETS</b>								
Investments	—	121,830	—	—	—	—	—	—
Income accrued on investments	—	224	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>122,054</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>								
Transactions during the year :								
— Share Capital	—	—	—	—	—	19,500	—	—
— Share Premium	—	—	—	—	—	136,500	—	—
Unallocated premium	443	—	115	175	—	—	—	—
Agents' Balances	—	—	19,092	—	—	—	—	—
Balance due to other insurance companies	—	—	—	—	62,075	—	—	—
<b>Total</b>	<b>443</b>	<b>—</b>	<b>19,207</b>	<b>175</b>	<b>62,075</b>	<b>156,000</b>	<b>—</b>	<b>—</b>



## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### 20. LOAN RESTRUCTURING

The Company has not given any loans during the financial year and in the previous year.

#### 21. SUMMARY OF FINANCIAL STATEMENTS

The summary of financial statements is provided in Annexure 3.

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

(a) During the year foreign exchange Gain (Net) earned by the Company is ₹ 18,010 thousand (Previous year ₹ 15,988 thousand) (included in Schedule 4 – Operating Expenses, under the head “Miscellaneous Expenses.”)

(b) The year end foreign currency exposure is ₹ Nil (Previous year ₹ Nil).

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

The Company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year. Accordingly, as per the statement received from the Pool managers, the Company has recognized the pool retrocession for one quarter ended March 31, 2015 and for the three quarters ended June 30, 2015, September 30, 2015 and December 31, 2015, the accounts of which were received till the end of the financial year.

#### (b) SOLATIUM FUND

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

Vide letter dated July 26, 2010, the Council recommended the companies w.e.f April 1, 2010 to contribute 0.10% of all the third party premium written as Solatium Fund to the administrator on demand. However, during the year the Company has provided charge to the Revenue Accounts of ₹ 5,728 thousand (Previous year ₹ 4,247 thousand) on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

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

During the year, an amount of ₹ 3,079 thousand (Previous year ₹ 3,278 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 3,282 thousand (Previous year ₹ 3,136 thousand) has been transferred to “United India Insurance Company Limited, Environment Fund Account” as per Notification of Environment Relief Fund (ERF) scheme under the public liability Insurance Act, 1991 as amended. The balance amount of ₹ 231 thousand (Previous year ₹ 434 thousand) is included under Balance due to other Insurance Companies in Schedule 13.

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

Sr. No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
1	Net Profit After Tax for the year (₹ '000)	1,513,733	1,040,020
2	Weighted Average No. of Equity Shares for Basic (₹ '000)	538,620	532,677
3	Weighted Average No. of Equity Shares for Diluted (₹ '000)	541,819	535,902
4	Basic Earnings per Share (₹)	2.81	1.95
5	Diluted Earnings per Share (₹)	2.79	1.94
6	Nominal Value Per Share (₹)	10.00	10.00

There are 3,199 thousand (Previous year 3,225 thousand) dilutive potential equity shares outstanding during the year.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

25. According to the information available with the Company there are no dues (Previous year ₹ Nil) payable to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2016.
26. Professional fees include payments made for various outsourced services amounting to ₹ 917,943 thousand (Previous year ₹ 477,724 thousand). (Disclosed as per the requirement of IRDAI circular no. 067/IRDA/F&A/CIR/MAR-08 dated March 28, 2008)
- 27. PREMIUM DEFICIENCY**  
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, there is no premium deficiency for the Company on an overall basis.
- 28. (a) INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP)**  
IRDAI vide its Orders IRDA/NL/ORD/MPL/276/12/2011 dated December 23, 2011, IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012, IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 and IRDA/NL/ORD/MPI/72/03/2012 dated March 22, 2012 ordered for dismantling of IMTPIP w.e.f April 1, 2012. Based on actuarially estimated liabilities, IRDAI had directed the insurance companies to recognize IMTPIP losses at the prescribed percentages of loss ratios for the underwriting years commencing from April 1, 2007 and ending with March 31, 2012.  
During the previous year as a part of final payment under clean cut settlement of IMTPIP vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, the Company has paid ₹ 1,313,354 thousand. During the previous year Interest, Rent and Dividend income under Miscellaneous segment is net of Interest expenses of ₹ 24,462 thousand on dues to other insurance companies as a part of clean cut settlement of IMTPIP @ 7.5% p.a vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012.
- (b) INDIAN MOTOR THIRD PARTY DECLINED RISK INSURANCE POOL (IMTPDRIP)**  
IRDAI vide its orders IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011 and IRDA/NL/ORD/MPL/72/03/2012 dated March 22, 2012, had directed the formation of the Indian Motor Third Party Declined Risk Insurance Pool for standalone third party liability insurance for commercial vehicles (Liability only) (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) with effect from April 1, 2012.  
The Company has accounted the share of expenses in the IMTPDRIP for the nine months period from April 1, 2015 to December 31, 2015, on the basis of audited clean cut settlement statement received from the pool administrator. The share of expenses for the period January 1, 2016 to March 31, 2016 are based on management estimates. The Company's share of loss including expense for the twelve month period amounts to ₹ 1,039 thousand (Previous year ₹ 1,192 thousand)  
During the year the Company has also accounted the retro ceded premium and claims thereon for the year FY 2012-13 and 2013-14 on the basis of revised clean cut settlement statement received from the pool administrator.  
IRDAI vide its Circular No. IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 has directed the dismantling of the Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) with effect from April 1, 2016, as the Insurance Laws (Amendment) Act, 2015, which were notified on March 23, 2015, mandated the completion of certain minimum motor third party insurance business in the manner specified by IRDAI.
- 29. STATEMENT SHOWING THE AGE-WISE ANALYSIS OF THE UNCLAIMED AMOUNT OF POLICYHOLDERS**  
The statement of age-wise analysis of the unclaimed amount of policyholders is provided in Annexure 4.
- 30. CORPORATE SOCIAL RESPONSIBILITY (CSR)**  
The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said Section, the Company has undertaken the following CSR initiatives during the financial year 2015-16.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

- “Adopt Village” concept called “Gaon Mera” programme introduced to improve the sanitation, healthcare, education and livelihood of villagers in selected villages ie Cherthala in Kerala, Raweli in Chattisgarh, Kharapati in Maharashtra and Saunda in UP.
- Providing ration in wake of heavy snowfall and solar lanterns to householders of Tchotal, Sona Bangar, Sikhlu, Wassimarg and Indrali villages in Pulwama District, Jammu & Kashmir.
- Water purifier unit and ceiling fans to school situated in Shravasti, District Bhingra.
- Grant provided to the orphanage in Mumbai.

The Gross amount required to be spent by the Company on CSR initiatives is ₹ 35,886 thousand (Previous year ₹ 24,436 thousand)

The amount spent during the year is as follows :

Sr. No.	Particulars	Incurred and Paid For the year ended March 31, 2016	Incurred and Paid For the year ended March 31, 2015
1.	Construction/acquisition of any asset	NIL	NIL
2.	On purposes other than (i) above	₹ 22,976	₹ 24,453

### 31. FIXED ASSETS AND DEPRECIATION:

During the previous year consequent to implementation of the Companies Act, 2013, the Company had estimated the useful lives of its assets. The estimation had been based on the long term asset replacement experience. Accordingly, the useful lives of its assets are equal to or less than the useful life specified in Part C of Schedule II to the Companies Act, 2013 except in case of Information Technology Equipment (other than servers and networks). In respect of vehicles (including salvaged vehicles, if any), the useful life had been estimated to be 5 years (which is lower than the useful life specified in Part C of the said Schedule II).

During the previous year, the impact of the above, in respect of assets (other than software) held as at April 1, 2014 is ₹ 84,466 thousand as under :

- ₹ 15,939 thousand (₹ 10,522 thousand, net of deferred tax credit of ₹ 5,417 thousand) pertaining to assets having no balance useful life as at April 1, 2014, adjusted against the opening balance of profit in Profit and Loss account under “Reserves and Surplus”; and
- ₹ 68,527 thousand charged to the Revenue Accounts for the year ended March 31, 2015.

In respect of Software held as at April 1, 2014, based on the useful life of 4 years, the charge to the Revenue Accounts for the year ended March 31, 2015 is ₹ 86,265 thousand.

### 32. PROVISION FOR FREE LOOK PERIOD

The provision for Free Look period is Nil, as certified by the Appointed Actuary.

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

Pursuant to clause 7.1 (g) of Corporate Governance Guidelines issued by IRDAI on August 5, 2009 the services of the statutory auditors are disclosed below:

(₹ '000)

Name of the auditor	Services rendered	For the year ended March 31, 2016	For the year ended March 31, 2015
A. F. Ferguson Associates	Review of quarterly financial information	1,370	1,348
	Certification	29	57
B. K. Khare & Co.	Tax Audit	458	449
	Certification	168	120

Take it easy!



### 34. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES DURING FINANCIAL YEAR 2015-16

(₹ '000)

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

(Previous year's figures are in brackets)

35. There has been no regrouping in the previous year figures.

For and on behalf of the Board of Directors

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

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

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

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

**Dayananda V. Shetty**  
Company Secretary  
Membership No.: FCS 4638

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

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

**Andreas Kleiner**  
(DIN: 02072259)

**Arno Frank Fehler**  
(DIN: 07218619)

Independent Directors  
**Dr. Jagdish Khattar**  
(DIN: 00013496)

**Bernhard Steinruecke**  
(DIN: 01122939)

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

Mumbai,  
April 21, 2016

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### Annexure 1

#### Segmental Breakup of the Balance Sheet as at March 31, 2016

Segment revenue and segment results have been incorporated in the financial statements. However given the nature of business, segment assets and liabilities, have been allocated amongst various segments to the extent possible.

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Unallocated	Total
Claims Outstanding	457,409	531,414	13,466,745	—	14,455,568
(Refer note 2(h) and 28(a) and 28(b) Schedule 16)	(474,630)	(460,986)	(12,151,943)	—	(13,087,559)of
Reserve for Unexpired Risk	1,528,386	210,027	12,375,630	—	14,114,043
	(1,319,617)	(182,413)	(10,717,060)	—	(12,219,090)

(Previous year's figures are in brackets)

Take it easy!



**Schedule - 16 (Continued)**

**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2016**

**Annexure 1**

	File	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Weather	Others	Total
Premium Earned (Net) (Schedule - A)	733,033	744,982	2,866	7,902,486	4,387,272	3,518,203	(3,089)	78,076	9,462	3,461	156,004	163,494	26,468	2,919,460	3,461,418	10,802	171,957	167,043	533,787	17,065,399
Profit on Sale of Investments	14,399	5,189	86	116,046	22,274	92,772	-	663	66	54	842	1,536	508	35,021	24,591	133	1,045	2,249	3,662	206,090
Interest, Rent and Dividend																				
(Net of Amortisation)	167,112	60,220	1,002	1,335,240	258,613	1,076,727	-	7,695	763	632	9,778	17,824	5,900	406,463	285,405	1,549	12,128	26,105	42,503	2,380,319
Investment Income from Pool	23,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,408
Other Income	274	293	1	3,112	1,727	1,385	-	31	4	1	61	61	-	1,149	1,362	4	68	66	210	6,697
<b>Total Segmental Revenue</b>	<b>938,226</b>	<b>810,684</b>	<b>3,955</b>	<b>9,355,884</b>	<b>4,669,886</b>	<b>4,695,087</b>	<b>(3,089)</b>	<b>87,065</b>	<b>10,295</b>	<b>4,148</b>	<b>166,685</b>	<b>182,915</b>	<b>32,876</b>	<b>3,362,093</b>	<b>3,772,776</b>	<b>12,488</b>	<b>185,198</b>	<b>195,463</b>	<b>580,162</b>	<b>19,700,943</b>
Claims Incurred (Net) (Schedule - B)	371,836	763,320	(1,789)	6,780,228	3,121,033	3,665,875	(6,680)	34,871	2,137	(14)	43,111	128,290	142,510	888,617	2,365,603	16,121	28,312	163,467	714,973	12,441,593
Commission (Net) (Schedule - C)	(187,090)	71,608	(6,049)	(175,693)	124,404	(300,097)	-	6,827	1,484	492	44,548	(67,975)	10,102	(141,059)	(547,742)	2,381	9,464	(221,622)	(298,350)	(1,498,664)
Operating Expenses Related to Insurance Business (Schedule - D)	360,100	288,290	2,911	3,450,494	1,987,333	1,462,122	1,039	30,205	3,797	1,343	69,194	72,183	17,126	1,348,914	1,546,661	5,062	76,218	108,665	274,747	7,655,300
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenditure</b>	<b>544,856</b>	<b>1,123,218</b>	<b>(4,927)</b>	<b>10,055,029</b>	<b>5,232,770</b>	<b>4,827,900</b>	<b>(5,641)</b>	<b>71,903</b>	<b>7,418</b>	<b>1,821</b>	<b>156,853</b>	<b>132,498</b>	<b>169,738</b>	<b>2,096,472</b>	<b>3,364,522</b>	<b>23,564</b>	<b>113,994</b>	<b>49,900</b>	<b>681,370</b>	<b>18,598,229</b>
<b>Segmental Profit/(Loss)</b>	<b>393,370</b>	<b>(312,534)</b>	<b>8,882</b>	<b>(699,145)</b>	<b>(562,884)</b>	<b>(132,813)</b>	<b>2,552</b>	<b>15,162</b>	<b>2,877</b>	<b>2,327</b>	<b>9,832</b>	<b>50,417</b>	<b>(136,862)</b>	<b>1,265,621</b>	<b>408,254</b>	<b>(11,076)</b>	<b>71,204</b>	<b>145,563</b>	<b>(111,208)</b>	<b>1,102,684</b>

\* Includes - 1. Directors and officers' liability  
2. Mutual fund assets protection

**SCHEDULE - A to Annexure 1**

	File	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total
<b>PREMIUM EARNED (NET)</b> (Refer note 7 and 8 of Schedule 16)	4,217,117	956,942	87,038	11,743,017	6,015,238	5,727,689	-	81,749	18,418	4,548	621,845	671,909	283,891	4,599,909	6,328,934	33,103	704,737	1,158,816	2,283,517	33,795,490
Premium from direct business written	537,793	88,880	6,178	(3,089)	-	-	(3,089)	-	-	-	38,362	63,636	95,671	-	15,642	-	25,668	-	284	869,025
Add: Premium on Re-insurance accepted	(3,813,109)	(274,835)	(88,741)	(3,034,938)	(1,570,788)	(1,464,170)	-	(4,554)	(8,471)	(1,771)	(514,701)	(555,476)	(351,220)	(1,358,740)	(2,457,594)	(9,508)	(559,562)	(995,249)	(1,645,674)	(15,684,163)
Less: Premium on Re-insurance ceded	941,801	770,987	4,475	8,704,970	4,444,540	4,263,519	(3,089)	77,995	9,947	2,777	145,506	170,069	28,342	3,241,169	3,886,982	23,995	170,843	163,567	638,127	18,980,352
Net Premium	(208,768)	(26,005)	(1,609)	(802,484)	(57,168)	(745,316)	-	1,481	(485)	684	10,498	(6,575)	(1,874)	(321,709)	(425,564)	(12,793)	1,114	3,476	(104,340)	(1,884,953)
Add/(Less): Adjustment for changes in reserve for unexpired risks	733,033	744,982	2,866	7,902,486	4,387,272	3,518,203	(3,089)	78,676	9,462	3,461	156,004	163,494	26,468	2,919,460	3,461,418	10,802	171,957	167,043	533,787	17,065,399
<b>Total Premium Earned</b>																				

**Schedule - 16 (Continued)**

**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2016 (Continued)**

**SCHEDULE - B to Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
<b>CLAIMS INCURRED (NET)</b> (Refer note 6 of Schedule 16)																					
Claims paid direct	2,038,207	831,424	106,763	7,429,051	4,581,603	2,847,448	-	17,778	3	12,051	21,030	285,280	23,901	950,664	2,803,394	15,933	181,748	3,297,289	3,243,033	21,257,549	
Add: Claims on Re-insurance accepted	105,071	68,547	-	(6,680)	-	-	(6,680)	-	698	-	-	22,215	92,940	-	8,884	-	-	-	6,216	297,891	
Less: Re-insurance ceded	(1,754,221)	(211,063)	(104,568)	(1,762,156)	(1,350,862)	(411,294)	-	(4,820)	-	(11,795)	3,372	(207,651)	(44,918)	(134,715)	(703,743)	(2,570)	(174,719)	(2,803,030)	(2,568,259)	(10,481,856)	
Net Claims paid	389,057	668,908	2,195	5,660,215	3,230,741	2,436,154	(6,680)	15,958	701	256	24,402	98,844	71,923	815,949	2,108,535	13,363	7,029	494,259	680,990	11,073,584	
Add: Claims Outstanding at the end of the year	457,409	525,197	6,217	11,403,751	539,646	10,864,105	-	67,203	5,949	5,566	51,512	119,286	89,054	459,270	798,380	3,908	67,228	115,881	279,777	14,456,588	
Less: Claims Outstanding at the beginning of the year	(474,630)	(450,785)	(10,201)	(10,283,738)	(649,354)	(9,634,384)	-	(48,290)	(4,513)	(5,835)	(32,803)	(90,820)	(18,467)	(386,602)	(541,312)	(1,150)	(45,945)	(446,673)	(245,794)	(13,087,559)	
<b>Total Claims incurred</b>	<b>371,836</b>	<b>763,320</b>	<b>(1,789)</b>	<b>6,780,228</b>	<b>3,121,033</b>	<b>3,665,875</b>	<b>(6,680)</b>	<b>34,871</b>	<b>2,137</b>	<b>(14)</b>	<b>43,111</b>	<b>128,290</b>	<b>142,510</b>	<b>888,617</b>	<b>2,365,603</b>	<b>16,121</b>	<b>28,312</b>	<b>163,467</b>	<b>714,973</b>	<b>12,444,593</b>	

**SCHEDULE - C to Annexure 1**

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
<b>COMMISSION PAID (NET)</b>																					
Commission paid direct	227,130	80,118	1,034	469,455	469,407	48	-	7,564	1,858	532	63,441	47,671	8,018	660,725	827,226	2,957	80,865	242	42,103	2,520,939	
Add: Commission paid on Re-insurance accepted	37,499	7,694	27	(0)	(0)	(0)	-	(0)	(0)	(0)	1,517	11,502	9,301	(0)	1,779	(0)	4,969	(0)	(0)	74,288	
Less: Commission received on Re-insurance ceded	(451,709)	(16,204)	(7,110)	(645,148)	(345,003)	(300,145)	-	(737)	(374)	(40)	(20,410)	(127,148)	(7,217)	(801,784)	(1,376,947)	(576)	(76,370)	(221,864)	(340,453)	(4,093,891)	
Net commission paid/(received)	(187,080)	71,608	(6,049)	(175,693)	124,404	(300,097)	-	6,827	1,484	492	44,548	(67,975)	10,102	(141,059)	(547,742)	2,381	9,464	(221,622)	(298,350)	(1,498,664)	

Take it easy!



**Schedule - 16** (Continued)

**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2016 (Continued)**

SCHEDULE - D to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Weather	Others	Total
130,986	75,712	1,539	902,211	489,690	412,521	-	7,770	1,050	353	21,977	23,792	7,461	337,527	411,615	1,620	24,208	26,939	71,251	2,046,011	
9,060	4,251	110	59,318	31,749	27,959	-	445	62	20	1,348	1,542	509	22,364	27,173	121	1,481	4,749	8,963	141,516	
15,936	16,528	64	181,131	100,256	80,873	-	1,757	211	77	3,459	3,508	587	66,949	79,289	257	3,809	4,166	12,545	390,273	
14,310	15,300	59	162,360	90,105	72,255	-	1,616	194	71	3,204	3,204	544	59,958	71,088	222	3,532	3,451	10,963	350,056	
7,683	4,434	55	71,129	38,193	32,936	-	503	63	22	1,101	1,334	297	26,576	31,578	144	1,201	1,477	3,980	151,577	
4,637	3,244	22	49,187	26,580	22,607	-	368	44	16	718	851	149	18,322	21,617	93	783	1,180	3,034	104,265	
2,857	2,123	23	25,401	13,886	11,515	-	225	28	10	519	555	133	9,450	11,318	42	570	705	1,892	55,851	
96,077	99,868	408	1,105,839	610,939	493,861	1,039	10,627	1,278	467	21,007	21,407	3,630	408,524	483,882	1,588	23,128	26,353	77,641	2,383,724	
243	260	1	2,762	1,533	1,229	-	27	3	1	54	54	9	1,020	1,209	4	60	58	186	5,951	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85	91	0	966	536	430	-	10	1	(0)	19	19	3	357	423	1	21	20	65	2,081	
21,015	21,149	105	227,619	126,045	101,574	-	2,232	271	98	4,543	4,588	840	84,171	99,960	320	5,006	5,787	16,778	494,482	
5,946	6,355	24	67,456	37,438	30,018	-	671	81	30	1,331	1,331	226	24,906	29,537	92	1,467	24,641	39,321	203,415	
3,510	3,753	14	39,829	22,104	17,725	-	396	48	17	786	786	133	14,708	17,439	54	866	842	2,689	85,870	
1,694	1,293	13	15,737	8,602	7,135	-	138	17	6	308	331	75	5,852	6,987	26	338	444	1,173	34,432	
15,397	4,032	357	10,392	5,460	4,932	-	248	65	15	2,554	2,548	1,462	4,461	9,302	22	2,846	432	2,643	56,776	
-	-	-	204,260	204,260	-	-	-	-	-	-	-	-	143,716	101,988	-	-	-	-	449,964	
10,424	10,636	41	118,703	65,615	53,088	-	1,135	136	50	2,224	2,274	377	43,884	51,956	172	2,448	2,376	7,610	254,446	
5,369	5,500	23	60,162	33,296	26,866	-	584	70	26	1,160	1,177	202	22,240	26,360	85	1,278	1,370	4,153	129,759	
18	19	0	205	114	91	-	2	0	0	0	4	4	1	76	90	0	4	4	14	441
12,853	13,742	53	145,827	80,930	64,897	-	1,451	175	64	2,878	2,878	488	53,853	63,850	199	3,172	3,081	9,846	314,410	
<b>360,100</b>	<b>289,290</b>	<b>2,911</b>	<b>3,450,494</b>	<b>1,997,333</b>	<b>1,462,122</b>	<b>1,039</b>	<b>30,205</b>	<b>3,797</b>	<b>1,343</b>	<b>69,194</b>	<b>72,183</b>	<b>17,126</b>	<b>1,348,914</b>	<b>1,546,061</b>	<b>5,062</b>	<b>76,218</b>	<b>108,055</b>	<b>274,747</b>	<b>7,655,300</b>	

**OPERATING EXPENSES RELATED TO**

**INSURANCE BUSINESS**

Employees' remuneration and

welfare benefits

(Refer note 10 of Schedule 16)

Travel, conveyance and

vehicle running expenses

Training expenses

Rents, rates and taxes

Repairs

Printing and stationery

Communication

Legal and professional charges

Auditors' fees, expenses etc

(a) as auditors

(b) as advisor or in any other

capacity, in respect of:

(i) Taxation matters

(ii) Insurance matters

(iii) Management services

(c) in any other capacity

Advertisement and publicity

Interest and bank charges

Others:

Electricity expenses

Office expenses

Miscellaneous expenses

Service charges

Information Technology expenses

Postage and courier

Loss on sale of assets (net)

Depreciation

**Total Operating Expenses**



Take it easy!



## Schedule - 16 (Continued)

### NOTES TO ACCOUNTS

#### SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2015

##### Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Weather	Others	Total
Premium Earned (Net) (Schedule - A)	684,007	711,189	5,690	8,086,032	4,954,633	3,120,327	14,072	78,193	8,706	4,438	152,520	156,767	22,612	2,909,579	3,304,871	8,273	150,710	468,850	388,442	16,740,879
Profit on Sale of Investments	9,917	3,580	129	88,127	19,199	88,928	-	456	45	48	636	1,122	141	24,451	18,360	51	757	2,383	1,881	152,074
Interest, Rent and Dividend																				
(Net of Amortisation)	138,251	49,913	1,794	1,204,120	267,659	936,461	-	6,351	624	674	8,860	15,647	1,964	340,866	255,823	713	10,551	33,223	26,225	2,095,599
Investment Income from Pool	29,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,769
Other Income	91	99	1	1,126	691	435	-	11	1	1	21	21	-	350	461	1	21	65	54	2,324
<b>Total Segmental Revenue</b>	<b>862,005</b>	<b>764,781</b>	<b>7,614</b>	<b>9,379,405</b>	<b>5,239,182</b>	<b>4,126,151</b>	<b>14,072</b>	<b>85,011</b>	<b>9,376</b>	<b>5,161</b>	<b>162,037</b>	<b>173,557</b>	<b>24,717</b>	<b>2,875,246</b>	<b>3,579,905</b>	<b>9,038</b>	<b>162,039</b>	<b>504,521</b>	<b>416,602</b>	<b>19,020,645</b>
Claims Incurred (Net) (Schedule - B)	601,529	823,935	(8,765)	7,305,778	3,635,163	3,123,340	(52,725)	17,353	3,336	493	20,723	94,401	39,909	808,328	2,475,962	9,257	26,579	439,748	520,192	13,178,758
Commission (Net) (Schedule - C)	(186,104)	67,556	(3,402)	204,219	324,695	(120,476)	-	7,496	1,333	383	17,849	(85,307)	5,919	422,380	(568,886)	1,100	14,491	(707,956)	(159,312)	(968,241)
Operating Expenses Related to Insurance Business (Schedule - D)	316,176	232,795	5,498	2,919,007	1,840,124	1,077,691	1,192	25,263	2,899	1,550	60,865	62,738	15,227	969,398	1,228,117	2,937	60,251	186,731	143,402	6,232,854
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenditure</b>	<b>731,601</b>	<b>1,124,286</b>	<b>(6,669)</b>	<b>10,429,004</b>	<b>5,799,982</b>	<b>4,680,555</b>	<b>(51,533)</b>	<b>50,112</b>	<b>7,568</b>	<b>2,426</b>	<b>99,437</b>	<b>71,832</b>	<b>61,055</b>	<b>2,200,106</b>	<b>3,135,033</b>	<b>13,294</b>	<b>100,321</b>	<b>(81,477)</b>	<b>504,282</b>	<b>18,443,371</b>
<b>Segmental Profit/(Loss)</b>	<b>130,434</b>	<b>(359,505)</b>	<b>14,283</b>	<b>(1,049,599)</b>	<b>(560,800)</b>	<b>(554,404)</b>	<b>65,605</b>	<b>34,899</b>	<b>1,808</b>	<b>2,735</b>	<b>62,600</b>	<b>101,725</b>	<b>(36,338)</b>	<b>675,140</b>	<b>444,312</b>	<b>(4,256)</b>	<b>60,718</b>	<b>585,998</b>	<b>(87,680)</b>	<b>577,274</b>

\* Includes -1. Directors and officers liability

2. Mutual fund assets protection

##### SCHEDULE - A to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total
<b>PREMIUM EARNED (NET)</b> (Refer note 7 and 8 of Schedule 16)	3,746,687	995,006	131,903	10,516,510	6,289,113	4,247,397	-	87,665	13,425	9,176	576,561	617,548	272,158	3,879,632	5,548,896	12,985	603,180	3,223,403	1,647,098	31,822,053
Premium from direct business written	479,820	77,280	7,622	14,072	-	-	14,072	-	-	-	38,234	64,966	43,734	109	7,442	-	11,137	-	3,425	747,541
Add: Premium on Re-insurance accepted	(3,367,149)	(280,362)	(135,997)	(2,883,551)	(1,567,025)	(1,096,526)	-	(4,751)	(4,717)	(4,538)	(459,458)	(517,920)	(286,163)	(401,737)	(2,236,308)	(1,647)	(448,039)	(2,766,134)	(1,165,440)	(34,785,911)
Less: Premium on Re-insurance ceded	839,558	731,924	3,528	7,847,031	4,682,088	3,150,871	14,072	82,914	8,708	4,638	155,357	164,594	29,729	3,478,004	3,319,730	11,338	166,278	455,269	485,083	17,783,683
Net Premium	(155,551)	(207,335)	2,162	239,001	269,545	(30,544)	-	(4,721)	(2)	(200)	(2,837)	(7,827)	(7,117)	(988,425)	(14,859)	(3,065)	(15,568)	13,581	(96,641)	(1,042,804)
Add/(Less): Adjustment for changes in reserve for unexpired risks	684,007	711,189	5,690	8,086,032	4,954,633	3,120,327	14,072	78,193	8,706	4,438	152,520	156,767	22,612	2,909,579	3,304,871	8,273	150,710	468,850	388,442	16,740,879
<b>Total Premium Earned</b>																				

**Schedule - 16 (Continued)**

**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2015 (Continued)**

SCHEDULE - B to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine Hull	Motor	Motor/OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
<b>CLAIMS INCURRED [NET]</b> (Refer note 6 of Schedule 16)																					
Claims paid direct	1,685,403	784,388	36,538	6,780,323	4,719,782	2,060,541	-	10,739	195	33,879	58,171	283,440	5,708	801,641	3,007,845	11,875	88,639	1,788,819	1,450,381	16,757,984	
Add: Claims on Re-insurance accepted	46,822	138,092	(0)	1,318,192	(0)	(0)	1,318,192	(0)	2,011	(0)	(0)	14,657	29,020	(0)	11,598	(0)	35	(0)	3,653	1,584,080	
Less: Re-insurance ceded	(1,415,946)	(203,151)	(31,657)	(1,349,742)	(1,160,174)	(189,568)	-	(701)	(10)	(33,098)	(45,848)	(207,774)	(3,979)	(63,799)	(477,213)	(2,797)	(60,478)	(1,460,999)	(1,063,183)	(6,420,375)	
Net Claims paid	316,279	719,329	4,881	6,748,773	3,559,608	1,870,973	1,318,192	10,038	2196	781	12,323	90,323	30,749	737,842	2,542,230	9,078	28,196	257,820	390,851	11,901,689	
Add: Claims Outstanding at the end of the year	474,630	450,785	10,201	10,283,738	649,354	9,634,384	(0)	48,290	4,513	5,836	32,803	90,820	18,467	386,692	541,312	1,150	45,945	446,673	245,794	13,087,559	
Less: Claims Outstanding at the beginning of the year	189,380	346,179	23,847	9,726,733	573,799	7,782,017	1,370,917	40,975	3,373	6,124	24,403	86,742	9,307	316,116	607,580	971	47,562	264,745	116,453	11,810,490	
<b>Total Claims Incurred</b>	<b>604,529</b>	<b>823,935</b>	<b>(8,765)</b>	<b>7,306,778</b>	<b>3,635,163</b>	<b>3,723,340</b>	<b>(52,725)</b>	<b>17,353</b>	<b>3,336</b>	<b>493</b>	<b>20,723</b>	<b>94,401</b>	<b>39,909</b>	<b>806,328</b>	<b>2,475,962</b>	<b>9,257</b>	<b>26,579</b>	<b>439,748</b>	<b>520,192</b>	<b>13,178,758</b>	

SCHEDULE - C to Annexure 1

(₹ '000)

	Fire	Marine Cargo	Marine Hull	Motor	Motor/OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
<b>COMMISSION PAID [NET]</b>																					
Commission paid direct	180,695	77,746	2,881	5,247,722	5,246,680	42	-	8,160	1,429	886	45,757	43,839	6,043	553,352	733,250	1,294	68,698	(557)	31,953	2,280,148	
Add: Commission paid on Re-insurance accepted	28,825	51,900	(17)	-	-	-	-	-	-	-	(1,176)	5,115	6,571	16	692	-	1,547	-	-	49,115	
Less: Commission received on Re-insurance ceded	(395,624)	(15,380)	(6,266)	(320,503)	(199,985)	(120,518)	-	(664)	(96)	(503)	(29,084)	(134,261)	(6,695)	(130,988)	(1,302,828)	(194)	(55,754)	(707,399)	(191,265)	(3,297,504)	
<b>Net commission paid/(received)</b>	<b>(186,104)</b>	<b>67,556</b>	<b>(3,402)</b>	<b>204,219</b>	<b>324,695</b>	<b>(120,476)</b>	<b>-</b>	<b>7,496</b>	<b>1,333</b>	<b>383</b>	<b>(17,849)</b>	<b>(85,307)</b>	<b>5,919</b>	<b>422,380</b>	<b>(588,866)</b>	<b>1,100</b>	<b>14,491</b>	<b>(707,956)</b>	<b>(189,312)</b>	<b>(968,244)</b>	

**Schedule - 16 (Continued)**

**NOTES TO ACCOUNTS**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2015 (Continued)**

SCHEDULE - D to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmans Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>																					
Employees' remuneration and welfare benefits (Refer note 10 of Schedule 16)	134,932	71,801	3,183	844,526	513,745	330,781	-	7,528	906	510	23,275	24,701	7,907	276,984	371,221	922	23,108	55,372	44,212	1,891,088	
Travel, conveyance and vehicle running expenses	11,494	4,449	303	57,925	35,011	22,914	-	461	58	35	1,760	1,959	717	19,696	26,371	66	1,748	9,095	5,100	144,237	
Training expenses	7,598	7,678	73	90,536	56,463	35,073	-	849	95	49	1,680	1,669	269	28,367	37,218	94	1,659	7,018	5,001	189,853	
Rents, rates and taxes	14,679	15,999	128	181,584	111,390	70,194	-	1,759	196	100	3,431	3,334	509	56,455	74,945	186	3,390	10,547	8,738	375,380	
Repairs	7,150	3,513	99	68,036	41,179	26,857	-	433	47	27	958	1,209	262	22,842	28,878	78	936	3,091	2,430	139,989	
Printing and stationery	5,061	3,291	58	53,976	32,796	21,180	-	391	43	23	794	928	170	17,725	22,597	60	777	3,610	2,485	111,989	
Communication	3,007	1,900	53	25,441	15,688	9,953	-	211	24	13	521	564	142	8,283	10,828	28	515	1,539	1,197	54,266	
Legal and professional charges	61,565	59,938	552	744,648	454,938	288,518	1,192	6,710	743	382	13,050	13,242	2,054	234,494	305,897	779	12,866	48,333	34,660	1,534,913	
Auditors' fees, expenses etc																					
(a) as auditors	176	192	2	2,174	1,334	840	-	21	2	1	41	40	6	676	890	2	41	126	105	4,495	
(b) as advisor or in other capacity/in respect of:																					
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	79	87	1	982	602	380	-	10	1	1	19	18	3	306	344	1	18	57	47	1,974	
Advertisement and publicity	14,257	14,585	156	163,631	100,458	63,373	-	1,592	178	92	3,242	3,166	547	51,060	67,429	168	3,206	14,143	9,786	347,418	
Interest and bank charges	7,815	8,510	68	96,590	59,240	37,350	-	936	104	53	1,825	1,773	271	30,031	39,539	99	1,803	11,949	7,182	208,548	
Others:																					
Electricity expenses	3,523	3,639	31	43,576	26,731	16,845	-	422	47	24	823	800	122	13,548	17,841	45	814	2,531	2,097	90,083	
Office expenses	1,602	1,263	19	17,252	10,524	6,728	-	144	16	8	296	318	59	5,546	7,183	19	292	868	726	35,611	
Miscellaneous expenses	13,336	4,010	509	10,968	6,581	4,387	-	290	49	32	2,317	2,310	1,162	4,157	8,672	11	2,329	2,438	2,212	54,802	
Service charges	-	-	-	149,138	149,138	-	-	-	-	-	-	-	-	84,481	58,099	-	-	-	-	-	291,718
Information Technology expenses	8,933	9,217	75	110,792	67,892	42,910	-	1,035	115	59	1,997	1,982	296	34,686	45,425	115	1,971	6,125	5,110	228,033	
Postage and courier	5,391	5,464	52	64,320	39,408	24,912	-	604	67	35	1,195	1,186	191	20,146	26,439	67	1,180	3,696	3,040	133,073	
Loss on sale of assets (net)	18	20	0	227	139	88	-	2	0	0	4	4	1	71	93	0	4	13	11	468	
Depreciation	15,580	16,959	136	192,485	118,077	74,408	-	1,895	208	106	3,637	3,555	539	59,844	78,808	197	3,594	11,180	9,263	397,916	
<b>Total Operating Expenses</b>	<b>316,176</b>	<b>232,795</b>	<b>5,498</b>	<b>2,919,007</b>	<b>1,840,124</b>	<b>1,077,691</b>	<b>1,192</b>	<b>25,263</b>	<b>2,899</b>	<b>1,550</b>	<b>60,865</b>	<b>62,738</b>	<b>15,227</b>	<b>960,398</b>	<b>1,228,117</b>	<b>2,937</b>	<b>60,251</b>	<b>1,86,731</b>	<b>143,402</b>	<b>6,232,854</b>	

Take it easy!



**Schedule - 16** (Continued)

**NOTES TO ACCOUNTS**

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

Sr. No.	Performance Ratio	As on March 31, 2016				As on March 31, 2015			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b) / Gross Premium for Current Year / Gross Premium for Previous Year	12.55%	-2.15%	5.65%	6.20%	16.82%	22.00%	8.08%	9.47%
2	Gross Premium to shareholders' fund ratio / Gross Premium for Current Year / (Paid up Capital plus Free Reserves)	NA	NA	NA	3.16	NA	NA	NA	3.18
3	Growth rate of shareholders' funds / Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date	NA	NA	NA	7.04%	NA	NA	NA	13.27%
4	Net retention ratio (refer note 1a and 1b) / Net Premium / Gross Premium	19.81%	68.08%	60.00%	54.75%	19.86%	63.85%	59.61%	54.60%
5	Net commission ratio (refer note 1a and 1b) / Net Commission / Net Premium	-19.86%	8.45%	-7.98%	-7.90%	-22.17%	8.72%	-5.22%	-5.44%
6	Expenses of Management to gross direct Premium ratio / Operating Expenses + Gross Commission/ Gross Premium	13.92%	35.67%	32.30%	30.11%	13.26%	29.89%	28.50%	26.75%
7	Expenses of Management to Net written Premium ratio / Operating Expenses + Gross Commission/ Net Premium	62.35%	48.02%	53.39%	53.61%	59.18%	43.36%	47.49%	47.87%
8	Net incurred Claims to Net Earned Premium / Net incurred Claim / Net earned premium	50.73%	101.83%	72.47%	72.82%	87.94%	113.71%	76.68%	78.72%
9	Combined ratio / Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium	69.10%	147.84%	105.06%	105.26%	103.43%	154.83%	106.49%	108.33%
10	Technical reserves to net Premium ratio / Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium	2.11	0.96	1.50	1.50	2.14	0.87	1.41	1.42
11	Underwriting balance ratio / Underwriting Profit / Net Premium	0.26	-0.50	-0.09	-0.09	-0.07	-0.56	-0.08	-0.10
12	Operating profit ratio / Underwriting Profit plus Investment Income / Net Premium	53.66%	-40.60%	6.49%	6.45%	19.07%	-48.16%	5.16%	3.45%
13	Liquid assets to liabilities ratio / Liquid Assets of the Insurer / Policyholders' Liabilities	NA	NA	NA	0.24	NA	NA	NA	0.26
14	Net earnings ratio / Profit after Tax / Net Premium	NA	NA	NA	7.98%	NA	NA	NA	5.85%
15	Return on net worth / Profit After Tax / Net Worth	NA	NA	NA	14.15%	NA	NA	NA	10.40%
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) / ASM / RSM	NA	NA	NA	1.67	NA	NA	NA	1.65
17	NPA ratio	NA	NA	NA	NA	NA	NA	NA	NA

## Schedule - 16 (Continued)

### NOTES TO ACCOUNTS

#### Annexure 2 Ratios for Non-Life Companies (Continued)

##### Notes:

1a. Miscellaneous Break-up for the year ended March 31, 2016

Sr. No.	Particulars	Motor			Miscellaneous						Others			Total				
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability		Home	Specialty	Weather	Others
1	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	-4.05%	34.85%	NA	11.66%	-6.75%	37.20%	-50.44%	8.80%	4.31%	18.57%	14.06%	7.85%	154.94%	16.84%	-64.05%	38.64%	5.65%
2	Net retention ratio Net Premium / Gross Premium	73.89%	74.44%	100.00%	74.15%	94.43%	54.01%	61.06%	23.12%	7.47%	70.46%	61.26%	22.04%	71.28%	23.39%	14.12%	27.94%	60.00%
3	Net commission ratio Net Commission / Net Premium	2.80%	-7.04%	NA	-2.02%	8.84%	14.92%	17.71%	-39.97%	35.64%	-4.35%	-14.09%	30.62%	10.09%	5.54%	-135.49%	-46.75%	-7.98%

1b. Miscellaneous Break-up for the year ended March 31, 2015

Sr. No.	Particulars	Motor			Miscellaneous						Others			Total				
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability		Home	Specialty	Weather	Others
1	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	-1.29%	15.12%	NA	4.74%	12.36%	9.53%	-12.12%	-11.87%	21.83%	29.58%	-10.04%	3.56%	80.42%	17.90%	-2.55%	336.85%	8.08%
2	Net retention ratio Net Premium / Gross Premium	74.69%	74.48%	100.00%	74.52%	94.58%	64.87%	50.54%	24.12%	9.41%	89.65%	59.75%	25.27%	87.32%	27.07%	14.12%	29.39%	59.61%
3	Net commission ratio Net Commission / Net Premium	6.93%	-3.82%	NA	2.60%	9.04%	15.31%	8.26%	-51.83%	19.91%	12.14%	-17.14%	11.49%	9.70%	8.71%	-155.50%	-32.84%	-5.22%

2. Gross Premium represents Gross Direct Premium

3. Net Premium represents Gross Direct Premium including Premium accepted on reinsurance less reinsurance ceded

4. Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income

5. Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

### Summary of Financial Statements

#### Annexure 3

Sr. No.	Particulars	2015-16 (₹ '000)	2014-15 (₹ '000)	2013-14 (₹ '000)	2012-13 (₹ '000)	2011-12 (₹ '000)
	<b>OPERATING RESULTS</b>					
1	Gross Written Premium	34,664,515	32,569,594	30,002,750	25,081,384	20,744,413
2	Net Premium Income	18,980,352	17,783,683	17,659,395	14,715,062	11,638,807
3	Income from Investments (net)	2,585,409	2,247,673	1,887,667	1,419,430	969,621
4	Other Income (includes provision written back)	30,105	32,093	23,318	17,158	8,394
5	<b>Total Income</b>	<b>21,595,866</b>	<b>20,063,449</b>	<b>19,570,380</b>	<b>16,151,650</b>	<b>12,616,822</b>
6	Commission (net)	(1,498,664)	(968,241)	(976,292)	(660,204)	(435,927)
7	Operating Expenses	7,655,300	6,232,854	4,468,342	3,739,947	2,898,399
8	Net Incurred Claims	12,441,593	13,178,758	12,750,179	9,510,498	8,443,687
9	Change in Unexpired Risk Reserve	1,894,953	1,042,804	1,810,064	2,289,324	2,494,081
10	<b>Operating Profit / (Loss)</b>	<b>1,102,684</b>	<b>577,274</b>	<b>1,518,087</b>	<b>1,272,085</b>	<b>(783,418)</b>
	<b>NON-OPERATING RESULTS</b>					
11	Total Income under shareholder's account	925,430	831,077	725,033	547,107	386,460
12	Profit / (Loss) before tax	2,028,114	1,408,351	2,243,120	1,819,192	(396,958)
13	Provision for tax	514,381	368,331	289,052	274,267	–
14	Profit / (Loss) after tax	1,513,733	1,040,020	1,954,068	1,544,925	(396,958)
	<b>MISCELLANEOUS</b>					
15	Policyholders' Account :					
	Total Funds	–	–	–	–	–
	Total Investments	–	–	–	–	–
	Yield on Investments	–	–	–	–	–
16	Shareholders' Account :					
	Total Funds	10,699,261	9,995,866	8,824,812	7,169,709	5,317,294
	Total Investments	41,131,355	37,666,870	31,431,308	26,956,987	18,877,613
	Yield on Investments	8.9%	9.1%	9.0%	8.9%	8.7%
17	Paid up equity capital	5,386,203	5,386,203	5,292,843	5,285,490	5,230,000
18	Net worth	10,699,261	9,995,866	8,824,812	7,169,709	5,317,294
19	Total Assets	10,699,261	9,995,866	8,824,812	7,169,709	5,317,294
20	Yield on Total Investments	8.9%	9.1%	9.0%	8.9%	8.7%
21	Earnings per Share (₹)	2.81	1.95	3.70	2.95	(0.79)
22	Book Value per Share (₹)	19.86	18.56	16.67	13.56	10.17
23	Total Dividend	673,275	403,965	264,642	–	–
24	Dividend per Share (₹)	1.25	0.75	0.50	–	–

## Schedule – 16 (Continued)

### NOTES TO ACCOUNTS

#### Annexure 4

#### Statement showing the Age-wise Analysis of the Unclaimed amount of Policyholders

(₹ '000)

Particulars	Total Amount	AGE-WISE ANALYSIS							
		1-3 months	4-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 Months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/policyholders	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Sum due to the insured/ policyholders on maturity or otherwise	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	<b>1,139</b> (11,667)	<b>387</b> (1,014)	<b>15</b> (750)	<b>73</b> (1,649)	<b>89</b> (1,423)	<b>129</b> (1,152)	<b>1</b> (647)	— (281)	<b>445</b> (4,751)
Cheques issued but not encashed by the policyholder/insured (refer note below)									
– Premium	<b>13,098</b> (79,139)	— (—)	<b>2,752</b> (41,013)	<b>3,653</b> (15,130)	<b>2,106</b> (3,379)	<b>1,438</b> (4,092)	<b>271</b> (2,535)	<b>204</b> (2,884)	<b>2,674</b> (10,106)
– Claims	<b>118,912</b> (130,146)	— (—)	<b>25,056</b> (18,142)	<b>15,104</b> (11,725)	<b>12,033</b> (21,744)	<b>3,916</b> (10,226)	<b>10,962</b> (11,289)	<b>6,079</b> (11,226)	<b>45,762</b> (45,794)
<b>TOTAL</b>	<b>133,149</b> (220,952)	<b>387</b> (1,014)	<b>27,823</b> (59,905)	<b>18,830</b> (28,504)	<b>14,228</b> (26,546)	<b>5,483</b> (15,470)	<b>11,234</b> (14,471)	<b>6,283</b> (14,391)	<b>48,881</b> (60,651)

**Note:** Above excludes an amount of ₹ 867,977 thousand (Previous year ₹ 454,295 thousand) under ageing 1-3 months in respect of cheques issued but not encashed by the policyholders.

(Previous year's figures are in brackets)

## Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management submits the following Report:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact general insurance business.
2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and the transfer of shares during the year ended March 31, 2016 are in accordance with the statutory or regulatory requirements.
4. We declare that funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.
6. We certify that the all assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings – “Loans”, “Investments”, “Agents balances”, “Outstanding Premiums”, “Interest, Dividends and Rents outstanding”, “Interest, Dividends and Rents accruing but not due”, “Amounts due from other persons or Bodies carrying on insurance business”, “Sundry Debtors”, “Bills Receivable”, “Cash” and the several items specified under “Other Accounts” except debt securities which are stated at cost/ amortised cost .
7. The Company is exposed to a variety of risks associated with general insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary.  
The Company has, through an appropriate reinsurance program kept its risk exposure at a level commensurate with its capacity.
8. The Company does not have operations outside India.
9. a. For ageing analysis of claims outstanding (excluding provision for IBNR / IBNER and claims relating to inward re-insurance from terrorism pool and the Indian Motor Pool Third Party Insurance Pool and Indian Motor Third Party Declined Risk Insurance Pool) during the preceding five years, please refer Annexure 1.  
b. For average claims settlement time during the preceding five years, please refer Annexure 2.
10. Details of payments to individuals, firms, Companies and organizations in which directors are interested during the year ended on March 31, 2016:

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
1.	Mr. DEEPAK S. PAREKH	HDFC LIMITED	Chairman	577,816
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	6,208
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	9,135
		MAHINDRA & MAHINDRA LIMITED	Director	6,722
		THE INDIAN HOTELS COMPANY LIMITED	Director	682
		NETWORK18 MEDIA & INVESTMENTS LIMITED	Director	36
		BREACH CANDY HOSPITAL TRUST	Director	5,228



## Management Report (Continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
2	Mr. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	577,816
		HDFC BANK LIMITED	Director	1,727,670
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	9,135
		HCL TECHNOLOGIES	Director	60,548
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	14,091
		GREATSHIP (INDIA) LIMITED	Director	1,237
		TORRENT POWER LIMITED	Director	1,350
3	Ms. RENU SUD KARNAD	HDFC LIMITED	Director	577,816
		HDFC BANK LIMITED	Director	1,727,670
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	9,135
4	Dr. JAGDISH KHATTAR	CARNATION AUTO INDIA PVT. LIMITED	Chairman & MD	83
5	Mr. ANDREAS KLEINER	ERGO INTERNATIONAL AG	Director	173,973
6	Mr. BERNHARD STEINRUECKE	APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED	Director	139,453
		INDO - GERMAN CHAMBER OF COMMERCE	Director	1,411

11. We certify that all debt securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Accounts and in the Profit and Loss Account over the period of maturity/holding. All mutual fund investments are valued at net asset value as at balance sheet date.

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

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments or listed equity shares are accounted in "Fair Value Change Account" and

carried forward in the balance sheet and is not available for distribution.

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

13. The Management of HDFC ERGO General Insurance Company Limited certifies that:

i. The financial statements have been prepared in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938 as amended by Insurance Laws (Amendment)

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## Management Report (Continued)

- Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/ notifications issued by IRDA from time to time (including Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, to the extent applicable and the relevant provisions of the Companies Act, 2013, and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.
- ii. The Company has adopted accounting policies and applied them consistently 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 as at March 31, 2016 and of the operating profit for the year ended on that date.
- iii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The financial statements of the Company have been prepared on a going concern basis.
- v. The Company's internal audit is conducted by an inhouse audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

For and on behalf of the Board of Directors

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

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

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

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

**Dayananda V. Shetty**  
Company Secretary  
Membership No.: FCS 4638

Directors

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

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

**Andreas Kleiner**  
(DIN: 02072259)

**Arno Frank Fehler**  
(DIN: 07218619)

Independent Directors

**Dr. Jagdish Khattar**  
(DIN: 00013496)

**Bernhard Steinruecke**  
(DIN: 01122939)

**Mehemosh B. Kapadia**  
(DIN: 00046612)

Mumbai,  
April 21, 2016

## Annexure to Management Report

### Annexure 1

Details of ageing analysis of claims outstanding  
Outstanding as on March 31, 2016 (F.Y. 2015-16)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	69	91,200	810	77,186	1	100	3,973	280,065	1,207	294,667	25	3,003	-	-	-	-	5	7,420
31 days to 6 months	163	1,556,860	294	224,339	5	4,336	2,129	246,499	3,354	1,037,422	60	9,331	2	800	-	-	21	9,832
6 months to 1 year	50	324,807	81	91,401	5	15,189	339	68,341	3,562	1,219,794	50	6,221	2	800	-	-	15	7,600
1 year to 5 years	26	1,258,686	26	124,540	7	19,727	207	86,757	11,236	4,465,261	203	29,022	8	2,750	4	14,000	55	34,309
5 years and above	-	28,758	2	5,633	-	9,151	2	1,261	1,408	430,740	1	105	-	-	1	52,967	1	19,170
<b>Total</b>	<b>308</b>	<b>3,260,311</b>	<b>1,213</b>	<b>523,099</b>	<b>18</b>	<b>48,503</b>	<b>6,650</b>	<b>682,923</b>	<b>20,767</b>	<b>7,447,884</b>	<b>339</b>	<b>47,682</b>	<b>12</b>	<b>4,350</b>	<b>5</b>	<b>66,967</b>	<b>97</b>	<b>78,331</b>

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	123	25,212	4	60,828	1,171	214,006	2,613	188,864	3	235	8	2,800	7	6,697	112	36,570	10,131	1,288,853
31 days to 6 months	100	140,796	4	232,506	325	91,296	1,636	205,828	3	890	17	6,400	4	630	211	92,055	8,328	3,859,820
6 months to 1 year	37	147,706	5	11,957	3	4,595	130	23,829	2	1,080	25	10,015	-	-	25	22,664	4,331	1,955,999
1 year to 5 years	25	229,276	18	150,241	1	1,288	26	25,656	-	-	154	60,462	254	796,215	13	29,863	12,263	7,327,953
5 years and above	-	12,093	-	237,721	-	-	-	-	-	-	20	84,784	-	-	-	265	1,435	882,648
<b>Total</b>	<b>285</b>	<b>555,083</b>	<b>31</b>	<b>693,253</b>	<b>1,500</b>	<b>311,185</b>	<b>4,405</b>	<b>444,077</b>	<b>8</b>	<b>2,205</b>	<b>224</b>	<b>164,461</b>	<b>265</b>	<b>803,542</b>	<b>361</b>	<b>181,417</b>	<b>36,488</b>	<b>15,315,273</b>

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	64	134,302	848	59,594	-	5,369	3,921	342,906	924	172,289	19	1,897	1	100	1	400	5	3,710
31 days to 6 months	91	1,356,949	306	153,038	6	28,671	1,897	293,657	3,635	1,166,652	69	10,806	8	1,964	-	-	20	8,687
6 months to 1 year	60	896,770	63	127,474	3	5,529	248	75,988	3,193	1,209,096	67	7,462	3	570	1	400	8	11,056
1 year to 5 years	23	577,073	7	88,634	5	39,358	116	50,841	9,837	3,407,502	143	20,544	2	1,200	4	78,618	54	41,516
5 years and above	-	20,595	2	6,170	-	-	-	-	587	148,677	-	-	-	-	-	-	-	-
<b>Total</b>	<b>238</b>	<b>2,985,689</b>	<b>1,226</b>	<b>434,910</b>	<b>14</b>	<b>78,927</b>	<b>6,482</b>	<b>763,392</b>	<b>18,176</b>	<b>6,104,216</b>	<b>298</b>	<b>40,709</b>	<b>14</b>	<b>3,834</b>	<b>6</b>	<b>79,418</b>	<b>87</b>	<b>64,969</b>

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	34	13,910	1	770	810	101,206	3,315	154,342	1	15	5	70,075	282	377,720	127	77,950	10,358	1,516,555
31 days to 6 months	92	127,648	5	6,156	302	60,672	1,339	125,745	3	157	7	2,800	13	9,059	31	37,279	7,824	3,389,940
6 months to 1 year	26	41,760	4	21,321	6	15,901	120	8,950	1	210	24	16,420	177	163,829	-	573	4,004	2,603,309
1 year to 5 years	22	210,477	12	369,787	-	853	4	10,427	-	-	162	135,452	190	751,681	1	5,428	10,582	5,789,391
5 years and above	-	2,228	-	1,303	-	-	-	-	-	-	5	975	-	286	-	286	594	180,234
<b>Total</b>	<b>174</b>	<b>396,023</b>	<b>22</b>	<b>399,337</b>	<b>1,118</b>	<b>178,632</b>	<b>4,778</b>	<b>299,464</b>	<b>5</b>	<b>382</b>	<b>203</b>	<b>225,722</b>	<b>662</b>	<b>1,302,289</b>	<b>159</b>	<b>121,516</b>	<b>33,362</b>	<b>13,479,429</b>

## Annexure to Management Report (Continued)

### Annexure 1

#### Details of ageing analysis of claims outstanding (Continued)

Outstanding as on March 31, 2014 (F.Y. 2013-14)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	60	315,986	989	63,547	3	1,660	3,764	267,653	745	154,844	17	2,450	-	-	-	-	3	4,576
31 days to 6 months	69	205,305	390	162,445	5	19,528	1,854	236,533	2,898	894,309	59	9,017	2	1,200	1	400	22	9,900
6 months to 1 year	43	340,009	36	61,899	5	45,185	217	77,840	2,603	874,278	37	11,313	1	400	2	1,486	12	19,220
1 year to 5 years	17	432,942	12	103,328	3	27,757	111	44,988	9,278	2,830,481	72	10,522	2	1,200	3	111,548	43	35,074
5 years and above	-	-	1	2,082	-	-	-	-	350	101,183	-	-	-	-	-	-	-	-
<b>Total</b>	<b>189</b>	<b>1,294,243</b>	<b>1,428</b>	<b>393,301</b>	<b>16</b>	<b>94,129</b>	<b>5,946</b>	<b>627,014</b>	<b>15,874</b>	<b>4,852,095</b>	<b>185</b>	<b>33,302</b>	<b>5</b>	<b>2,800</b>	<b>6</b>	<b>113,434</b>	<b>80</b>	<b>68,770</b>

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	40	48,553	5	13,940	716	79,164	6,466	204,044	1	125	1	400	158	161,550	74	6,641	13,042	1,325,133
31 days to 6 months	72	111,349	3	3,293	523	81,587	1,436	106,636	-	-	26	9,980	-	-	16	3,608	7,076	1,855,089
6 months to 1 year	21	50,958	2	7,531	1	3,184	40	1,532	1	40	39	15,560	202	736,253	5	2,584	3,267	2,245,972
1 year to 5 years	19	228,767	2	424,597	-	176	2	2,358	-	-	139	230,853	413	4,686	1	8,236	10,117	4,497,512
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265	351	117,895
<b>Total</b>	<b>152</b>	<b>439,327</b>	<b>12</b>	<b>463,727</b>	<b>1,240</b>	<b>164,112</b>	<b>7,644</b>	<b>314,570</b>	<b>2</b>	<b>165</b>	<b>205</b>	<b>256,793</b>	<b>773</b>	<b>902,489</b>	<b>96</b>	<b>21,333</b>	<b>33,853</b>	<b>10,041,603</b>

Outstanding as on March 31, 2013 (F.Y. 2012-13)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	37	33,936	928	41,580	1	15	3,624	206,648	819	197,393	33	5,195	3	890	1	400	16	4,680
31 days to 6 months	84	307,295	754	85,445	1	6,435	1,674	187,352	3,538	823,674	40	6,125	2	800	-	-	14	5,457
6 months to 1 year	62	487,624	75	51,785	1	1,010	152	68,263	2,792	702,445	30	4,580	-	-	-	-	11	5,110
1 year to 5 years	16	346,014	14	148,938	1	21,833	62	36,790	7,580	1,862,256	35	3,460	1	-	4	123,100	12	24,045
5 years and above	-	-	1	22	-	-	-	-	283	61,832	-	-	-	-	-	-	-	-
<b>Total</b>	<b>199</b>	<b>1,174,870</b>	<b>1,772</b>	<b>327,771</b>	<b>4</b>	<b>29,293</b>	<b>5,512</b>	<b>499,054</b>	<b>15,012</b>	<b>3,647,599</b>	<b>138</b>	<b>19,360</b>	<b>6</b>	<b>1,690</b>	<b>5</b>	<b>123,500</b>	<b>53</b>	<b>39,292</b>

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	92	42,882	2	870	808	61,329	3,905	125,040	-	-	26	6,300	32	18,474	20	1,983	10,347	747,615
31 days to 6 months	88	70,672	-	229	727	78,569	883	65,674	2	840	50	90,120	8	556,456	21	18,878	7,886	2,304,021
6 months to 1 year	38	156,371	-	51,157	45	14,242	105	2,611	2	0	14	3,730	422	4,712	5	1,298	3,764	1,554,939
1 year to 5 years	14	261,083	-	389,197	24	3,540	3	1,592	-	-	62	29,891	1	574	-	-	7,829	3,252,314
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284	61,854
<b>Total</b>	<b>232</b>	<b>531,008</b>	<b>2</b>	<b>441,453</b>	<b>1,604</b>	<b>157,680</b>	<b>4,896</b>	<b>194,917</b>	<b>4</b>	<b>840</b>	<b>152</b>	<b>130,041</b>	<b>463</b>	<b>579,643</b>	<b>46</b>	<b>22,733</b>	<b>30,100</b>	<b>7,920,743</b>

**Annexure to Management Report (Continued)**

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	51	65,919	758	37,783	1	231	3,792	186,891	1,027	206,740	10	2,232	-	-	1	450	4	1,450
31 days to 6 months	157	778,644	589	109,527	4	2,907	1,824	172,289	3,205	623,492	21	2,150	1	17,575	1	1,300	6	8,500
6 months to 1 year	57	154,821	115	146,737	2	9,797	112	48,302	2,966	579,345	7	410	-	-	1	1,300	2	768
1 year to 5 years	5	324,296	23	26,495	-	13,232	49	21,444	4,579	947,590	10	1,250	-	-	2	9,100	6	43,359
5 years and above	1	2,500	1	22	-	-	-	235	43,498	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>271</b>	<b>1,326,180</b>	<b>1,486</b>	<b>320,564</b>	<b>7</b>	<b>26,167</b>	<b>5,777</b>	<b>428,926</b>	<b>12,012</b>	<b>2,400,665</b>	<b>48</b>	<b>6,042</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>28,425</b>	<b>18</b>	<b>54,077</b>

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	56	16,369	-	-	432	35,705	2,198	77,382	1	40	18	4,736	1	-	19	1,084	8,369	637,013
31 days to 6 months	137	78,681	-	1,054	467	38,904	1,023	57,057	2	146	18	5,087	-	-	13	3,837	7,468	1,899,851
6 months to 1 year	32	296,598	-	68,953	70	8,968	33	4,992	1	208	13	10,390	-	-	5	5,234	3,416	1,336,822
1 year to 5 years	3	17,835	-	413,334	20	10,538	4	1,684	-	-	46	25,358	-	-	-	265	4,747	1,855,779
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237	46,020
<b>Total</b>	<b>228</b>	<b>409,484</b>	<b>-</b>	<b>483,342</b>	<b>989</b>	<b>94,115</b>	<b>3,258</b>	<b>141,114</b>	<b>4</b>	<b>393</b>	<b>95</b>	<b>45,571</b>	<b>1</b>	<b>-</b>	<b>37</b>	<b>10,420</b>	<b>24,237</b>	<b>5,775,486</b>

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## Annexure to Management Report (Continued)

### Annexure - 2

#### Details of Average Claims Settlement Time

Line of Business	F.Y. 2015-16		F.Y. 2014-15		F.Y. 2013-14		F.Y. 2012-13		F.Y. 2011-12	
	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)
Fire	1,201	62	793	69	541	166	389	191	397	161
Marine Cargo	18,257	55	21,018	31	17,495	66	14,944	55	5,105	68
Marine Hull	5	363	6	508	4	420	5	304	3	419
Motor OD	117,206	19	117,302	19	105,187	22	97,488	23	87,219	30
Motor TP	5,614	528	5,445	423	6,164	488	4,536	456	3,187	368
Workemens Compensation	70	256	46	150	58	159	33	104	16	121
Public liability	1	186	5	198	7	70	3	23	5	136
Product Liability	–	–	2	81	–	–	–	–	–	–
Other Liabilities	12	198	8	363	5	136	11	5	6	27
Engineering	1,674	39	1,265	39	1,496	69	1,382	69	997	56
Aviation	3	203	–	–	–	–	1	47	1	252
Personal Accident	6,934	21	5,936	22	7,652	49	6,487	38	4,431	46
Health	69,532	19	109,357	21	186,481	20	88,007	26	54,683	34
Home	100	42	56	20	8	164	4	98	2	339
Specialty	5	603	2	295	2	892	2	245	5	82
Weather	11,489	13	1,975	40	1,687	20	19,670	101	5,841	1
Others	23,109	6	4,955	8	1,656	29	533	90	2,063	37
<b>Total</b>	<b>255,212</b>		<b>268,171</b>		<b>328,443</b>		<b>233,495</b>		<b>163,961</b>	

## Glossary

Sr. No.	Terms	Description
1.	Accretion	Incremental growth over a period of time.
2.	Actuary	A qualified professional who applies probability and other statistical theories to insurance. His work covers rates, reserves and other valuations, while also conducting statistical studies, making reports and advising on solvency.
3.	Appropriations	Money set aside for specific purpose.
4.	Bad debts written off	Accounts receivable that will likely remain uncollectible and will be written off.
5.	Book Value Per Share	This is computed as networth divided by number of outstanding shares.
6.	Claim	The amount payable under a contract of insurance or reinsurance arising from a loss relating to an insured risk.
7.	Claim Disposal Ratio	Proportion of number of claims settled to total number of claims reported.
8.	Co-insurance	Sharing of the same risk by multiple insurance companies.
9.	Combined Ratio	Incurred claims ratio plus expense ratio (defined here under).
10.	Commission paid	Amount paid to intermediaries for acquiring business.
11.	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period.
12.	Deferred tax liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in a later tax period.
13.	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14.	Expense ratio	Expense ratio is a proportion of the sum of all expenses (acquisition & operating) and net commission received on reinsurance to net written premium expressed as a percentage.
15.	Fair Value Change Account	It represents unrealized gains or losses at the end of the period with respect to listed equity securities, derivative instruments and Mutual Fund investments.
16.	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.
17.	<ul style="list-style-type: none"> <li>▪ Incurred But Not Reported (IBNR)</li> </ul>	IBNR : A reserve created by insurer and certified by an Actuary to cover the estimated cost of losses that might have incurred but not yet reported.
	<ul style="list-style-type: none"> <li>▪ Incurred But Not Enough Reported (IBNER)</li> </ul>	IBNER: Losses that might have incurred but have not yet been enough reported.
18.	Incurred Claims	It is claims paid during the period plus the change in outstanding claims at the end of the period Vs at the beginning of the period.
19.	Incurred Claims Ratio	Proportion of incurred claims to premiums earned during a period.

20.	Industry Market Share	Proportion of gross written premium of an insurer to the total gross premium written of the General Insurance industry - expressed as a percentage.
21.	IRDAI	Insurance Regulatory and Development Authority of India (IRDAI) established under IRDA Act, 1999 to protect the interests of the policy holders, to regulate, develop, promote and ensure orderly growth of the insurance industry.
22.	Loss on sale	Loss on sale of assets when an asset is sold below its book value.
23.	Net Premiums Earned	Net premium written adjusted for the change in unexpired risks reserve.
24.	Net Premiums Written	Gross written premium less reinsurance premium ceded.
25.	Net Worth	Paid up share capital (+/-) reserves / accumulated losses (-) preliminary expenses.
26.	Operating Expenses	Expenses for carrying out insurance / reinsurance business.
27.	Operating Profit or Loss	Surplus/Deficit from carrying out insurance business activities i.e. profit before tax excluding investment income and other income.
28.	Policy	A written contract or certificate of insurance.
29.	Policy Holder [Insured]	The person / entity whose risk of financial loss from an insured peril is protected by an insurance policy.
30.	Premium Deficiency	Premium deficiency is recognised as the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risks.
31.	Premium Received in Advance	Represents premium received prior to the commencement of the risk.
32.	Reinsurance	A means by which a reinsurer agrees to indemnify an insurer, (the cedant) against all or part of the loss that the latter may sustain under the original policy or policies it has issued.
33.	Retention	The amount of risk retained by the insurer on its own account.
34.	Solvency Margin	A ratio of Available Solvency Margin (ASM)/ Required Solvency Margin (RSM) (calculated as per IRDAI guidelines).
35.	Technical reserves	Amount set aside in the balance sheet to meet liabilities arising out of insurance contracts, including claims provision (whether reported or not) and reserve for unexpired risks.
36.	Treaty Reinsurance	Under a Reinsurance Treaty, the cedant agrees to offer and the reinsurer agrees to accept all risks of a defined class. This enables the cedant to grant immediate cover for risks without first seeking the reinsurer's consent.
37.	Underwriting	The process of reviewing applications/ proposals submitted for insurance or reinsurance coverage and deciding whether to provide all or part of the coverage requested and determining the applicable premium.
38.	Unexpired Risks Reserve	Portion of premium with respect to the unexpired insurance contracts as at the end of the period.

Note: The definitions of the ratios in the glossary above are use in this report unless specifically defined otherwise.




## Our Products

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### Retail Products

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-  Motor Insurance
-  Health Insurance
-  Travel Insurance
-  Home Insurance
-  Personal Accident

### Rural Product

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-  Gramin Suraksha Bima
-  Parivar Suraksha Bima
-  Cattle Insurance
-  Weather Insurance
-  Crop Insurance

## Commercial Products

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### Liability Insurance





#### Casualty Lines

- Product Liability
- Public Liability and Public Liability Act
- Errors and Omission (Tech)
- Commercial General Liability
- Workmen's Compensation Insurance
- Professional Indemnity

#### Financial Lines

- Directors and Officers Liability
- Venture Capital Asset Protection
- Employment Practices Liability
- Multimedia Liability Insurance
- Commercial Crime Insurance




### Property Insurance

-  Standard Fire and Special Perils Policy
-  Consequential Loss (Fire) Insurance
-  Industrial All Risks Policy
-  Business Suraksha Classik

### Engineering Insurance

-  Erection All Risks Insurance
-  Contractor's All Risk Insurance
-  Advance Loss of Profit
-  Contractor's Plant & Machinery Insurance
-  Machinery Breakdown Insurance
-  Electronic Equipment Insurance
-  Boiler & Pressure Plant Insurance

### Accident and Health Insurance

-  Group Travel
-  Group Mediclaim
-  Group Personal Accident

*Take it easy!*



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