

# **MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

**ANNUAL REPORT FOR THE  
FINANCIAL YEAR  
2017-2018**

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# MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

## CORPORATE INFORMATION

<b>Registered Office:</b>	<b>24, Park Street, Kolkata - 700016</b>
<b>Head Office:</b>	<b>Rustomjee Aspire, 401, 4th floor, Off Eastern Express Highway, Sion Wadala Link Road, Mumbai – 400022</b>
<b>CIN:</b>	<b>CIN: U66000WB2009PLC136327</b>
<b>Website:</b>	<b>www.magma-hdi.co.in</b>
<b>IRDAI Registration No.</b>	<b>149</b>

### **BOARD OF DIRECTORS**

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<b>Mr. Sanjay Chamria</b> <i>Chairman, Non Executive Director</i>
<b>Mr. Jens Holger Wohlthat</b> <i>Vice Chairman, Non Executive Director</i>
<b>Mr. Rajive Kumaraswami</b> <i>Managing Director and Chief Executive Officer</i>
<b>Mr. Mayank Poddar</b> <i>Non-Executive Director</i>
<b>Mr. Kailash Nath Bhandari</b> <i>Non-Executive Independent Director</i>
<b>Mr. Sunil Mitra</b> <i>Non-Executive Independent Director</i>
<b>Mr. V. K. Viswanathan</b> <i>Non-Executive Independent Director</i>
<b>Ms. Suvalaxmi Chakraborty</b> <i>Non-Executive Independent Director (w.e.f. 21.06.2017)</i>

### **BANKERS**

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

### **KEY MANAGEMENT PERSONS**

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<b>Mr. Vikas Mittal</b> <i>Deputy Chief Executive Officer</i>
<b>Mr. Gaurav Parasrampur</b> <i>Chief Financial Officer</i>
<b>Mr. Amit Bhandari</b> <i>Chief Technical Officer &amp; Chief Risk Officer</i>
<b>Ms. Raunak Jha</b> <i>Appointed Actuary (upto 31.08.2017)</i>
<b>Mr. Anand Roop Choudhary</b> <i>Head Legal &amp; Chief Compliance Officer</i>
<b>Mr. Raj Kumar Kapoor</b> <i>Chief Internal Auditor (upto 30.04.2018)</i>
<b>Mr. Jinesh M. Shah</b> <i>Chief Investment Officer</i>
<b>Mr. Amit Loya</b> <i>Chief Internal Auditor (w.e.f 01.05.2018)</i>
<b>Ms. Kavita Modi</b> <i>Company Secretary</i>

### **JOINT STATUTORY AUDITORS**

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<b>M/s. Haribhakti &amp; Co. LLP</b> <i>Chartered Accountants</i> 705, Leela Business Park, Andheri - Kurla Road, Andheri (E), Mumbai - 400059
<b>M/s. MSKA &amp; Associates</b> <i>Chartered Accountants</i> The Ruby, Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai - 400028

### **SECRETARIAL AUDITOR**

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<b>Vinod Kothari &amp; Company</b> <i>Practising Company Secretaries</i> 1006-1009, Krishna Building, 224 A.J.C. Bose Road, Kolkata - 700 017
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From the desk of

## Rajive Kumaraswami

Managing Director & CEO

Magma HDI General Insurance Co Ltd



Dear Stakeholders,

India has emerged as the fastest growing major economy in the world as Per International Monetary Fund (IMF) with a GDP growth rate of 6.6 per cent in 2017-18. This was on the back of 14 months of deceleration due to two major events, first, the demonetization in November 2016 and subsequently the Goods and Services Tax(GST) roll out in July 2017. The International credit rating agency Moody's has also upgraded India's sovereign bond rating for the first time in 14 years.

The automotive sector, one of the core indicative sectors of GDP growth has experienced an eventful year & is on the cusp of transformation moving from BS-IV to BS-VI & then to Electric Vehicles. Despite teething issues of GST, the industry has undergone rapid expansion in terms of strong growth and has achieved quite a few milestones in FY18 as highlighted below:

- Healthy growth of 14.2% in the overall industry and 16.1% in exports
- Passenger Vehicles Domestic Sales was at an All Time High at 33 Lakh units
- Two Wheeler sales touched a milestone of more than 2 crore units
- Three Wheelers posted highest ever domestic sales at over 6 lakh units growing at a rate of 24.2%, with exports recording a growth rate of 40.1%
- Commercial vehicles registered a new sales record of over 8.5 lakh units and registered a growth of 19.9% as compared to the same period last year

There was an increased focus on raising rural demand and job creation through measures such as assured minimum support price, revival of farm realizations, expenditure on rural infrastructure, focus on housing and roads. The rural sector accounts for 69% of the total population and 55% of private consumption.

IMD's prediction of normal monsoon, rising demand and the budgetary support has created the right atmosphere, which will ensure that India will retain its tag of fastest growing economy.

A handwritten signature in blue ink, appearing to read 'Rajive', with a stylized flourish at the end.

India's GDP is expected to grow 7.3 per cent in 2018-19 on the back of digitization, globalization, favorable demographics, and reforms. However, we anticipate rising global crude price, excessive global tightening and recent tariff wars as risks for economy in FY 19.

The General Insurance Industry has grown at a robust pace in FY18 & clocked 17.5% growth in last financial year over FY17. Health & Accident insurance has seen the highest growth followed by Crop Insurance & Motor Insurance. The growth rates for Commercial segment however, remain muted. There has been an improvement witnessed in the combined ratio at an industry level.

In FY19 also, the industry continues to benefit from the much required annual revision of Motor Third Party tariffs which will have a positive impact on the growth and loss ratios for the Motor segment. However, the industry is expected to see some pressure on profits due to an overall tightening in the reinsurance commissions.

The announcement of new national health protection scheme proposes to provide vulnerable families coverage of upto Rs 5 lakhs per family per year for secondary and tertiary care hospitalization. This scheme proposes to cover one third of Indian households and is expected to expand the health insurance market.

While the underlying growth momentum in the industry continues, pricing pressures remain and it is imperative for players to attain scale to generate operating leverage.

After 2 years of consolidation, in FY 18 Magma HDI achieved a growth rate higher than the market growth rate. The year was defining in many aspects and some of the key achievements are summarized below:

1. The company has registered robust growth of 32.5% in FY18.
2. On the product front :
  - With a view to enhance our presence in the health insurance segment, we launched a retail indemnity health product "OneHealth". The product was launched with widespread media coverage
  - We enhanced the features and tenor of our critical illness product and launched "Loan Guard" a 5 year critical illness product
  - On Motor Insurance we filed the Long Term Two Wheeler Insurance product
  - In the commercial segment, we filed Add-ons to the Commercial segment and enhanced our liability product suite
3. On the distribution front, we added a large OEM in our portfolio, a first for the Company.



4. The strategy to diversify the product portfolio also yielded results with the Motor, Commercial and Health contribution at about 74%, 22% and 4% respectively vis-à-vis 81%, 18% and 1% respectively in the previous year.
5. There has also been an overall improvement in the operating environment in terms of policy issuance TATs, customer complaints, claim disposal ratios & TATs, impact of frauds, etc.
6. The combined ratio for the Company improved from 123.2% in FY 17 to 120.2% in FY 18.

A snapshot of Company performance is as below:  
(Rs in lakhs)

Particulars	FY 2018	FY 2017
No. of Policies issued (count)	664,349	497,382
Gross Written Premium	56,028	42,288
Gross Direct Premium Income	52,669	41,949
Earned premium	33,458	32,709
Income from Investments	9,090	8,468
Profit/(Loss) before tax	606	717
Profit/(Loss) after tax	491	630

#### Solvency Margin (as on 31<sup>st</sup> March 2018)

Magma HDI Solvency Margin	IRDAI prescribed limit
201%	150%

We at Magma HDI continue to be excited by the macro level developments. Based on the emerging opportunities, we believe that FY19 will be another year of growth for us. We shall continue to maintain our focus on our retail product classes across Motor & Health and shall continue to invest in growing the distribution franchise retaining focusing on portfolio quality and achieving operating efficiencies through process re-engineering and continuous adoption of technology.

**BOARD'S REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the ninth Annual Report of your Company together with the Audited Financial Statements of the Company for the financial year ended 31 March, 2018. The summarized financial results are given below:

**FINANCIAL HIGHLIGHTS**

*(Rupees in lakhs)*

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
No. of Policies	664,349	4,97,382
Gross Direct Premium Income	52,669	41,949
Earned premium	33,458	32,709
Income from Investments	9,025	8,387
Profit/(Loss) before tax	606	717
Profit/(Loss) after tax	491	630

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

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

The Gross Direct Premium Income written by the Company during the year ended 31 March, 2018 is Rs. 52,669 lakhs (P.Y. Rs. 41,949 lakhs).

During the year under review, the Company operated from 125 locations spread over 20 States and 1 Union Territory across the country.

The Company reported a profit before tax of Rs. 606 lakhs during the year (P.Y. Rs. 717 lakhs) and profit after tax of Rs. 491 lakhs (P.Y. Rs. 630 lakhs).

Company's Gross Direct Premium Income in non-motor segment increased to Rs. 11,327 lakhs during the current year from Rs. 7,918 lakhs in the previous year. Motor segment continues to have the largest share at Rs. 41,342 lakhs against Rs. 34,031 lakhs in the previous year.

The year 2018 has been a significant year wherein we have strengthened the risk management framework, put in place a robust reinsurance program, revamped the entire policy issuance process, achieved significant improvement in our claims management turnaround times and embarked on the journey of building a balanced portfolio across product classes.

We have reaped the benefits of these measures with the GWP registering an overall growth of 32.5% during the year. The combined ratio improved from 123.2% to 120.2% during the year. Motor continues to be the dominant portfolio for the Company with the contribution being 74% of the

portfolio vis-a-vis 81% last year. The Company continues to enjoy one of the lowest Own Damage loss ratios in the industry. The Company now has a presence in the growing health and personal accident segment, which comprises 3.6% of the portfolio.

The Company has been earning profits for the last two years. We have undertaken new initiatives during the year including making inroads in Original Equipment Manufacturers and Banc-assurance programs, which will result in growth in the business volumes and better operational efficiencies resulting in improvement in combined ratio.

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

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

**CHANGES IN THE NATURE OF BUSINESS**

There has been no change in the nature of business of the Company during the financial year 2017-18.

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

Your Company does not have Subsidiary/Associates/Joint-Venture Company as on 31 March, 2018.

**SOLVENCY**

The Company's solvency margin as at 31 March, 2018 stands at 2.01 times, which is well above the prescribed limit as stipulated by Insurance Regulatory & Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 and subsequent Circulars and Orders.

**DIVIDEND**

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the Financial Year ended 31 March, 2018. The Directors also inform that the Company has not declared any interim dividend during the year.

**TRANSFER TO RESERVES**

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





## CHANGES IN SHARE CAPITAL

During the year under review, there were no changes in the Share Capital of the Company.

## CORPORATE GOVERNANCE

Report on Corporate Governance containing details of our compliance with various provisions of Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority of India for the financial year 2017-18 together with a Certificate of Compliance are attached and form part of this Annual Report.

## SECRETARIAL STANDARDS

The Companies complies with all applicable secretarial standards.

## REINSURANCE

Your Company has a well-structured reinsurance program to protect it against the risks it underwrites. The Company has got into arrangements in the form of annual treaties (called Proportional Treaties where the Company and the reinsurer share the premiums and claims in an agreed proportion) with a panel of reinsurers, which enables it to automatically underwrite large risks (upto defined limits) without having to refer each case to them. It has also got into treaty arrangements (called Non - proportional Treaties) which protects it against the accumulation of risks on its books against catastrophic losses and also large risks/individual losses.

The Company analyses the likely loss in case of a catastrophe based on RMS India Earthquake Model. The Company also purchases, wherever required, on a case-to-case basis, facultative reinsurance for specific policies, where either treaty limits are inadequate or the risk is not covered by the terms of the reinsurance treaties.

During FY 2018, the Company had enhanced its automatic capacities for all lines of business which helped in business growth especially in commercial business which it continued in this year also.

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

## INVESTMENTS

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

The Investment portfolio of the Company as on 31 March, 2018 stood at Rs. 1,13,700 lakhs compared to Rs. 90,000 lakhs as on 31 March, 2017. Out of the total fixed income portfolio



(excluding fixed deposits and money market instruments) 74.8% (P.Y. 77.8%) are invested in Sovereign Bonds and highest credit rated securities (AAA or equivalent). In terms of Maturity profile, 19.8% (P.Y. 12.1%) of the portfolio comprises of the short term instruments and 80.2% (P.Y. 87.9%) in longer tenor instruments.

The Company's internal Investment Policy has defined detailed exposure norms for companies, groups and industries in accordance with IRDAI guidelines. The Company has duly complied with these policies and regulatory guidelines during the FY 2017-18. The Company conducts periodic review of the investment portfolio with the above stated objectives. The Company does not hold any non-performing assets in its debt portfolio.

### **PUBLIC DEPOSITS**

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

### **EMPLOYEE STOCK OPTION SCHEME**

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

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, will administer and monitor the MHDI ESOP 2018.

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

During the year under review, the Board of Directors on the recommendation of Nomination and Remuneration Committee had appointed Ms. Suvalaxmi Chakraborty (DIN 00106054) as an Additional Director of the Company in the capacity of Independent Non-Executive Director of the Company for a period of 5 years with effect from 21 June, 2017 and shall not be liable to retire by rotation.

Your Company had received a notice from a member pursuant to Section 160(1) of the Companies Act, 2013 signifying the intention to propose Ms. Suvalaxmi Chakraborty as a candidate for Directorship of the Company pursuant to which her appointment was approved by the shareholders of the Company at the 8th AGM held on 28 July, 2017.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mr. Sanjay Chamria (DIN 00009894) shall retire by rotation at the ensuing AGM. Further, being eligible, he offers himself for reappointment.



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

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

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

#### **STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149 (6) THE COMPANIES ACT 2013**

All the Independent Directors viz. Mr. Kailash Nath Bhandari (DIN 00191219), Mr. Sunil Mitra (DIN 00113473), Mr. V. K. Viswanathan (DIN 01782934) and Ms. Suvalaxmi Chakraborty (DIN 00106054) have given declaration to the Company stating that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 for the financial year 2018-19.

#### **MEETINGS**

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

#### **Board Meetings**

During the financial year 2017-18, four (4) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. All Board meetings were convened by giving appropriate notice to address the Company's specific needs and were governed by a structured agenda. All the agenda items were backed by comprehensive information and documents to enable the Board to take informed decisions. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Further, during the financial year 2017-18, the Board had also decided some of the matters by way of resolutions passed by circulation considering the business exigencies or urgency of matters. There were four (4) resolutions that were passed by means of circular resolutions.

#### **Audit Committee**

The Audit Committee comprises of Mr. V. K. Viswanathan who serves as the Chairman of the Committee, Mr. Sunil Mitra, Mr. Sanjay Chamria, Mr. Kailash Nath Bhandari and Mr. Jens Holger Wohlthat, as other members. During the year four (4) Audit Committee Meetings were convened and held. The terms of reference of the Audit Committee are in compliance with the provisions of Section 177 of the Companies Act, 2013 and have been furnished in the Corporate Governance Report forming a part of this Annual Report. All the recommendations made by the Audit Committee were accepted by the Board.



### **Nomination and Remuneration Committee**

During the year under review three (3) Nomination and Remuneration Committee (NRC) Meetings were convened and held. The composition and terms of reference of the NRC have been furnished in the Corporate Governance Report forming a part of this Annual Report.

### **Corporate Social Responsibility Committee**

Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 made thereunder, your directors have constituted the Corporate Social Responsibility (CSR) Committee. The CSR Committee comprises of Mr. Mayank Poddar, Non-Executive Director who serves as the Chairman of the Committee, Mr. Jens Holger Wohlthat, Non-Executive Director, Mr. Sunil Mitra, Non-Executive Independent Director and Mr. Rajive Kumaraswami, Managing Director & Chief Executive Officer. During the year, one (1) CSR Committee meeting was held on 1 November 2017.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The CSR Policy has been posted on the Company's website at [www.magma-hdi.co.in](http://www.magma-hdi.co.in).

As part of its initiatives under CSR, the Company had proposed to undertake projects or programs in the areas of Education, Health, Water and Sanitation and Environment Protection and Awareness. These projects are largely in accordance with Schedule VII of the Companies Act, 2013 and are also in line with the CSR Plan of the Company.

The Annual Report on CSR is annexed herewith and marked as **Annexure A**.

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

During the year, a separate meeting of Independent Directors was held on 24 January, 2018 in terms of Schedule IV of the Companies Act, 2013, without the presence of Non-Independent Directors and members of the management. The details of said meeting are given in the Corporate Governance Report.

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

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



The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee (NRC) reviewed the performance of the individual Directors. A separate meeting of Independent Directors (IDs) was also held on 24 January, 2018 to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors. This was followed by a Board meeting that discussed the performance of the Board, its Committees and individual Directors taking into consideration the evaluation done by the NRC and the IDs.

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



## MANAGERIAL REMUNERATION

The Executive Director (Managing Director & Chief Executive Officer) is appointed based on terms approved by the Shareholders. The remuneration paid to Managing Director & Chief Executive Officer (MD & CEO) is considered by the Nomination and Remuneration Committee (NRC) taking into account various parameters included in the Remuneration Policy document. His remuneration comprises of salary, allowances and perquisites as indicated in Notes to Accounts. The remuneration paid to him has been approved by Insurance Regulatory and Development Authority of India.

The Non-executive Independent Directors were paid sitting fees of Rs. 40,000/- per meeting of the Board and Rs. 30,000/- per Committee meeting till 25 January, 2018. Thereafter the sitting fees was revised to Rs. 1,00,000/- per meeting of the Board, Audit Committee, Nomination & Remuneration Committee and Risk Management Committee Meeting w.e.f. 1 April, 2018. No sitting fees are being paid to Non-executive Non Independent Directors. The details of remuneration are given in the Corporate Governance Report.

## REMUNERATION POLICY

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

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

1.1 Your Company has one Executive Director. Selection of Executive Director/s shall be in line with the selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment; Nomination and Remuneration Committee (NRC) is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;

1.2 Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;

1.3 In your Company, Senior Management Personnel shall comprise of the function and business heads who are directly reporting to Managing Director & Chief Executive Officer (MD&CEO) of the Company or Director as the case may be;

1.4 For any Senior Management Personnel recruitment, it is critical to identify the necessity for that role. In order to validate the requirement –

i. Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;

ii. Selection shall happen through referrals from Board members, industry leaders or leading search firms;

iii. The recruitment process shall generally involve meetings with MD&CEO and/or identified members of the Nomination and Remuneration Committee ("NRC"), basis which the candidature will be finalised;

iv. On the lines of broad inputs provided by NRC, there shall be a compensation discussion and resulting fitment, based on overall positioning with respect to the market, internal parity and structure of the compensation offer (which includes fixed and variable pay components). Thereafter, the offer shall be rolled out;

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

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

1.2 The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them;

- 1.3 At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;
  - 1.4 Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;
  - 1.5 Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder;
  - 1.6 The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors; and
  - 1.7 MD&CEO or Director along with Company Secretary shall be involved in the familiarisation/ induction process for the independent director/s.
- 3. Remuneration policy for the Directors (including Independent Directors), key managerial personnel and senior management personnel:**
- 1.1 The Independent Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013, or any amendments thereto, as may be determined by NRC from time to time, for attending each meeting(s) of the Board and Committees thereof;
  - 1.2 Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings;
  - 1.3 The remuneration paid to MD&CEO shall be considered by the NRC taking into account various parameters included in this policy document and recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Companies Act, 2013 and the rules made thereunder;
  - 1.4 For KMP and Senior Management Personnel, remuneration shall be based on the Key Responsibility Areas identified and the achievement thereof. The increments shall usually be linked to their performance as well as the performance of the company. The increment on fixed salary would correspond to the percentage increase with respect to the final performance rating as per the agreed salary increment grid.

## **RISK MANAGEMENT POLICY**

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

The specific objectives of the Risk Management Policy are to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed, to establish a framework for the company's risk management process and to ensure companywide implementation, to ensure systematic and uniform assessment of risks related with general insurance business, to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices and to assure business growth with financial stability.

The risk and risk mitigating factors are discussed and deliberated at the Risk Management Committee and subsequently the same is placed at the Board Meeting for review. Further the Board is of opinion that at present there are no risks that may threaten the functioning of the Company. The constitution and terms of reference of the Risk Management Committee of the Company have been furnished in the Corporate Governance Report forming part of this Annual Report.

#### **VIGIL MECHANISM**

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

The said Policy may be referred to, at the website of the Company at its weblink, i.e. <http://magma-hdi.co.in/public-disclosures.aspx>

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

All contracts/arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and the same were also reviewed by the Audit Committee of the Board. There are no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

#### **INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL**

Your Company has an adequate system of internal control procedures which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported





correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee of the Board of Directors. The Audit Committee regularly reviews the audit findings and actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

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

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

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

The Board now recommends the appointment of M/s. Haribhakti & Co. LLP and M/s. MSKA & Associates for ratification by the members at the Annual General Meeting for the financial year 2018-19, if required.

#### **STATUTORY AUDITORS' OBSERVATIONS**

The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer on the Company's operations in FY 2017-18.

#### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Vinod Kothari & Company, Practising Company Secretaries (Unique Identification Number of the firm: P1996WB042300) to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Report of the Secretarial Auditor for the financial year ended 31 March, 2018 is annexed herewith as "Annexure B".

#### **SECRETARIAL AUDITORS' OBSERVATIONS**

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. However, the Secretarial Audit Report includes observations that there has been no regulatory contravention except for a penalty of Rs. 5,00,000/- that has been imposed on the Company by the IRDAI for using unlicensed entities for the purpose of procuring insurance business.

Therefore, in this regard it is clarified that your Company has paid the said amount within the time prescribed by IRDAI.

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

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

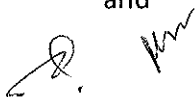
## **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 and the rules framed thereunder. During the year under review, no case of sexual harassment was reported.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a. In the preparation of the annual accounts for the year ended 31 March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. The Directors had selected such accounting policies and applied them consistently except otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31 March, 2018 and of the profit of the Company for that period;
  - During the year, the Company has changed the method of amortisation of premium / discount on Investments purchased, from Straight Line Method to Effective Interest Rate Method, on retrospective basis. As a result of above, the profit before tax for the year is higher by Rs. 89.28 Lakhs.
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, Insurance Act, 1938, Insurance Rules, 1939 and IRDAI Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- d. The Directors had prepared the annual accounts of the Company on a going concern basis;  
and



- e. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and ensured that they were adequate and operating effectively.

#### **MANAGEMENT REPORT**

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

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

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

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings in foreign currency is Rs. 1,223 lakhs (P.Y. Rs. 797 lakhs)  
Expenditure in foreign currency is Rs. 4,184 lakhs (P.Y. Rs. 7,010 lakhs)

#### **EXTRACT OF ANNUAL RETURN**

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

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

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

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

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

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

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

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

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

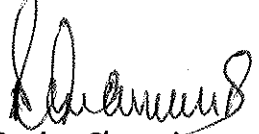
### **ACKNOWLEDGEMENT**

The Board wishes to thank the Insurance Regulatory and Development Authority of India and other regulatory authorities for their continued support and guidance. The Board wishes to place on record its sincere thanks for the support and co-operation extended by the Policyholders, Reinsurers and various channel partners.

The Directors would also like to express their sincere appreciation to the employees of the Company at all levels for their hard work, dedication and commitment in the growth journey of the Company.

**On behalf of the Board of Directors**

Place: Mumbai  
Dated: 1 May, 2018

  
**Sanjay Chamria**  
Chairman  
DIN 00009894

**Annexure A to Board's Report**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

**[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]**

**1. A brief outline on 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**

Pursuant to Section 135 of the Companies Act, 2013, the Company has adopted a CSR Policy. The Company firmly believes that it has a commitment to all its stakeholders, customers, employees and the community in which it operates and it can fulfill this commitment only by sustainable and inclusive growth. The Company aims to improve quality of life through its positive intervention in the community.

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

**Web-link of the CSR Policy:**

The CSR Policy adopted by the Company may be referred to, at the web-link <http://magma-hdi.co.in/public-disclosures.aspx>

**2. The Composition of the CSR Committee**

Sl. No.	Name of the Directors	Category
1.	Mr. Mayank Poddar	Promoter, Non-Executive
2.	Mr. Jens Holger Wohlthat	Promoter, Non-Executive
3.	Mr. Rajive Kumaraswami	Executive
4.	Mr. Sunil Mitra	Independent, Non-executive

**3. Average net profit of the company for last three years**

Average net profit of the Company for last three years is Rs. 279.58 lakhs.

**4. Prescribed CSR expenditure (2% of the amount as in item no. 3 above)**

The Company is required to spend Rs. 5.59 lakhs based on the average net profit mentioned in Para 3 above.

**5. Details of CSR spent during the financial year**

**a. Total amount to be spent for the financial year:**

The total amount to be spent by the Company during the year was Rs. 5.59 lakhs.

**b. Amount unspent, if any:**

An amount of Rs. 5.59 lakhs has been paid towards CSR to Magma Foundation, the implementing agency as considered by the CSR Committee of the Company. The amount has not yet been utilised by the implementing agency.

**c. Manner in which the amount spent during the financial year is detailed below:**

(Rs. in lakhs)

(1) Sl. No	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Location of project (State & district)	(5) Amount outlay	(6) Amount spent on the projects or programs	(7) Cumulative Expenditure up to the reporting period	(8) Amount spent: Direct or through implementing agency
1	Mobile Clinic	Health & Safety	-	5.59	5.59	5.59	Magma Foundation

**Magma Foundation – Implementing Agency**

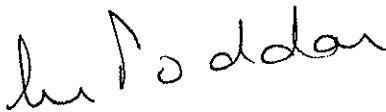
Magma along with its group companies has formed a trust named Magma Foundation. The purpose of this trust is to structure the CSR activity of the organization as a whole. The CSR Committee of the Company has considered Magma Foundation as one of the implementing agency for carrying the CSR activities of the Company.

**6. The reasons for not spending the minimum allocated amount**

An amount of Rs. 5.59 lakhs has been paid towards CSR to Magma Foundation, the implementing agency as considered by the CSR Committee of the Company. The amount has not yet been utilised by the implementing agency and same will be spent in the coming year.

**7. Responsibility statement of the CSR Committee**

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



**Mayank Poddar**  
(Chairman CSR Committee)  
DIN 00009409



**Rajive Kumaraswami**  
(Managing Director & Chief Executive Officer)  
DIN 07501971

## VINOD KOTHARI & COMPANY

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email: [vinod@vinodkothari.com](mailto:vinod@vinodkothari.com)

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Unique Code – P1996WB042300

PAN No - AAMFV6726E

Service Tax Registration No. - AAMFV6726ESD001

UdyogAadhaar Number – WB10D0000448

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

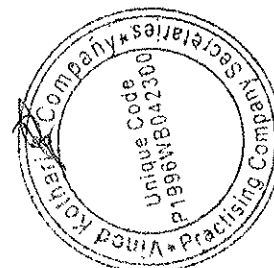
**To**  
**The Members**  
**Magma HDI General Insurance Limited**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as specified in Annexure I and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the period covered by our audit, that is to say, from April 01, 2017 to March 31, 2018 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2018 according to the provisions of:

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



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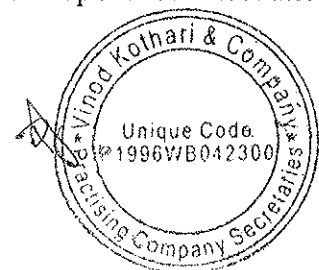
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- b) Insurance Regulatory and Development Authority (Protection of Policyholder's Interests) Regulations, 2002;
- c) Indian Insurance Companies (Foreign Investment) Rules, 2015;
- d) Insurance Regulatory and Development Authority (Registration of Indian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





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- y) Guidelines on Stewardship Code for Insurers in India;
- z) Guidelines on Information and Cyber Security for insurers;
- aa) Other applicable Insurance Regulatory and Development Authority (IRDA) Regulations and Guidelines.

## Management Responsibility:

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

The observations mentioned in this report are in addition to the observations and qualifications, if any, made by the statutory auditors of the Company or any other professional and the same has not been reproduced herein for the sake of repetition. During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:



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UdyogAadhaar Number – WB10D0000448

*We report that there has been no regulatory contravention except for a penalty of Rs. 5,00,000/- that has been imposed on the Company by the IRDAI for using unlicensed entities for the purpose of procuring insurance business. The inspection was intended to check the compliance of the Company of the Insurance Act, 1938, IRDA Act, 1999, and the Rules, Regulations, Circulars, Guidelines and other directions issued thereunder by the Authority. The inspection covered the activities of the insurer related to the period of two Financial Years 2012-13 and 2013-14. The said amount was required to be remitted by the Company by debiting shareholder's account within a period of 15 days of receipt of the IRDAI Order dated 5<sup>th</sup> April, 2017 vide letter dated IRDA/ENF/ORD/ONS/076/04/2017. The said penalty has been paid by the Company within the prescribed time.*

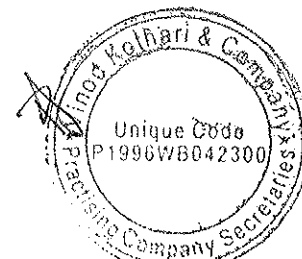
## **We further report that:**

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

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

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

**We further report** that during the Audit Period, the Company properly complied with Guidelines on Indian Owned and Controlled issued by IRDA in carrying out the amendment in its Joint Venture Agreement. Other than the same, the Company has not incurred any



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specific event/ action that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Place: Kolkata**

**Date: 23<sup>rd</sup> April, 2018**

**For Vinod Kothari & Company  
Practising Company Secretaries**



*Pammy Jaiswal*  
**Pammy Jaiswal  
Partner  
Membership No.: A48046  
C P No.: 18059**

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## ANNEXURE-I

### List of Documents

#### 1. Corporate Matters

1.1 Minutes books of the following Meetings were provided:

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

1.2 Annual Report (2016-17)

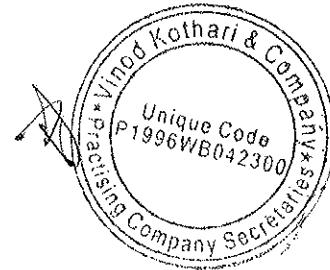
1.3 Financial Results up to quarter ended December 31, 2017

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

1.5 Policies framed under the Act, 2013 and IRDA Guidelines

1.6 Forms and returns filed with the ROC and IRDA

1.7 Registers maintained under Act, 2013 and as per IRDA



**Annexure 'C' to Board's Report**

**FORM NO. MGT-9**

**Extract of Annual Return as on the financial year ended on 31 March, 2018**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U66000WB2009PLC136327
ii)	Registration Date	26 June, 2009
iii)	Name of the Company	Magma HDI General Insurance Company Limited
iv)	Category of the Company/ Sub Category of the Company	Public Company having share capital
v)	Address of the Registered office and contact details	24, Park Street, Kolkata – 700 016 Telephone No. 033-44017200 kavita.modi@magma-hdi.co.in
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Niche Technologies Private Limited D-511, Bagree Market, 5th Floor 71 B.R.B Basu Road, Kolkata- 700 001 Telephone Nos.: 033-2235 7270/7271 Fascimile No.: 033-2215 6823 e-mail: nichetechpl@nichetechpl.com

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

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

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

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

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

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	6124 9600	22500400	8,37,50,000	74.44	6124 9600	22500400	8,37,50,000	74.44	-
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	6124 9600	22500400	8,37,50,000	74.44	6124 9600	22500400	8,37,50,000	74.44	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	-	2,87,50,000	2,87,50,000	25.56	-	2,87,50,000	2,87,50,000	25.56	-
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other...	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (2):-</b>	-	2,87,50,000	2,87,50,000	25.56	-	2,87,50,000	2,87,50,000	25.56	-
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	6124 9600	51250400	11,25,00,000	100.00	6124 9600	51250400	11,25,00,000	100.00	-
<b>B. Public Shareholding</b>									

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
excess of Rs 1 lakh									
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i) NRI/ OCB	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Trust	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Clearing Member	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(2):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total (A+B+C)</b>	<b>61249600</b>	<b>51250400</b>	<b>11,25,00,000</b>	<b>100.00</b>	<b>61249600</b>	<b>51250400</b>	<b>11,25,00,000</b>	<b>100.00</b>	<b>NIL</b>

**ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
	Magma Fincorp Limited	3,52,50,000	31.33	0	3,52,50,000	31.33	0	0



Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
	Celica Developers Private Limited	2,59,99,600	23.11	0	2,59,99,600	23.11	0	0
3.	Celica Developers Private Limited Jh: Vanita Chamria	100	0	0	100	0	0	0
4.	Celica Developers Private Limited Jh: Harshvardhan Chamria	100	0	0	100	0	0	0
5.	Celica Developers Private Limited Jh: Sanjay Chamria	200	0	0	200	0	0	0
6.	Jaguar Advisory Services Private Limited	2,25,00,000	20.00	0	2,25,00,000	20.00	0	0
7.	HDI Global SE (Formerly HDI-Gerling Industrie Versicherung AG)	2,87,50,000	25.56	0	2,87,50,000	25.56	0	0
	<b>Total</b>	<b>11,25,00,000</b>	<b>100</b>	<b>0</b>	<b>11,25,00,000</b>	<b>100</b>	<b>0</b>	<b>0</b>

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>At the beginning of the year</b>				
Magma Fincorp Limited	3,52,50,000	31.33	3,52,50,000	31.33
Celica Developers Private Limited	2,59,99,600	23.11	2,59,99,600	23.11
Celica Developers Private Limited	100	0	100	0

Jh: Vanita Chamria				
Celica Developers Private Limited Jh: Harshvardhan Chamria	100	0	100	0
Celica Developers Private Limited Jh: Sanjay Chamria	200	0	200	0
Jaguar Advisory Services Private Limited	2,25,00,000	20	2,25,00,000	20
HDI Global SE (HDI- Gerling Industrie Versicherung AG)	2,87,50,000	25.56	2,87,50,000	25.56
<b>Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus /sweat equity etc.):</b>	<b>No change during the year</b>			
<b>At the end of the year</b>				
Magma Fincorp Limited	3,52,50,000	31.33	3,52,50,000	31.33
Celica Developers Private Limited	2,59,99,600	23.11	2,59,99,600	23.11
Celica Developers Private Limited Jh: Vanita Chamria	100	0	100	0
Celica Developers Private Limited Jh: Harshvardhan Chamria	100	0	100	0
Celica Developers Private Limited Jh: Sanjay Chamria	200	0	200	0
Jaguar Advisory Services Private Limited	2,25,00,000	20	2,25,00,000	20
HDI Global SE (Formerly HDI- Gerling Industrie Versicherung AG)	2,87,50,000	25.56	2,87,50,000	25.56

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

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

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

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

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

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**  
(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	36.13	NIL	NIL	36.13
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>36.13</b>	<b>NIL</b>	<b>NIL</b>	<b>36.13</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	NIL	NIL	NIL	NIL
Reduction	6.18	NIL	NIL	6.18
<b>Net Change</b>	<b>29.95</b>	<b>NIL</b>	<b>NIL</b>	<b>29.95</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	29.95	NIL	NIL	29.95
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>29.95</b>	<b>NIL</b>	<b>NIL</b>	<b>29.95</b>

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

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

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		<b>Mr. Rajive Kumaraswami</b> [MD & CEO]	
1	Gross salary -		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	108.46	108.46
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.63	0.63
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	90.37	90.37
2	Stock Option	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission - as % of profit - others, specify...	N.A.	N.A.
5	Others, please specify (PF, Gratuity, Exgratia and Annual Performance Bonus)	92.56	92.56
	<b>Total (A)</b>	<b>292.03</b>	<b>292.03</b>
	Ceiling as per the Act	As provided under Schedule V read with Rule 7 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Act.	

**B – Remuneration to other Directors**

**1. Independent Directors**

(Rs. in Lacs)

Sl. No.	Particular of Remuneration	Name of Directors				Total Amount
		Sunil Mitra	K. N. Bhandari	V. K. Viswanathan	Suvalaxmi Chakraborty	
	Fee for attending board / committee meetings	5.20	7.30	6.40	3.30	22.20
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (B)(1)</b>	<b>5.20</b>	<b>7.30</b>	<b>6.40</b>	<b>3.30</b>	<b>22.20</b>

**2. Other Non-Executive Directors:**

(Rs. in Lacs)

Sl. No.	Particular of Remuneration	Name of Directors			Total Amount
		Sanjay Chamria	Mayank Poddar	Jens Holger Wohlthat	
	Fee for attending board / committee meetings	N.A.	N.A.	N.A.	N.A.
	Commission	N.A.	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.	N.A.
	<b>Total (B)(2)</b>				<b>N.A.</b>
	<b>Total (B)= (B)(1)+ (B)(2)</b>				<b>22.20</b>
	<b>Total Managerial Remuneration</b>	<b>22.20</b>			
	<b>Overall Ceiling as per the Act</b>	N.A. (since the Company does not pay any commission to Non-Executive Directors)			

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

(Rs. in Lacs)

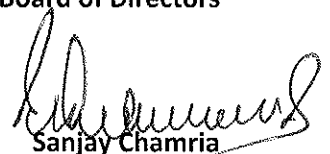
Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Gaurav Parasrampuria [Chief Financial Officer]	Ms. Kavita Modi [Company Secretary]	
<b>1</b>	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	42.28	6.67	48.96
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	7.84	0.08	7.91
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	38.94	5.01	43.94
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission			
	- as % of profit	N.A.	N.A.	N.A.
	- others, specify...	N.A.	N.A.	N.A.
5	Others, please specify (PF, Gratuity and Annual Performance Bonus)	6.88	0.91	7.79
	<b>Total (C)</b>	<b>95.94</b>	<b>12.66</b>	<b>108.60</b>

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

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

On behalf of the Board of Directors

Place: Mumbai  
Dated: 1 May, 2018

  
Sanjay Chamria  
Chairman  
DIN 00009894

## REPORT ON CORPORATE GOVERNANCE

### Philosophy on the Code of Corporate Governance

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

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

### Board of Directors

The composition of the Board of Directors is in compliance with the provisions of the Companies Act, 2013 and is in accordance with the Corporate Governance Guidelines prescribed for insurance companies by the Insurance Regulatory and Development Authority of India (IRDAI). The Board of Directors of the Company consists of Eight (8) Directors, comprising of four (4) Independent Directors including one (1) Woman Director, three (3) Non - Executive Directors and one (1) Executive Director. The Chief Executive Officer of the Company, who is also the Managing Director, is an executive member of the Board. All other Directors including the Chairman are Non-Executive Directors and none of the Independent Directors are relative of any other Director or employee of the Company. The declaration as required under Corporate Governance Guidelines for Fit and Proper criteria has been obtained from all the Directors of the Company.

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

The composition of the Board of Directors as on 31 March 2018 is as follows:

Sl. No.	Name of the Director	DIN	Qualification	Field of Specialization	Category	Number of other Directorship#
1	Mr. Sanjay Chamria (Chairman)	00009894	B.Com (H), FCA	Finance	Promoter, Non-executive Director	8
2	Mr. Jens Holger Wohlthat (Vice Chairman)	05245642	Versicherungsfa -chwirt (nearest to ACII in India)	Insurance	Promoter, Non-executive Director	1
3	Mr. Mayank	00009409	B.Com	Finance	Promoter,	7

Sl. No.	Name of the Director	DIN	Qualification	Field of Specialization	Category	Number of other Directorship#
	Poddar				Non-executive Director	
4	Mr. Kailash Nath Bhandari	00191219	B.A.L.L.B.	Insurance	Independent, Non-executive Director	9
5	Mr. Sunil Mitra	00113473	B.SC, IAS	Finance & Economics	Independent, Non-executive Director	6
6	Mr. V. K. Viswanathan	01782934	B.Com, FCA	Finance & Industry	Independent, Non-executive Director	8
7.	Mr. Rajive Kumaraswami {Managing Director & Chief Executive Officer (MD&CEO)}	07501971	B.com, FCA, ACMA	Insurance	Professional, Executive Director	0
8.	Ms. Suvalaxmi Chakraborty	00106054	B.com (H), CA	Finance	Independent, Non-Executive Director	3

### Board Meetings

Being the apex body constituted by the shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. During the financial year 2017-18, the Board of Directors met four (4) times on 4 May 2017, 28 July 2017, 1 November 2017 and 25 January 2018. The maximum time in between two meetings was not more than 120 days and the required information were made available to the Board. Following table sets out the details of attendance of Directors at the Board Meetings.

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



Sl. No.	Name of the Director	Meetings Attended/Meetings Held
7	Ms. Suvalaxmi Chakraborty <sup>1</sup>	3/3
8	Mr. Rajive Kumaraswami	4/4

Detailed agenda is circulated to the Directors in advance. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meetings. Video/teleconferencing facilities are provided, if required, to facilitate Directors present at other locations, to participate in the meetings. All the rules and regulations relating to conduct of meeting through video conferencing were duly complied with.

Mr. Sanjay Chamria, Director jointly with Celica Developers Private Limited holds 200 Equity shares in the Company as on 31 March 2018. None of the other directors, Key Managerial Personnel or their relatives hold any Equity shares in the Company.

#### Remuneration of Directors

The Independent Directors are paid sitting fee of Rs. 40,000/- each, for every meeting of the Board attended by them and Rs. 30,000/- each for every meeting of the Committees attended by them. Non-Executive Directors are not paid any sitting fees. The details of the remuneration paid to the Directors during the Financial Year ended 31 March 2018 are given below:

(Amount in Rs.)

Sl. No.	Name of the Director	Salary & Perquisites*	Sitting Fees	Total
1	Mr. Sanjay Chamria	-	-	-
2	Mr. Jens Holger Wohlthat	-	-	-
3	Mr. Rajive Kumaraswami	29,202,884	-	29,202,884
4	Mr. Mayank Poddar	-	-	-
5	Mr. Kailash Nath Bhandari	-	7,30,000	7,30,000
6	Mr. Sunil Mitra	-	5,20,000	5,20,000
7	Mr. V. K. Viswanathan	-	6,40,000	6,40,000
8	Ms. Suvalaxmi Chakraborty	-	3,30,000	3,30,000

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

<sup>1</sup> Inducted as a member of Board w.e.f. 21 June 2017

## Committees of the Board of Directors:

### Constitution & Composition

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

#### 1. Audit Committee

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

##### a. Terms of Reference

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the company;
3. Approve rendering of services by the statutory auditor other than those expressly barred under section 144 of Companies Act, 2013 and remuneration for the same;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions (AS 18 of ICAI and IRDAI guidelines); and
  - g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval and secure the Certificate from CFO and / or auditors which will be in line with the IRDAI Regulations.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
8. Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
9. Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
12. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors;
13. Review the functioning of the Whistle Blower/vigil mechanism;
14. Review Management letters/letters of internal control weakness issued by the Statutory Auditors;
15. Review the Internal Audit Report relating to internal control weakness;
16. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
17. Approve and recommend to the Board the transactions of the Company with Related Parties or any subsequent modification thereof.
18. Scrutinise inter-corporate loans and investments;
19. Valuation of undertakings or assets of the company, wherever it is necessary;
20. Evaluation of internal financial controls and risk management systems;
21. Investigate into any matter in relation to the items within the purview of the Terms of Reference of the Audit Committee of Board (ACB) or referred to it by the Board or auditor of the Company and for this purpose, shall have full access to information contained in the books, records, facilities, personnel of the Company and the External professional consultants and their advice, if necessary
22. Recommend on any matter relating to financial management
23. Comply with the going concern assumptions.

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

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

#### b. Composition

Mr. V. K. Viswanathan, an Independent Director, is the Chairman of the Committee. Mr. Sunil Mitra, Mr. Kailash Nath Bhandari, Independent Directors, Mr. Jens Holger Wohlthat and Mr. Sanjay Chamria, Non-Executive Directors are the other members of the Audit Committee. All the Non-Executive members of the Audit Committee are financially literate and Mr. V. K. Viswanathan, Chairman of the Committee is a Fellow Chartered Accountant (FCA) with strong financial analysis background, as required under Corporate Governance Guidelines issued by IRDAI.

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

The Audit Committee met four (4) times during the year on 4 May 2017, 28 July 2017, 01 November 2017 and 25 January 2018. Following table sets out the particulars of attendance of members of the Committee at various meetings:

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

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

## 2. Investment Committee

The Investment Committee has been constituted pursuant to IRDAI Corporate Governance Guidelines.

### a. Terms of reference

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

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

### b. Composition

Mr. Kailash Nath Bhandari, an Independent Director, is the Chairman of the Investment Committee, with Mr. Rajive Kumaraswami, MD & CEO, Mr. Jens Holger Wohlthat, Mr. Sanjay Chamria and Ms. Suvalaxmi Chakraborty being the other Directors members thereof. Mr. Gaurav Parasrampur, Chief Financial Officer (CFO), Mr. Jinesh Shah, Chief Investment Officer and Mr. Amit Bhandari, Chief Technical Officer & Chief Risk Officer are also other members of the Investment Committee. Due to the resignation of Ms. Raunak Jha, Appointed Actuary (AA) of the Company w.e.f. 31 August, 2017 there is a vacancy of position of AA in the Company. Pursuant to IRDAI Panel of Actuaries – Expression of Interest dated 15 February, 2017, if any insurer is not able to appoint AA they can use the services of any Actuary from the “Panel of Actuaries”. Based on the same, the Company has

obtained approval from IRDAI and on-boarded a Panel Actuary from the second quarter of FY 17-18. The Panel Actuary approved by the IRDAI is a permanent invitee to all the IC meetings”.

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

The Investment Committee met four (4) times during the year on 4 May 2017, 28 July 2017, 01 November 2017 and 25 January 2018 to look into the various aspects of Investment operation and to monitor the same. Following table sets out the particulars of attendance of members of the Investment Committee at various meetings:

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

**3. Policyholders' Protection Committee**

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

**a. Terms of reference**

Terms of reference of the Committee are as follows:

1. Adopt standard operating procedures to treat the customer fairly including time-frames for policy and claims servicing parameters and monitoring implementation thereof.

<sup>2</sup> Inducted as a member w.e.f. 4 July 2017

<sup>3</sup> Ceased to be member w.e.f. 31 August 2017

2. Establish effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries.
3. Put in place a framework for review of awards given by Insurance Ombudsman/Consumer Forums. Analyse the root cause of customer complaints, identify market conduct issues and advise the management appropriately about rectifying systemic issues, if any.
4. Review all the awards given by Insurance Ombudsman/Consumer Forums remaining unimplemented for more than three (3) months with reasons therefor and report the same to the Board for initiating remedial action, where necessary.
5. Review the measures and take steps to reduce customer complaints at periodic intervals.
6. Ensure compliance with the statutory requirements as laid down in the regulatory framework.
7. Ensure adequacy of disclosure of "material information" to the policyholders. These disclosures shall comply with the requirements laid down by the Authority both at the point of sale and at periodic intervals.
8. Provide details of grievances at periodic intervals in such formats as may be prescribed by the Authority.
9. Ensure that details of insurance ombudsmen are provided to the policyholders.
10. Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims.
11. Reviewing Repudiated claims with analysis of reasons.
12. Status of settlement of other customer benefit payouts like Surrenders, Loan, Partial withdrawal requests etc.
13. Review of unclaimed amounts of Policyholders, as required under the Circulars and guidelines issued by the Authority.

#### b. Composition

Mr. Kailash Nath Bhandari, an Independent Director, is the Chairman of the Policyholders' Protection Committee. Mr. Rajive Kumaraswami, MD & CEO, Mr. Sunil Mitra and Mr. V. K Viswanathan being the other Directors members thereof.

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

The Committee met four (4) times during the year on 4 May 2017, 28 July 2017, 01 November 2017 and 25 January 2018. Following table sets out the particulars of attendance of members of the Policyholders' Protection Committee at the said meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Kailash Nath Bhandari (Chairman)	Independent, Non-executive Director	4/4
2	Mr. Sunil Mitra	Independent, Non-executive Director	4/4

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
3	Mr. V. K. Viswanathan	Independent, Non-executive Director	4/4
4	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4

#### 4. Risk Management Committee

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

##### a. Terms of reference

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

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

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

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



15. Ensuring that liabilities are backed by appropriate assets and manage mismatches between assets and liabilities to ensure they remain within acceptable monitored tolerances for liquidity, solvency and the risk profile of the entity.
16. Monitoring risk exposures at periodic intervals and revising ALM strategies where required. Reviewing, approving and monitoring systems, controls and reporting used to manage balance sheet risks including any mitigation strategies.
17. Regular review and monitoring of mismatch between assets and liabilities and the acceptable tolerance limits for mismatch, if any.
18. Ensuring that management and valuation of all assets and liabilities comply with standards, prevailing legislation and internal and external reporting requirements.
19. Submitting the ALM information before the Board at periodic intervals. Annual review of strategic asset allocation.
20. Reviewing key methodologies and assumptions including actuarial assumptions, used to value assets and liabilities.
21. Managing capital requirements at the company level using the regulatory solvency requirements.
22. Reviewing, approving and monitoring capital plans and related decisions over capital transactions (e.g. dividend payments, acquisitions, disposals, etc).

**b. Composition**

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

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

The Risk Management Committee met four (4) times during the year on 4 May 2017, 28 July 2017, 01 November 2017 and 25 January 2018. Following table sets out the particulars of attendance of members of the Risk Management Committee at the said meetings:

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

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
5	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4
6	Ms. Suvalaxm Chakraborty <sup>4</sup>	Independent Director	3/3

## 5. Nomination & Remuneration Committee

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

### a. Terms of Reference

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

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

<sup>4</sup> Inducted as a member w.e.f. 4 July 2017

- c. Approve remuneration packages and service contract terms of Senior Management (all the Direct Reportees to the Managing Director) including the structure, design and target setting for short and long term incentives / bonus
- d. Approve framework and broad policy in respect of all Employees for increments
8. ESOPs - approve subscription and allotment of shares to the eligible employees under the shareholders approved ESOP Schemes;
9. Contracting Professional help to advise the Committee on matters relating to the terms of reference of the Committee requiring independent input from outside experts;
10. a. Recommend & Review succession plans for Managing Directors  
b. Review and approve succession plans for Senior Management (all the Direct Reportees to the Managing Director)
11. Conduct annual review of the Committee's performance and effectiveness at the Board level.
12. Selection and appointment of relatives of directors to office or place of profit in the Company.
13. Powers as may be delegated by the Board of Directors from time to time subject to the provisions of the Memorandum of Association & Articles of Association of the Company, the Companies Act, 2013 and other applicable laws.

**b. Composition**

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

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

The NRC met three (3) times during the year on 4 May 2017, 28 July 2017 and 25 January 2018. Following table sets out the particulars of attendance of members of the Committee at various meetings:

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

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
5	Mr. K.N. Bhandari <sup>5</sup>	Independent, Non-executive Director	2/2
6	Mr. Mayank Poddar <sup>6</sup>	Promoter, Non - Executive Director	2/2

## 6. Corporate Social Responsibility Committee

During the financial year 2017-18, the Corporate Social Responsibility Committee has been constituted pursuant to the IRDAI Corporate Governance Guidelines and Companies Act, 2013.

### a. Terms of reference

Terms of reference of the Committee are as follows:

1. Formulation and ensuring compliance of CSR Policy
2. Identifying the CSR activities and the geographic distribution of CSR
3. Identifying structure for CSR implementation
4. Execution, implementation, monitoring and reporting of CSR activities
5. Such other acts as may be delegated by the Board from time to time

### b. Composition

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

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

The Committee met one (1) time during the year on 1 November 2017. Following table sets out the particulars of attendance of members of the Corporate Social Responsibility Committee at the said meeting:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Mayank Poddar (Chairman)	Promoter, Non - Executive Director	1/1
2	Mr. Jens Holger Wohlthat	Promoter, Non - Executive Director	1/1

<sup>5</sup> Inducted as a member w.e.f. 4 May 2017

<sup>6</sup> Inducted as a member w.e.f. 4 May 2017

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
3	Mr. Sunil Mitra	Independent, Non-Executive Director	1/1
4	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	1/1

## 7. Management Committee

### a. Terms of Reference

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

### b. Composition

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

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

The Management Committee met four (4) times during the year on 10 May 2017, 25 July 2017, 17 October 2017 and 02 January 2018. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Sl. No.	Name of the Member	Category	Meetings Attended/Meetings held
1	Mr. Sanjay Chamria (Chairman)	Promoter, Non - Executive Director	4/4
2	Mr. Mayank Poddar	Promoter, Non - Executive Director	3/4
3	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	2/4

## 7. Separate Meeting of Independent Directors'

During the financial year 2017-18, a separate meeting of Independent Directors (IDs) was held on 24 January 2018 in terms of Schedule IV of the Companies Act, 2013 and IRDAI Corporate Governance

Guidelines, without the presence of Non-Independent Directors and members of the management. At this Meeting, the IDs inter alia had:

- reviewed the performance of Non-Independent Directors & the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- assessed the quality, quantity and timeliness of flow of information between the Company management & the Board that is necessary for the Board to effectively & reasonably perform their duties.

All the Independent Directors were present at the meeting.

#### **Vigil Mechanism/ Whistle Blower Policy**

Section 177 of Companies Act, 2013 read with rules made thereunder and IRDAI Corporate Governance Guidelines requires your Company to establish a vigil mechanism/whistle blower policy. Instead of having separate policy on vigil mechanism, your Company has adopted the 'Breach of Integrity and Whistle Blower Policy' of Magma Group which shall be also applicable for the Company. The details of the said Policy are explained in the Board's Report.

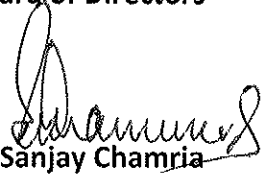
#### **Key Management Persons (KMPs)**

During the financial year 2017-18, no new Key Management Person joined the core management team of the Company.

#### **Compliance Officer**

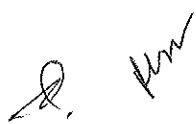
Ms. Kavita Modi, Company Secretary of the Company has been designated as a Compliance Officer to monitor and ensure compliance of the IRDAI Corporate Governance Guidelines.

**On behalf of the Board of Directors**

  
**Sanjay Chamria**  
Chairman  
(DIN 00009894)

Date: 1 May, 2018

Place: Mumbai



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

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

*Kavita Modi*

Date: 1 May, 2018  
Place: Mumbai

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

*[Handwritten initials]*

## MANAGEMENT REPORT

In accordance with the provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 (the Regulation), the Management submits the following Report for the year ended 31 March, 2018:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority of India (IRDAI) to undertake General Insurance business in India.
2. To the best of our knowledge and belief, we certify that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that there has been no transfer of shares during the year and the shareholding pattern during the year is in accordance with the Statutory and regulatory requirements.
4. We declare that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the Company has maintained the required solvency margins as laid down by Insurance Regulatory and Development Authority of India. The Company's solvency margin as at 31 March 2018 stands at 2.01 times.
6. We certify that the values of all the assets of the Company have been reviewed on the date of the balance sheet and to the best of our knowledge and belief the assets set forth in the balance sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings 'Investments', 'Cash and Bank Balances', 'Interest accrued on investments', 'Due from other insurance companies, including reinsurers (net)', and the several items specified under 'Other accounts'.
7. The Company is exposed to various types of risks associated with general insurance business. The company closely monitors these risks and manages them by adopting prudent risk mitigating measures.

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

Investment risk is mitigated by laying down the investment guidelines through the Investment Policy. The Investment Policy is reviewed at least half-yearly to take care of the latest developments including regulatory changes.

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





## Ageing of Claims outstanding

(Rs in Lakhs)

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

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

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

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

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

#### Average Claims Settlement time

Class of Business	Trend in average claim settlement time for various segments									
	FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15		FY 2013-14	
	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)
Fire	740	19	131	156	116	129	28	113	16	81
Marine Cargo	1,697	31	2075	29	1,081	54	963	41	43	41
Miscellaneous	22,053	31	21,697	38	31,416	31	25,149	28	10,044	30
<b>Grand Total</b>	<b>24,490</b>	<b>30</b>	<b>23,903</b>	<b>38</b>	<b>32,613</b>	<b>32</b>	<b>26,140</b>	<b>29</b>	<b>10,103</b>	<b>30</b>

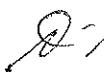
Note: The above ageing does not include Motor Third Party claims which have to be settled through MACT and other judicial bodies.

10. We certify that the values, as shown in the Balance Sheet, of the investments which consists of fixed income securities, and mutual fund units have been valued as per accounting policies prescribed by IRDAI. For fixed income securities, the market value is based on procedure issued by Fixed Income Money Market Derivatives Association of India (FIMMDA). The investments in the Mutual Funds are valued at Net Asset Values (NAV) of these Mutual Funds as on the Balance Sheet date.
11. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDAI. The Company has carried out periodic review of the investment portfolio. There are no non-performing assets as at the end of the financial year.
12. The Management of Magma HDI General Insurance Company Limited certifies that:
  - a) In the preparation of financial statements, the applicable accounting standards and principles and policies have been followed along with proper explanation relating to material departures, if any.
  - b) The management has adopted accounting policies and applied them consistently except otherwise stated and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating profit or loss and of the profit or loss of the Company for the financial year.

During the year, the Company has changed the method of amortisation of premium / discount on Investments purchased, from Straight Line Method to Effective Interest Rate Method, on retrospective basis.

As a result of above, the profit before tax for the year is higher by Rs. 119.46 Lakhs.

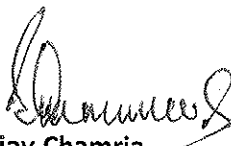
- c) The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 2013, (1 of 2013), for safeguarding the assets of the Company and for preventing and detecting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



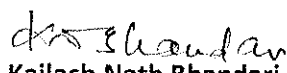
Sr. No.	Entity in which Director is interested	Name of Director	Interested as	Amount (Rs. in lakhs)	Nature of Payments
1	Magma Fincorp Limited	Sanjay Chamria	Vice Chairman & MD	1,266.86	Corporate Agent Commission
				789.86	Sharing of Expenses*
				87.40	Purchase of Fixed Assets
				11.08	Claim Payment
2	HDI Global Network AG	Jens Holger Wohlthat	Chairman	1,161.38	Payment for reinsurance ceded
3	Magma Consumer Finance Private Limited	Sanjay Chamria	Director/Member	2.97	Claim Payment
4	CLP Business LLP	Mayank Poddar	Partner	11.82	Rent Payment

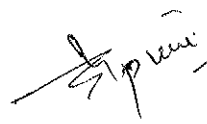
\*Payment in relation to services provided e.g. support for adequate space, infrastructure support at Magma branches, back office support for IT, HR, taxation, Legal Services etc. In terms of IRDA order dated 15-Apr-2017, the same has been discontinued w.e.f. 1-Jan-2018.

For and on behalf of the Board of Directors

  
**Sanjay Chamria**  
 Chairman

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

  
**Kailash Nath Bhandari**  
 Director

  
**Gaurav Parasrampuria**  
 Chief Financial Officer

  
**Sunil Mitra**  
 Director

  
**Kavita Modi**  
 Company Secretary

Place: Mumbai

Date: 1 May, 2018



## INDEPENDENT AUDITORS' REPORT

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

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Magma HDI General Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payment Account of the Company in accordance with the requirements of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 read with Insurance Regulatory and Development Act, 1999 (the "IRDA Act") (the "Insurance Act") Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") order/ directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in this regard and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 ("accounting standards") to the extent applicable and in the manner so required. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Insurance Act, the IRDA Act, the Regulations, the Act and the Rules made there under including the accounting standards to



the extent applicable and auditing standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in accordance with the requirements of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, IRDAI, the Regulations and the Act, to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:
  - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
  - ii. in the case of the Revenue Account, of the net surplus/(deficit) for the year ended on that date;
  - iii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

#### **Other Matters**

9. Pursuant to IRDAI guidelines on Transitory Provisions under IRDAI (Appointed Actuary) Regulations 2017 dated August 17, 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) as at March 31, 2018, has been duly certified by the Panel Actuary (appointment duly approved by IRDAI), . He has also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the aforesaid certificate from the Panel Actuary while forming our opinion on the financial statements of the company.



10. The financial statements of the Company for the year ended March 31, 2017, were audited by the then joint statutory auditor, Chaturvedi & Shah and the present statutory joint auditor Haribhakti & Co LLP who, vide their report dated May 04, 2017, expressed an unmodified opinion on those financial statements.

**Report on Other Legal and Regulatory Requirements**

11. As required by the Regulations, we have issued a separate certificate dated May 01, 2018 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the Regulations.

12. As required under the Regulations, read with Section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
- b. In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of those books;
- c. As the Company's financial accounting system is centralized at Head Office, no returns for the purposes of our audit are prepared at the branches of the Company;
- d. The Balance Sheet, the Revenue Account, the Profit and Loss Account, and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account;
- e. In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the Regulations and / or orders / directions/circulars/guidelines issued by the IRDAI in this behalf;
- f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the accounting standards to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI in this regard;
- g. In our opinion and to the best of our information and according to the explanations given to us, the accounting policies selected by the Company are appropriate and are in compliance with the accounting standards, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders / directions issued by the IRDAI in this behalf;
- h. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



- 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".
- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement as referred to in Note 1 of Schedule 17 to the financial statements;
  - ii. The liability for insurance contracts, is determined by the Company's Panel Actuary referred to in Other Matter paragraph above, on which we have placed reliance; and the Company did not have any other long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 21 of schedule 17 to the financial statements
  - iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended March 31, 2018. Refer Note 19 of Schedule 17 to the financial statements.

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



Purushottam Nyati  
Partner  
Membership No. 118970

Date : May 01, 2018  
Place : Mumbai

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

Deepak Rao  
Partner  
Membership No. 113292



Date : May 01, 2018  
Place : Mumbai



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

**MSKA & Associates**  
**Chartered Accountants**  
**The Ruby-Level 9 NW Wing,**  
**Senapati Bapat Marg,**  
**Dadar**  
**Mumbai- 400 028**

### **Independent Auditors' Certificate**

#### **THE BOARD OF DIRECTORS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

(Referred to in paragraph 11 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated May 1, 2018)

We have been requested by the Company having Registered office at 24 Park Street, Kolkata 700 016, to issue a certificate in accordance with the terms of engagement letters dated March 22, 2018.

This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, (the "Regulations").

#### **Management's Responsibility**

The Management is responsible for ensuring that the Company complies with the requirements of The Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"). This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance with the Provisions of Paragraph 3 & 4 of Schedule C of the Regulations and provides all relevant information to Insurance Regulatory and Development Authority of India (IRDAI).

#### **Auditor's Responsibility**

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

The following documents have been furnished by the Company:

- a) Management Report for the year ended March 31, 2018
- b) Compliance certificate submitted to the Board of Directors by the officers of the Company.
- c) Cash in Hand and Cheques in Hand certificate as on March 31, 2018
- d) Holding Statement as at March 31, 2018 issued by the Company's custodial for Investments;
- e) Balance confirmations received by the Company in relation to Investment in Mutual Funds; and
- f) Management Representation



We have performed the following procedures:-

- a) Reviewed the management report attached to the financial statements for the year ended March 31, 2018;
- b) Verified the cash balances, to the extent considered necessary and securities relating to Company's loans and investments as at March 31, 2018, by actual inspection and on the basis of certificates/confirmations received from the third parties/Custodians and/Depository Participants appointed by the Company, as the case may be;
- c) Read the compliance certificate submitted to the Board of Directors; and
- d) Relied on Management representations.

We have audited the financial statements of the Company as of and for the financial year ended March 31, 2018, on which we issued an unmodified audit opinion vide our reports dated May 01, 2018. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

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

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

### Opinion

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

1. There are no apparent mistakes or material inconsistencies in the management report attached with the financial statements;
2. The Company has complied with the terms and conditions of registration as per sub section 4 of section 3 of the Insurance Act, 1938;
3. We have verified the cash balances, to the extent considered necessary and securities relating to Company's investments as at March 31, 2018, by actual inspection and on the basis of certificates/confirmations received from the third parties/Custodians and/Depository Participants appointed by the Company, as the case may be. The Company has not granted any loan;
4. The Company is not a trustee of any trust; and



5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the Policyholders' Funds.

**Restriction of use**

This certificate is issued at the request of the Company solely for use of the Company for inclusion in the annual accounts in order to comply with the provisions of paragraph 3 and 4 of Schedule C of the IRDA Financial Statements Regulations read with Regulation 3 of the IRDA Financial Statements Regulations and is not intended to be and should not be used for any other purpose without our prior consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

**For Haribhakti & Co. LLP**

Firm Registration No. 103523W/W100048  
Chartered Accountants



Purushottam Nyati  
Partner

Membership No. 118970

Place: May 01, 2018

Date: Mumbai

**For MSKA & Associates**

Firm Registration No. 105047W  
Chartered Accountants

Deepak Rao  
Partner

Membership No. 113292



Place: May 01, 2018

Date: Mumbai

(Referred to in paragraph 12(i) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report of even date to the members of Magma HDI General Insurance Company Limited on the financial statements for the year ended March 31, 2018.)

**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")**

1. We have audited the internal financial controls over financial reporting of **Magma HDI General Insurance Company Limited** ("the Company") as of March, 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that



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

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

7. 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**

8. In our opinion, to the best of our information and according to the explanation given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March, 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

9. Pursuant to IRDAI guidelines on Transitory Provisions under IRDAI (Appointed Actuary) Regulations 2017 dated August 17, 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) as at March 31, 2018, has been duly certified by the Panel Actuary (appointment duly approved by IRDAI), . He has also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly our opinion on the internal financial controls over financial reporting, does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

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



Purushottam Nyati  
Partner

Membership No. 118970  
Date : May 01, 2018  
Place : Mumbai

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

Deepak Rao  
Partner

Membership No. 113292  
Date : May 1, 2018  
Place : Mumbai



FORM B-BS

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

BALANCE SHEET AS AT 31 MARCH 2018

(Rs in '000)

Particulars	Schedule	As at 31 March, 2018	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2017
<b>SOURCES OF FUNDS</b>					
Share capital	5		1,125,000		1,125,000
Reserves and surplus	6		1,455,000		1,455,000
Fair value change account			1,665		385
Borrowings	7		2,995		3,613
<b>TOTAL</b>			<b>2,584,660</b>		<b>2,583,998</b>
<b>APPLICATION OF FUNDS</b>					
<b>Investments</b>					
Investments - Shareholders Funds	8	1,866,030		2,056,978	
Investments - Policyholders Funds	8A	9,505,153		6,947,094	
<b>Total Investments</b>			<b>11,371,183</b>		<b>9,004,072</b>
Loans	9		-		-
Fixed assets	10		170,362		149,704
Deferred tax asset			99,482		99,482
<b>Current Assets</b>					
Cash and bank balances	11	261,829		168,149	
Advances and other assets	12	814,562		1,084,256	
<b>Sub-Total (A)</b>		<b>1,076,391</b>		<b>1,252,405</b>	
<b>Current liabilities</b>					
Provisions	13	8,224,453		6,478,064	
<b>Sub-Total (B)</b>	14	<b>2,183,698</b>		<b>1,768,062</b>	
<b>Net Current Assets (C) = (A - B)</b>			<b>(9,331,760)</b>		<b>(6,993,721)</b>
Miscellaneous expenditure (to the extent not written off or adjusted)	15		-		-
Debit Balance in Profit and Loss Account			275,393		324,461
<b>TOTAL</b>			<b>2,584,660</b>		<b>2,583,998</b>

Significant Accounting Policies  
Notes to Financial Statement

16  
17

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

For and on behalf of the Board of Directors



Sanjay Chamria  
Chairman  
DIN No. - 00009894



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

As per our Report of even date attached.

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



Hrushikant Nyati  
Partner  
Membership No. 118970

Mumbai, 1 May 2018

For MSKA & Associates  
Chartered Accountants  
Firm Regn. No. 113247




Deepak Rao  
Partner  
Membership No. 113247




Kailash Nath Bhandari  
Director  
DIN No. - 00191219



Sunil Mitra  
Director  
DIN No. - 00113473



Gaurav Parasrampur  
Chief Financial Officer



Kavita Modi  
Company Secretary  
Membership No. - A21108

FORM B-PL

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

(Rs in '000)

Particulars	Schedule	Year ended 31 March, 2018	Year ended 31 March, 2017
<b>OPERATING PROFIT/(LOSS)</b>			
(a) Fire insurance		(161,892)	(35,572)
(b) Marine insurance		(37,016)	(43,679)
(c) Miscellaneous insurance		85,746	(29,158)
<b>INCOME FROM INVESTMENTS</b>			
(a) Interest, dividend and rent (Gross)		176,531	175,994
(b) Profit/(loss) on sale / redemption of investments (Net)		13,499	20,242
<b>OTHER INCOME</b>			
Other income		-	-
<b>TOTAL (A)</b>		<b>76,868</b>	<b>87,827</b>
<b>PROVISIONS (Other than taxation)</b>			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		-	-
(c) Others		-	-
<b>OTHER EXPENSES</b>			
(a) Expenses other than those related to insurance business			
- Employees' remuneration and welfare benefits		14,203	13,430
- Corporate Social Responsibility Expenses		560	-
(b) Investment Expenses		1,458	1,332
(c) Loss on sale of fixed assets		-	868
(d) Others		-	500
<b>TOTAL (B)</b>		<b>16,221</b>	<b>16,130</b>
<b>Profit / (Loss) before tax</b>		<b>60,647</b>	<b>71,697</b>
<b>Provision for taxation</b>			
(a) Current tax (MAT)		11,689	8,670
(b) Deferred tax expense / (income)		-	-
(c) Tax adjustment of earlier years		(110)	-
<b>Profit / (Loss) after tax</b>		<b>49,068</b>	<b>63,027</b>
<b>APPROPRIATIONS</b>			
(a) Interim dividends paid during the period		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any reserve or other account		-	-
Balance of profit/ (loss) brought forward from last year		(324,461)	(387,488)
<b>Balance carried forward to Balance Sheet</b>		<b>(275,393)</b>	<b>(324,461)</b>
<b>Earning Per Share (Basic &amp; Diluted) of face value of Rs.10/- per share</b>	<b>17</b>	<b>0.44</b>	<b>0.56</b>

Significant Accounting Policies

16

Notes to Financial Statement

17

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

For and on behalf of the Board of Directors

*Sanjay Chamria*

Sanjay Chamria

Chairman

DIN No. - 00009894

*Rajive Kumaraswami*

Rajive Kumaraswami

Managing Director &

Chief Executive Officer

DIN No. - 07501971

As per our Report of even date attached.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Regn. No. 103523W/ W100048

*Hurishottam Nyati*

Hurishottam Nyati

Partner

Membership No. 118970

Mumbai, 1 May 2018

For MSKA & Associates

Chartered Accountants

Firm Regn. No. 105047W

*Deepak Rao*

Deepak Rao

Partner

Membership No. 1298

*Kailash Nath Bhandari*

Kailash Nath Bhandari

Director

DIN No. 00191219

*Sunil Mitra*

Sunil Mitra

Director

DIN No. - 00113473

*Gaurav Parasrampur*

Gaurav Parasrampur

Chief Financial Officer

*Kavita Modi*

Kavita Modi

Company Secretary

Membership No. - A21108



FORM B-RA

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

Particulars	Schedule	FIRE			MARINE			MISCELLANEOUS			TOTAL		
		Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Premiums earned (Net)	1	50,439	70,530	9,577	14,972	3,285,741	3,185,392	3,270,894	3,270,894	3,270,894	3,270,894	3,270,894	
Interest, dividend and rent (Gross)		11,902	9,896	1,380	2,329	648,594	563,978	576,203	576,203	576,203	576,203	576,203	
Profit/(Loss) on sale/redemption of investments (Net)		910	1,138	106	268	49,598	64,866	66,272	66,272	66,272	66,272	66,272	
Others		4,946	2,971	16	-	1,483	5,110	8,081	8,081	8,081	8,081	8,081	
<b>TOTAL (A)</b>		<b>68,197</b>	<b>84,535</b>	<b>11,079</b>	<b>17,569</b>	<b>3,985,416</b>	<b>3,819,346</b>	<b>4,064,692</b>	<b>4,064,692</b>	<b>4,064,692</b>	<b>4,064,692</b>	<b>4,064,692</b>	
Claims incurred (Net)	2	68,354	23,368	5,592	20,948	2,700,256	2,543,041	2,587,357	2,587,357	2,587,357	2,587,357	2,587,357	
Commission (Net)	3	(45,270)	(3,772)	(10,985)	(8,671)	(62,275)	50,785	(118,530)	(118,530)	(118,530)	(118,530)	(118,530)	
Contribution to Solatium Fund		-	-	-	-	2,632	1,906	1,906	1,906	1,906	1,906	1,906	
Operating expenses related to insurance business	4	203,877	111,960	54,849	50,969	1,259,057	1,252,772	1,517,783	1,517,783	1,517,783	1,517,783	1,517,783	
Premium deficiency		3,128	(11,449)	(1,361)	(1,998)	-	-	1,767	1,767	1,767	1,767	1,767	
<b>TOTAL (B)</b>		<b>230,089</b>	<b>120,107</b>	<b>48,095</b>	<b>61,248</b>	<b>3,899,670</b>	<b>3,848,504</b>	<b>4,177,854</b>	<b>4,177,854</b>	<b>4,177,854</b>	<b>4,177,854</b>	<b>4,177,854</b>	
<b>Operating Profit/(Loss) (C) = (A - B)</b>		<b>(161,892)</b>	<b>(35,572)</b>	<b>(37,016)</b>	<b>(43,679)</b>	<b>85,746</b>	<b>(29,158)</b>	<b>(108,409)</b>	<b>(108,409)</b>	<b>(108,409)</b>	<b>(108,409)</b>	<b>(108,409)</b>	
<b>Appropriations</b>		-	-	-	-	-	-	-	-	-	-	-	
Transfer to Shareholders' Account		(161,892)	(35,572)	(37,016)	(43,679)	85,746	(29,158)	(108,409)	(108,409)	(108,409)	(108,409)	(108,409)	
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-	-	-	-	
Transfer to Other Reserves		-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL (C)</b>		<b>(161,892)</b>	<b>(35,572)</b>	<b>(37,016)</b>	<b>(43,679)</b>	<b>85,746</b>	<b>(29,158)</b>	<b>(108,409)</b>	<b>(108,409)</b>	<b>(108,409)</b>	<b>(108,409)</b>	<b>(108,409)</b>	

16 Significant Accounting Policies  
 17 Notes to the Financial Statement

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

As per our Report of even date attached.

For Haribhakti & Co. LLP  
 Chartered Accountants  
 Firm Regn. No. 105523W/W100048

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

Deepak Rao  
 Partner  
 Membership No. 118970

Sunil Mitra  
 Director  
 DIN No. - 00113473

Sanjay Chamria  
 Chairman  
 DIN No. - 00009894

Kailash Nath Bhandari  
 Director  
 DIN No. - 00191219

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

Gaurav Parasarapuria  
 Chief Financial Officer

Kavita Modi  
 Company Secretary  
 Membership No. - A21108



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*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

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Mumbai, 1 May 2018



Receipt and Payments for the year ended 31 March, 2018

(Rs. in '000)

Particulars	Year ended 31 Mar 2018	Year ended 31 March 2017
<b>Cash flows from the operating activities:</b>		
Premium received from policyholders, including advance receipts and service tax	6,199,560	4,820,577
Other receipts, net of other payments	(18,120)	32,285
Receipts from reinsurers, net of commissions and claims	(500,548)	(542,634)
Payments to co-insurers, net of claims recovery	(1,000)	1,405
Payments of claims	(1,818,142)	(2,177,738)
Payments of commission & brokerage	(291,975)	(163,673)
Payments of other operating Expenses	(1,712,201)	(1,469,724)
Deposits, advances and staff loans	619	(2,067)
Income Tax paid (Net)	(10,797)	(10,565)
Service tax paid	(654,461)	(480,730)
<b>Cash flows before extraordinary items</b>	<b>1,192,935</b>	<b>7,136</b>
Cash flow from extraordinary operations	-	-
<b>Net cash flow from operating activities</b>	<b>1,192,935</b>	<b>7,136</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(53,380)	(100,699)
Proceeds from sale of fixed assets	52	868
Purchases of investments	(38,317,165)	(2,915,677)
Sales of investments	36,376,291	2,467,059
Rents/Interests/ Dividends received	969,000	657,142
Investments in money market instruments and in liquid mutual funds (Net)	(71,677)	(64,301)
Expenses related to investments	(1,458)	(1,332)
<b>Net cash flow from investing activities</b>	<b>(1,098,337)</b>	<b>43,060</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of share capital (net of issue expenses)	-	-
Proceeds from borrowing	-	3,682
Repayments of borrowing	(618)	(1,018)
Interest Paid	(300)	(73)
<b>Net cash flow from financing activities</b>	<b>(918)</b>	<b>2,591</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>		
Net increase in cash and cash equivalents:	93,680	52,787
Cash and Cash Equivalent at the beginning of the year	168,149	115,362
Cash and Cash Equivalent at the end of the year	<b>261,829</b>	<b>168,149</b>
Refer Schedule 11 for components of Cash and cash equivalent		

For and on behalf of the Board of Directors

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

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

As per our Report of even date attached.

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

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

*Kailash Nath Bhandari*  
Kailash Nath Bhandari  
Director  
DIN No. - 00191219

*Gaurav Parasrampur*  
Gaurav Parasrampur  
Chief Financial Officer

*Purnottam Tyati*  
Purnottam Tyati  
Partner  
Membership No. 118970

*Deepak Rao*  
Deepak Rao  
Partner  
Membership No.

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

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

Mumbai, 1 May 2018



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

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

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2018			YEAR ENDED 31 MARCH 2017				
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
	Premium from direct business written	434,689	191,094	4,641,160	5,266,943	306,583	152,251	3,736,083
Add : Premium on reinsurance accepted	317,914	11,375	6,576	335,865	27,852	-	6,027	33,879
Less : Premium on reinsurance ceded	(685,062)	(194,638)	(967,058)	(1,846,758)	(278,339)	(139,048)	(545,088)	(962,475)
Net Premium	67,541	7,831	3,680,678	3,756,050	56,096	13,203	3,197,022	3,266,321
Adjustment for change in reserve for unexpired risk								
Reserve for unexpired risk at the end of the year	94,769	4,663	2,055,474	2,154,906	77,667	6,409	1,660,537	1,744,613
Reserve for unexpired risk at the beginning of the year	(77,667)	(6,409)	(1,660,537)	(1,744,613)	(92,101)	(8,178)	(1,648,907)	(1,749,186)
Change in unexpired risk reserve	17,102	(1,746)	394,937	410,293	(14,434)	(1,769)	11,630	(4,573)
<b>Total premium earned (Net)</b>	<b>50,439</b>	<b>9,577</b>	<b>3,285,741</b>	<b>3,345,757</b>	<b>70,530</b>	<b>14,972</b>	<b>3,185,392</b>	<b>3,270,894</b>

\* Refer to Schedule - 1(A)

*net*



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 1 (A)  
PREMIUM EARNED [NET]

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

(Rs in '000)

Particulars	MOTOR				ENGINEERING	PUBLIC / PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP		MOTOR TOTAL						OTHER LIABILITY	OTHERS	
		MOTOR - OD	MOTOR - TP									
Premium from direct business written	1,502,509	2,631,719		4,134,228	54,790	327	20,932	167,534	31,650	211,441	20,258	4,641,160
Add : Premium on reinsurance accepted	37			37	6,539							6,576
Less : Premium on reinsurance ceded	(457,644)	(1,38,552)		(596,196)	(44,778)	(18)	(1,139)	(99,345)	(8,029)	(201,626)	(15,927)	(967,058)
Net Premium	1,044,902	2,493,167		3,538,069	16,551	309	19,793	68,189	23,621	9,815	4,331	3,680,678
Adjustment for change in reserve for unexpired risk												
Reserve for unexpired risk at the end of the year	549,414	1,400,704		1,950,118	11,570	155	7,303	58,870	15,595	5,252	6,611	2,055,474
Reserve for unexpired risk at the beginning of the year	(645,953)	(970,993)		(1,616,946)	(13,567)	(299)	(8,373)	(8,112)	(8,308)	(1,945)	(2,987)	(1,660,557)
Change in unexpired risk reserve	(96,539)	429,711		333,172	(1,997)	(144)	(1,070)	50,758	7,287	3,307	3,624	394,937
<b>Total premium earned (Net)</b>	<b>1,141,441</b>	<b>2,063,456</b>		<b>3,204,897</b>	<b>18,548</b>	<b>453</b>	<b>20,863</b>	<b>17,431</b>	<b>16,334</b>	<b>6,508</b>	<b>707</b>	<b>3,285,741</b>

MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2017

(Rs in '000)

Particulars	MOTOR				ENGINEERING	PUBLIC / PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP		MOTOR TOTAL						OTHER LIABILITY	OTHERS	
		MOTOR - OD	MOTOR - TP									
Premium from direct business written	1,497,574	1,905,558		3,403,132	61,349	813	26,727	5,978	29,149	190,976	17,959	3,736,083
Add : Premium on reinsurance accepted	2,007			2,007	3,719						301	6,027
Less : Premium on reinsurance ceded	(171,368)	(101,182)		(272,550)	(45,892)	(163)	(5,361)	(724)	(14,475)	(190,931)	(14,992)	(545,088)
Net Premium	1,328,213	1,804,376		3,132,589	19,176	650	21,366	5,254	14,674	45	3,268	3,197,022
Adjustment for change in reserve for unexpired risk												
Reserve for unexpired risk at the end of the year	645,953	970,993		1,616,946	13,567	299	8,373	8,112	8,308	1,945	2,987	1,660,557
Reserve for unexpired risk at the beginning of the year	(821,007)	(764,399)		(1,585,406)	(28,027)	(153)	(7,186)	(5,771)	(9,907)	(5,940)	(6,517)	(1,648,907)
Change in unexpired risk reserve	(175,054)	206,594		31,540	(14,460)	146	1,187	2,341	(1,599)	(3,995)	(3,530)	11,630
<b>Total premium earned (Net)</b>	<b>1,503,267</b>	<b>1,597,782</b>		<b>3,101,049</b>	<b>33,636</b>	<b>504</b>	<b>20,179</b>	<b>2,913</b>	<b>16,273</b>	<b>4,040</b>	<b>6,798</b>	<b>3,185,392</b>



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

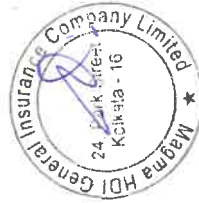
**SCHEDULE - 2**  
**CLAIMS INCURRED [NET]**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2018			YEAR ENDED 31 MARCH 2017				
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
Claims paid								
Direct	243,173	116,996	1,519,776	1,879,945	124,525	1,845,581	2,094,967	
Add : Reinsurance accepted	17,052	6	2,002	19,060	1,086	60,441	61,527	
Less : Reinsurance ceded	(234,137)	(105,120)	(151,779)	(491,036)	(104,830)	(168,364)	(382,821)	
Net Claims paid	26,088	11,882	1,369,999	1,407,969	20,781	1,737,658	1,773,673	
Add : Claims outstanding at the end of the year	93,204	36,576	6,815,907	6,945,687	50,938	5,485,650	5,579,454	
Less : Claims outstanding at the beginning	50,938	42,866	5,485,650	5,579,454	48,351	4,680,267	4,765,770	
<b>Total claims incurred (Net)</b>	<b>68,354</b>	<b>5,592</b>	<b>2,700,256</b>	<b>2,774,202</b>	<b>23,368</b>	<b>2,543,041</b>	<b>2,587,357</b>	

\* Refer to Schedule - 2(A)

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MAGMA HDJ GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 2 (A)  
CLAIMS INCURRED [NET]

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

Particulars	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL	OTHER LIABILITY						OTHERS		
											OTHER LIABILITY	
Claims paid												
Direct	479,239	1,002,139	1,481,378	5,268	29	8,451	23	18,336	2,257	4,054	1,519,776	
Add : Reinsurance accepted	429	-	429	463	-	-	-	-	-	1,110	2,002	
Less : Reinsurance ceded	(86,620)	(52,463)	(139,083)	(2,621)	(1)	(423)	(5)	(4,902)	(2,256)	(2,488)	(151,779)	
Net Claims paid	393,048	949,676	1,342,724	3,110	28	8,028	18	13,434	1	2,656	1,369,999	
Add : Claims outstanding at the end of the year	302,746	6,295,581	6,598,327	20,568	648	17,465	4,534	18,217	8,772	147,376	6,815,907	
Less : Claims outstanding at the beginning	303,173	5,019,252	5,322,425	26,534	450	21,721	-	24,408	6,092	84,020	5,485,650	
<b>Total claims incurred (Net)</b>	<b>392,621</b>	<b>2,226,005</b>	<b>2,618,626</b>	<b>(2,856)</b>	<b>226</b>	<b>3,772</b>	<b>4,552</b>	<b>7,243</b>	<b>2,681</b>	<b>66,012</b>	<b>2,700,256</b>	

(Rs. in '000)

MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2017

Particulars	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL	OTHER LIABILITY						OTHERS		
											OTHER LIABILITY	
Claims paid												
Direct	813,202	931,522	1,764,724	34,476	4	5,999	-	27,611	454	12,313	1,845,581	
Add : Reinsurance accepted	3,377	-	3,377	272	-	-	-	56	-	56,736	60,441	
Less : Reinsurance ceded	(42,619)	(50,385)	(93,004)	(13,678)	(4)	(300)	-	(6,619)	(454)	(54,305)	(168,364)	
Net Claims paid	773,960	901,137	1,675,097	21,070	-	5,699	-	21,048	-	14,744	1,737,658	
Add : Claims outstanding at the end of the year	303,173	5,019,252	5,322,425	26,534	450	21,721	-	24,408	6,092	84,020	5,485,650	
Less : Claims outstanding at the beginning	412,021	4,151,473	4,563,494	31,809	47	3,068	1	15,962	3,869	62,017	4,680,267	
<b>Total claims incurred (Net)</b>	<b>665,112</b>	<b>1,768,916</b>	<b>2,434,028</b>	<b>15,795</b>	<b>403</b>	<b>24,352</b>	<b>(1)</b>	<b>29,494</b>	<b>2,223</b>	<b>36,747</b>	<b>2,543,041</b>	

(Rs. in '000)



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**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE - 3  
COMMISSION**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2018			YEAR ENDED 31 MARCH 2017				
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
Commission paid								
Direct	29,766	8,572	279,085	317,423	19,947	5,987	146,521	172,455
<b>TOTAL (A)</b>	<b>29,766</b>	<b>8,572</b>	<b>279,085</b>	<b>317,423</b>	<b>19,947</b>	<b>5,987</b>	<b>146,521</b>	<b>172,455</b>
Add : Commission on reinsurance accepted	19,699	1,680	149	21,528	(133)	-	212	79
Less : Commission on reinsurance ceded	(94,735)	(21,237)	(341,509)	(457,481)	(23,586)	(14,658)	(95,948)	(134,192)
<b>Net commission</b>	<b>(45,270)</b>	<b>(10,985)</b>	<b>(62,275)</b>	<b>(118,530)</b>	<b>(3,772)</b>	<b>(8,671)</b>	<b>50,785</b>	<b>38,342</b>

\* Refer to Schedule - 3(A)

**COMMISSION PAID - DIRECT**

(Rs in '000)

Particulars	YEAR ENDED 31 MARCH 2018			YEAR ENDED 31 MARCH 2017				
	FIRE	MARINE	MISCELLANEOUS	TOTAL	FIRE	MARINE	MISCELLANEOUS	TOTAL
Agents	762	477	79,211	80,450	1,081	397	34,587	36,065
Brokers	26,959	7,546	50,374	84,879	17,898	5,425	30,025	53,347
Corporate agency	2,045	549	128,662	131,256	969	165	81,909	83,043
Others	-	-	20,838	20,838	-	-	-	-
<b>TOTAL (B)</b>	<b>29,766</b>	<b>8,572</b>	<b>279,085</b>	<b>317,423</b>	<b>19,947</b>	<b>5,987</b>	<b>146,521</b>	<b>172,455</b>

10/10/17



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED  
Schedules to the Financial Statements

SCHEDULE - 3 (A)  
COMMISSION

MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2018

(Rs. in '000)

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

MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2017

(Rs. in '000)

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



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

**SCHEDULE - 4**

**OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Particulars	YEAR ENDED 31 MARCH 2018				YEAR ENDED 31 MARCH 2017			
	FIRE	MARINE	*MISCELLANEOUS	TOTAL	FIRE	MARINE	*MISCELLANEOUS	TOTAL
	(Rs in '000)	(Rs in '000)	(Rs in '000)	(Rs in '000)	(Rs in '000)	(Rs in '000)	(Rs in '000)	(Rs in '000)
Employees' remuneration and welfare benefits	80,755	21,723	498,706	601,184	37,077	16,878	414,870	468,825
Travel, conveyance and vehicle running expenses	6,035	1,623	37,273	44,931	3,811	1,736	42,641	48,188
Training expenses	-	-	-	-	-	-	-	-
Rents, rates and taxes	5,122	1,380	31,630	38,132	2,465	1,122	27,586	31,173
Repairs & maintenance	2,709	729	16,729	20,167	1,587	723	17,759	20,069
Printing and stationery	1,706	459	10,538	12,703	1,233	562	13,797	15,592
Communication	2,354	634	14,536	17,524	1,160	527	12,979	14,666
Legal and professional charges	7,551	2,032	46,632	56,215	4,263	1,941	47,702	53,906
Auditors' fees, expenses etc.	-	-	-	-	-	-	-	-
(a) as auditor	558	151	3,446	4,155	313	142	3,506	3,961
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-
Advertisement and publicity	38,351	10,317	236,836	285,504	21,768	9,909	243,567	275,244
Interest and bank charges	1,249	334	7,714	9,297	448	204	5,010	5,662
Depreciation	4,393	1,183	27,130	32,706	1,031	470	11,540	13,041
Manpower hire charges	38,189	10,274	235,838	284,301	29,801	13,567	333,457	376,825
Director fees	298	81	1,841	2,220	119	54	1,327	1,500
Others	-	-	-	-	-	-	-	-
Information technology expenses	6,844	1,841	42,267	50,952	2,738	1,246	30,634	34,618
Membership fees and subscription expenses	537	144	3,317	3,998	392	180	4,389	4,961
Business promotion expenses	1,973	531	12,186	14,690	1,096	498	12,265	13,859
Miscellaneous expenses	5,253	1,413	32,438	39,104	2,658	1,210	29,743	33,611
<b>TOTAL</b>	<b>203,877</b>	<b>54,849</b>	<b>1,259,057</b>	<b>1,517,783</b>	<b>111,960</b>	<b>50,969</b>	<b>1,252,772</b>	<b>1,415,701</b>

\* Refer to Schedule - 4(A)



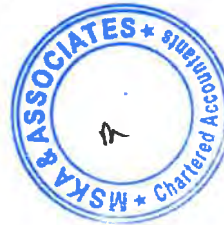


SCHEDULE - 4 (A)  
MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAK UP FOR THE YEAR ENDED 31 MARCH 2018  
(Rs. in '000)

Particulars	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		GRAND TOTAL
	MOTOR-OD	MOTOR-TP	MOTOR-TOTAL	OTHER LIABILITY						OTHERS		
Employees' remuneration and welfare benefits	161,224	282,385	443,609	6,581	-	35	2,246	17,977	3,396	22,688	2,174	498,706
Travel, conveyance and vehicle running expenses	12,049	21,105	33,154	492	-	3	168	1,344	254	1,696	162	37,273
Training expenses	-	-	-	-	-	-	-	-	-	-	-	-
Rents, rates and taxes	10,226	17,911	28,137	417	-	2	142	1,140	-	1,439	138	31,630
Repairs and maintenance	5,408	9,473	14,881	221	-	1	75	603	114	761	73	16,729
Printing and stationery	3,407	5,967	9,374	139	-	1	47	380	72	479	46	10,538
Communication	4,700	8,231	12,931	192	-	1	65	524	99	661	63	14,536
Legal and professional charges	15,076	26,405	41,481	615	-	3	210	1,681	318	2,121	203	46,632
Auditors' fees, expenses etc.	-	-	-	-	-	-	-	-	-	-	-	-
(e) as auditor	1,114	1,952	3,066	45	-	-	16	124	23	157	15	3,446
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and publicity	-	-	-	-	-	-	-	-	-	-	-	-
Interest and bank charges	76,566	134,105	210,671	3,125	-	17	1,067	8,537	1,613	10,774	1,032	236,836
Depreciation	2,493	4,367	6,860	102	-	1	35	278	53	351	34	7,714
Manpower hire charges	8,771	15,362	24,133	358	-	2	122	978	185	1,234	118	27,130
Director fees	76,243	133,540	209,783	3,112	-	17	1,062	8,501	1,606	10,729	1,028	235,838
Others	595	1,043	1,638	24	-	-	8	66	13	84	8	1,841
Information technology	13,664	21,933	37,597	558	-	3	190	1,524	288	1,923	184	42,267
Membership fees and Subscription expenses	1,072	1,878	2,950	44	-	-	15	120	23	151	14	3,117
Business promotion expenses	3,940	6,909	10,849	161	-	1	55	459	83	554	53	12,186
Miscellaneous expenses	10,487	18,368	28,855	428	-	2	146	1,169	1,476	1,669	221	32,438
<b>TOTAL</b>	<b>407,035</b>	<b>712,925</b>	<b>1,119,960</b>	<b>16,614</b>	<b>89</b>	<b>89</b>	<b>5,669</b>	<b>45,385</b>	<b>8,576</b>	<b>57,278</b>	<b>5,486</b>	<b>1,259,057</b>

MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAKUP FOR THE YEAR ENDED 31 MARCH 2017  
(Rs. in '000)

Particulars	MOTOR				ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		GRAND TOTAL
	MOTOR-OD	MOTOR-TP	MOTOR-TOTAL	OTHER LIABILITY						OTHERS		
Employees' remuneration and welfare benefits	166,251	211,260	377,511	7,214	-	90	2,963	-	3,232	21,173	2,687	414,870
Travel, conveyance and vehicle running expenses	17,088	21,714	38,802	741	-	9	305	-	332	2,176	276	42,641
Training expenses	-	-	-	-	-	-	-	-	-	-	-	-
Rents, rates and taxes	11,054	14,047	25,101	480	-	6	197	-	215	1,408	179	27,586
Repairs and maintenance	7,117	9,043	16,160	309	-	4	127	-	138	906	115	17,759
Printing and stationery	5,529	7,026	12,555	240	-	3	99	-	107	704	89	13,797
Communication	5,201	6,609	11,810	226	-	3	93	-	101	662	84	12,979
Legal and professional charges	19,116	24,291	43,407	829	-	10	341	-	372	2,434	309	47,702
Auditors' fees, expenses etc.	-	-	-	-	-	-	-	-	-	-	-	-
(a) as auditor	1,465	1,785	3,190	61	-	1	25	-	27	179	23	3,506
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and publicity	97,604	124,029	221,633	4,235	-	53	1,740	-	1,898	12,430	1,578	243,567
Interest and bank charges	2,068	2,551	4,559	87	-	1	36	-	39	256	32	5,010
Depreciation	4,624	5,876	10,500	201	-	3	82	-	90	589	75	11,540
Manpower hire charges	133,627	169,803	303,430	5,798	-	72	2,382	-	2,597	17,018	2,160	333,437
Director fees	532	676	1,208	23	-	-	9	-	10	68	9	1,327
Others	-	-	-	-	-	-	-	-	-	-	-	-
Information technology	12,276	15,599	27,875	533	-	7	219	-	239	1,563	198	30,634
Membership fees and Subscription expenses	1,759	2,236	3,995	76	-	1	11	-	34	224	28	4,389
Business promotion expenses	4,915	6,245	11,160	213	-	3	88	-	96	626	79	12,265
Miscellaneous expenses	11,919	15,146	27,065	517	-	6	212	-	232	1,518	193	29,715
<b>TOTAL</b>	<b>502,025</b>	<b>637,936</b>	<b>1,139,961</b>	<b>21,783</b>	<b>272</b>	<b>272</b>	<b>8,949</b>	<b>-</b>	<b>9,759</b>	<b>63,934</b>	<b>8,114</b>	<b>1,252,777</b>



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

**SCHEDULE – 5**  
**SHARE CAPITAL**

Particulars	(Rs in '000)	
	As at 31 Mar 2018	As at 31 March 2017
<b>Authorised Capital</b>		
12,00,00,000 (Previous Year - 12,00,00,000) Equity Shares of Rs 10/- each fully paid-up	1,200,000	1,200,000
<b>Issued Capital</b>		
11,25,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,125,000	1,125,000
<b>Subscribed Capital</b>		
11,25,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,125,000	1,125,000
<b>Called-up Capital</b>		
11,25,00,000 (Previous Year - 11,25,00,000) Equity Shares of Rs 10/- each fully paid-up	1,125,000	1,125,000
Less: Calls unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid up)	-	-
Less: Par value of equity shares bought back	-	-
Less:		
(i) Preliminary expenses	-	-
(ii) Expenses including commission or brokerage on underwriting or subscription of shares	-	-
<b>TOTAL</b>	<b>1,125,000</b>	<b>1,125,000</b>

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

Shareholder	As at 31 Mar 2018		As at 31 March 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Promoters</b>				
<b>Indian</b>				
Magma Fincorp Limited	35,250,000	31.33%	35,250,000	31.33%
Celica Developers Private Limited*	26,000,000	23.11%	26,000,000	23.11%
Jaguar Advisory Services Private Limited	22,500,000	20.00%	22,500,000	20.00%
<b>Foreign</b>				
HDI Global SE	28,750,000	25.56%	28,750,000	25.56%
<b>TOTAL</b>	<b>112,500,000</b>	<b>100%</b>	<b>112,500,000</b>	<b>100%</b>

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

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

Particulars	(Rs in '000)	
	As at 31 Mar 2018	As at 31 March 2017
Capital reserve	-	-
Capital redemption reserve	-	-
Share premium	1,455,000	1,455,000
General reserve	-	-
Less: Debit balance in profit and Loss account	-	-
Less: Amount utilized for buy-back	-	-
Catastrophe reserve	-	-
Other reserves	-	-
Balance of profit in profit & loss account	-	-
<b>TOTAL</b>	<b>1,455,000</b>	<b>1,455,000</b>

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

Particulars	(Rs in '000)	
	As at 31 Mar 2018	As at 31 March 2017
Debentures/ Bonds	-	-
Banks	-	-
Financial institutions	2,995	3,613
Others	-	-
<b>TOTAL</b>	<b>2,995</b>	<b>3,613</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 8**

**INVESTMENTS - SHAREHOLDERS**

(Rs in '000)

Particulars	As at 31 Mar 2018	As at 31 March 2017
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills (Note 2)	553,136	631,332
Other approved securities	110,032	153,737
Approved investments		
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	8,733	16,068
(b) Mutual funds	-	-
(c) Debentures/ Bonds	433,765	432,392
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	32,820	45,690
Investments in infrastructure and housing	333,669	444,312
Other than approved investments	57,830	80,575
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>1,529,985</b>	<b>1,804,106</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Approved investments		
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	2,911	4,017
(b) Mutual funds	124,531	79,927
(c) Debentures/ bonds	114,819	42,138
(d) Other securities (bank deposits)	93,784	126,789
Investments in infrastructure and housing	-	-
Other than approved investments	-	-
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>336,045</b>	<b>252,871</b>
<b>TOTAL</b>	<b>1,866,030</b>	<b>2,056,978</b>

**NOTES :**

1) Aggregate value of the investments other than Mutual funds

(Rs in '000)

Long Term Investments	-Book Value	1,529,987	1,804,106
	-Market Value	1,539,716	1,859,377
Short Term Investments	-Book Value	211,514	172,944
	-Market Value	212,811	173,077

2) All the above investments are performing assets.

3) Aggregate value of the investments in Mutual funds.

Long Term Investments	-Book Value	-	-
Short Term Investments	-Book Value	124,531	79,927

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

5) Investments in Mutual Funds includes Rs. 273 thousand (Previous Year Rs. 88 thousand) being the change in their fair value as at 31 March 2018, which is classified under Fair Value Change Account.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 8A**

**INVESTMENTS - POLICYHOLDERS**

(Rs in '000)

Particulars	As at 31 Mar 2018	As at 31 March 2017
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills (Note 2)	2,817,557	2,132,219
Other approved securities	560,477	519,221
Approved investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	44,485	54,266
(b) Mutual funds	-	-
(c) Debentures/ Bonds	2,209,508	1,460,332
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	167,180	154,310
Investments in infrastructure and housing	1,699,635	1,500,590
Other than approved investments	294,573	272,128
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>7,793,415</b>	<b>6,093,066</b>
<b>SHORT TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Approved investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	14,828	13,566
(b) Mutual funds	634,334	269,940
(c) Debentures/ bonds	584,860	142,313
(d) Other securities (bank deposits)	477,716	428,211
Investments in infrastructure and housing	-	-
Other than approved investments	-	-
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>1,711,738</b>	<b>854,030</b>
<b>TOTAL</b>	<b>9,505,153</b>	<b>6,947,094</b>

**NOTES :**

1) Aggregate value of the investments other than Mutual funds

(Rs in '000)

Long Term Investments	-Book Value	7,793,414	6,093,066
	-Market Value	7,842,973	6,279,737
Short Term Investments	-Book Value	1,077,404	584,090
	-Market Value	1,084,014	584,537

2) All the above investments are performing assets.

3) Aggregate value of the investments in Mutual funds.

Long Term Investments	-Book Value	-	-
Short Term Investments	-Book Value	634,334	269,940

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

5) Investments in Mutual Funds includes Rs. 1392 thousand (Previous Year Rs. 297 thousand) being the change in their fair value as at 31 March 2018, which is classified under Fair Value Change Account.



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE - 9**

**LOANS**

(Rs in '000)

Particulars	As at 31 Mar 2018	As at 31 March 2017
<b>SECURITY-WISE CLASSIFICATION</b>		
<b>Secured</b>		
(a) On mortgage of property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
<b>Unsecured</b>	-	-
<b>TOTAL</b>	-	-
<b>BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
<b>TOTAL</b>	-	-
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
(a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
<b>TOTAL</b>	-	-
<b>MATURITY-WISE CLASSIFICATION</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>TOTAL</b>	-	-

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**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 10  
FIXED ASSETS**

(Rs in '000)

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

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

Particulars	Gross Block			Depreciation/Amortisation				Net Block
	Opening as at 01 April 2016	Additions / Transfer	Deductions / Transfer	Closing as at 31 March 2017	As at 01 April 2016	For the year ended 31 March 2017	On Sales/ Adjustments	As at 31 March 2017
Intangibles- Computer Software*	35,046	62,035	-	97,081	17,681	6,304	-	23,985
Leasehold improvements	8,544	6,056	901	13,699	2,010	2,031	232	3,809
Furniture & Fittings	830	469	129	1,170	727	356	129	954
Information Technology Equipment	19,262	3,525	86	22,701	11,037	3,559	39	14,557
Vehicles	1,178	6,659	1,178	6,659	141	349	183	307
Office Equipment	1,078	741	-	1,819	822	308	-	1,130
Electronic Equipment	2,089	144	22	2,211	527	134	5	656
<b>TOTAL</b>	<b>68,027</b>	<b>79,629</b>	<b>2,316</b>	<b>145,340</b>	<b>32,945</b>	<b>13,041</b>	<b>588</b>	<b>45,398</b>
Intangible assets under development	26,965	56,335	33,538	49,762	-	-	-	-
<b>Grand Total</b>	<b>94,992</b>	<b>135,964</b>	<b>35,854</b>	<b>195,102</b>	<b>32,945</b>	<b>13,041</b>	<b>588</b>	<b>45,398</b>

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



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

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

(Rs in '000)

Particulars	As at 31 Mar 2018	As at 31 March 2017
Cash and stamps on hand	19,635	13,433
Bank balances		
(a) Deposit accounts	-	-
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current accounts	173,579	125,721
(c) Cheques in-hand	68,615	28,995
(d) Others	-	-
Money at call and short notice		
(a) With banks	-	-
(b) With other institutions	-	-
Others	-	-
<b>TOTAL</b>	<b>261,829</b>	<b>168,149</b>

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

Particulars	As at 31 Mar 2018	As at 31 March 2017
<b>ADVANCES</b>		
Reserve deposits with ceding companies	-	-
Application money for investments	-	-
Prepayments	13,400	9,794
Advances to directors/officers	-	-
Advance tax paid and taxes deducted at source (Net of provision for taxation)	17,976	15,697
<b>Others</b>		
Unutilised Goods & Service Tax Credit / Service Tax Credit	13,199	28,108
Advance recoverable in cash or in kind	1,062	3,899
Advance to employees	7,170	4,464
<b>TOTAL (A)</b>	<b>52,807</b>	<b>61,962</b>
<b>OTHER ASSETS</b>		
Income accrued on investments	451,029	573,674
Outstanding premiums	-	-
Agents' balances	-	-
Foreign agencies balances	-	-
Due from other insurance companies, including reinsurers (net)	283,640	137,467
Due to subsidiaries/ holding company	-	-
Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
<b>Others</b>		
Unsettled investment contract receivable	-	303,313
Unclaimed amount of policyholders (Investments)	12,300	-
Deposits for premises, telephone etc.	10,185	7,840
Gratuity (excess of plan assets over obligation)	4,601	-
<b>TOTAL (B)</b>	<b>761,755</b>	<b>1,022,294</b>
<b>TOTAL (A+B)</b>	<b>814,562</b>	<b>1,084,256</b>



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**

Schedules to the Financial Statements

**SCHEDULE – 13****CURRENT LIABILITIES***(Rs in '000)*

Particulars	As at 31 Mar 2018	As at 31 March 2017
Agents' balances	23,835	7,671
Balances due to other insurance companies	495,503	234,447
Deposits held on reinsurance ceded	-	-
Premium received in advance	69,353	79,527
Unallocated premium	37,087	72,562
Sundry creditors	131,302	138,078
Due to subsidiaries/ holding company	-	-
Claims outstanding (net)	6,945,686	5,579,454
Due to directors/ officers	-	-
Unclaimed amount of policyholders	12,231	12,074
Others -		
Due to policyholders/insured	34,869	23,034
Solatium fund	10,123	7,491
Goods & Service Tax liability / Service Tax Liability	71,699	2,304
TDS payable	15,686	24,532
Other statutory dues	4,974	3,585
Book Overdraft	172,608	129,879
Other payable	199,497	163,426
<b>TOTAL</b>	<b>8,224,453</b>	<b>6,478,064</b>

**SCHEDULE – 14****PROVISIONS**

Particulars	As at 31 Mar 2018	As at 31 March 2017
Reserve for unexpired risk	2,154,906	1,744,613
Reserve for Premium deficiency	3,742	1,975
For taxation (net of advance tax and tax deducted at source)	12,279	8,641
For proposed dividends	-	-
For dividend distribution tax	-	-
Provision for employee benefit	12,271	12,333
Others	500	500
<b>TOTAL</b>	<b>2,183,698</b>	<b>1,768,062</b>

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

Particulars	As at 31 Mar 2018	As at 31 March 2017
Discount allowed in issue of shares/ debentures	-	-
Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>





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

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2018**

**Background**

Magma HDI General Insurance Company Limited ('the Company') was incorporated on 26th June 2009 and is a joint venture between Magma Fincorp Limited, Celica Developers Private Limited, Jaguar Advisory Services Private Limited and HDI Global SE. The Company obtained the regulatory approval to undertake General Insurance business on 22 May, 2012 from Insurance Regulatory and Development Authority of India (IRDAI) and holds a valid certificate of registration.

**1 Significant accounting policies**

**1.1 Basis of preparation of financial statements**

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

**1.2 Use of estimate**

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

**1.3 Revenue recognition**

**(i) Premium income**

Premium (net of goods and service tax), on direct business is recognized as income over the contract period or the period of risk, whichever is appropriate. Instalment premium is recognised on receipt of premium / confirmation from the co-insurer. Any subsequent revisions to or cancellations of premiums are recognized in the year in which they occur.

**(ii) Interest/ dividend income**

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

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

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

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

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

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



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2018**

**1.4 Reinsurance accepted**

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

**1.5 Reinsurance ceded**

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

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

**1.6 Acquisition costs**

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

**1.7 Premium received in advance**

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

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

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

**1.9 Reserve for Premium deficiency**

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

**1.10 Claims incurred**

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

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation on management estimates of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

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



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2018**

**1.11 Investments**

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

**Classification**

Investments maturing within twelve months from balance sheet date or investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

**Valuation**

**Debt Securities**

All debt securities are shown at weighted average cost subject to amortization of premium or accretion of discount on effective interest rate basis in the revenue accounts and profit & loss account over the period of maturity/holding.

**Mutual Fund**

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

**Fair Value Change Account**

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

**Impairment of Investment**

The Company assesses at each Balance Sheet date whether there is any indication that any investment in units of mutual funds is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s)/profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

**1.12 Allocation of income and expenses**

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

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

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

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

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

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation) and expenses directly attributable to bringing the asset to its working condition for its intended use less accumulated depreciation and impairment of assets, if any.

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

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



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2018**

**1.14 Depreciation and amortisation**

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing upto Rs 5,000/- are depreciated fully in the year of acquisition. Lease hold improvement is amortised over the primary period of lease.

Intangible assets are amortised over their estimated useful lives, not exceeding ten years, on a straight-line basis, commencing from the date the asset is available to the Company for its use.

**1.15 Impairment of Assets**

The Company assesses at each Balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s)/ profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

**1.16 Employee Benefits**

**(i) Short term Employee Benefits**

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

**(ii) Provident fund**

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

**(iii) Gratuity**

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

**(iv) Compensated absences**

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

**1.17 Foreign Currency Transactions**

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



**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2018**

**1.18 Taxes on income**

Income-tax expense is recognised in profit or loss and comprises of current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

**(i) Current tax**

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

**(ii) Deferred tax**

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

**(iii) Minimum alternative tax**

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

**1.19 Provisions and Contingent liabilities**

A provision is recognized when an enterprise has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**1.20 Earnings per share**

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

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



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

**SCHEDULE – 16:**

**Significant Accounting Policies forming part of the Financial Statements for the year ended 31st March 2018**

**1.21 Segment Reporting**

Based on the primary segments identified under the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and circulars/notifications issued by IRDAI from time to time read with Accounting Standard 17 "Segment Reporting" referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014, the Company has classified and disclosed segment information for Fire, Marine and Miscellaneous lines of business. There are no reportable geographical segments, since all business is written in India.

**1.22 Share Issue Expenses**

Share issue expenses are charged to Profit and Loss account.

**1.23 Terrorism Pool**

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

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

**1.24 Borrowing Costs**

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

**1.25 Receipts and Payments Account**

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

**1.26 Loans**

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

**1.27 Operating Lease**

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

**1.28 Allocation of Investments Assets**

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

**1.29 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 – 17:

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018

1 Contingent Liabilities

(Rs. in '000)

Particulars	As at 31 March 2018	As at 31 March 2017
1 Partly paid up investments	-	-
2 Underwriting commitments outstanding	-	-
3 Claims other than those under policies not acknowledged as debts	-	-
4 Guarantees given by or on behalf of the Company	-	-
5 Statutory demands/liabilities in dispute, not provided for, in respect of		
• Service Tax	-	-
• Goods and Service Tax	-	-
• Income Tax	-	-
6 Reinsurance obligations to the extent not provided for in accounts	-	-
7 Senior Citizens' Welfare Fund	-	-
8 Others	-	-

2 Micro & Small Scale Business Entities

As at 31st March 2018 and 31st March 2017, the Company has no dues to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

3 Encumbrances on Assets

The assets of the Company are free from any encumbrances except in case of security deposit of Rs. 9,783 thousands (Previous year - Rs. 7,525 thousands) provided by the Company to the lessor under the operating lease agreement and fixed assets (vehicles) of Rs. 2,244 thousands (Previous year - Rs. 3,027 thousands) which is hypothecated under finance arrangement with bank.

4 Capital Commitments

- There are no commitments made and outstanding for loans and Investments (Previous year - Rs. Nil).
- Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 21,779 thousands (Previous year - Rs. 31,105 thousands).

5 Premium

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

6 Premium Retention & Reinsurance

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

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Amount of Business Written (Rs. in '000)	% of Business Written	Amount of Business Written (Rs. in '000)	% of Business Written
Risk Retained	3,756,050	67.0%	3,266,321	77.2%
Risk Reinsured	1,846,758	33.0%	962,475	22.8%
<b>Total</b>	<b>5,602,808</b>	<b>100.0%</b>	<b>4,228,796</b>	<b>100.0%</b>

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

Business Sector	Year ended 31 March 2018		Year ended 31 March 2017	
	GDP (Rs. in '000)	% of GDP	GDP (Rs. in '000)	% of GDP
Rural	3,134,632	59.5	2,459,211	58.6
Urban	2,132,311	40.5	1,735,706	41.4

Business Sector	Year ended 31 March 2018		Year ended 31 March 2017	
	GDP (Rs. in '000)	No. of Lives	GDP (Rs. in '000)	No. of Lives
Social	20,932	51,817	26,727	76,425



**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

**8 Reinsurance Regulations**

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

**9 Premium Deficiency Reserve**

In accordance with Master Circular and Corrigendum on Master Circular on preparation of financial statement issued by IRDAI vide circular number IRDA/F&I/CIR/F&A/231/10/2012 dated October 5, 2012 and circular number IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 respectively, in respect of calculation and recognition of premium deficiency, the Company has recognised Premium Deficiency Reserve of Rs. 3,742 thousands (Previous year Rs. 1,975 thousands) on segment level basis.

**10 Claims**

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

**11 Change in Accounting Policies**

Change in Method of Amortization

During the year, the Company has changed the method of amortization of premium / discount on Investments purchased, from Straight Line Method to Effective Interest Rate Method, on retrospective basis.

As a result of above, the profit before tax and investment for the year ended 31st March 2018 is higher by Rs 11,946 thousands.





SCHEDULE – 17:

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018

12 Employee Benefit Plans

Defined Contribution Plan

(Rs. in '000)

Expenses on defined contribution plan	Year ended 31 March 2018	Year ended 31 March 2017
Contribution to Staff Provident Fund	24,453	20,106

Defined Benefit Plan - Gratuity

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

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

(Rs. in '000)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	Gratuity	Gratuity
Opening defined benefit obligation	15,051	11,150
Current service cost	6,052	4,564
Interest cost	1,089	779
Actuarial losses/(gains)	637	1,062
Benefit paid	(348)	(2,504)
Closing defined benefit obligation	22,481	15,051

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

(Rs. in '000)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	Gratuity	Gratuity
Opening fair value of the plan assets	13,853	14,302
Expected return on plan assets	1,319	1,195
Contributions by employer	8,669	4,260
Actuarial losses/(gains)	3,589	(3,400)
Benefit paid	(348)	(2,504)
Closing fair value of the plan assets	27,082	13,853

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

(Rs. in '000)

Particulars	As at 31 March 2018	As at 31 March 2017
	Gratuity	Gratuity
Present value of the defined benefit obligations	(22,481)	(15,051)
Fair value of plan assets	27,082	13,853
Net asset/(liability)	4,601	(1,198)

(d) Expense recognized in the profit and loss account

(Rs. in '000)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	Gratuity	Gratuity
Current service cost	6,052	4,564
Interest on defined benefit obligation	1,089	779
Net actuarial losses/(gains) recognized	(2,952)	4,462
Expected return on plan assets	(1,319)	(1,195)
Total included in "Employee benefit expenses"	2,870	8,610



SCHEDULE – 17:

Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018

(e) Summary of actuarial assumptions

(Rs. in '000)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	Gratuity	Gratuity
Discount rate	7.7%	7.3%
Salary increase	5.0%	5.0%
Expected rate of return on plan assets	8.0%	8.0%

(f) **Discount rate:** The discount rate is based upon the market yields of Government Bonds as at the balance sheet date for estimated term of the obligations.

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

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

(i) Experience adjustments

(Rs. in '000)

Particulars	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
	Gratuity	Gratuity	Gratuity	Gratuity	Gratuity
Present value of defined benefit obligation	(22,481)	(15,051)	(11,150)	(8,544)	(4,796)
Fair value of plan assets	27,082	13,853	14,302	9,130	7,128
Funded Status	4,601	(1,198)	3,152	586	2,332
Experience (gain)/loss adjustment on plan liabilities	1,913	(6)	(778)	639	(143)
Experience gain/(loss) adjustment on plan assets	3,589	(3,400)	-	-	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	(1,276)	1,122	41	1,068	(414)

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

Accrued Leave

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

(Rs. in '000)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening Balance	11,135	9,550
Add: Provision made during the year	1,136	1,585
Closing Balance	12,271	11,135

13 Details of outsourcing, business development and marketing expenses:

(Rs. in '000)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Outsourcing expenses	370,621	806,619
Business development	-	-
Marketing Expenses	274,836	-



**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

**14 Operating Lease**

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

Particulars	(Rs. in '000)	
	Year ended 31 March 2018	Year ended 31 March 2017
Payable later than one year	7,735	6,252
Payable later than one year but not later than five years	1,971	6,158
Payable later than five years	-	-

- a. Rent expense include lease rent paid during the year for non-cancellable leases Rs. 7,402 thousands (Previous year Rs. 5,316 thousands)
- b. The period of agreement is generally for nine years and renewable thereafter at the option of the lessee.

**15 Computation of managerial remuneration paid to Managing Director & Chief Executive Officer**

(Rs. in '000)

Particulars	Year ended	
	31 March 2018	31 March 2017
Salary & allowances (including incentives)	28,001	27,361
Contribution to Provident and Other Funds	1,162	1,037
Perquisites	40	32
<b>TOTAL</b>	<b>29,203</b>	<b>28,430</b>

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

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

- 16 IRDAI vide Order no. IRDA/F&A/ORD/EMT/042/2013 dated 04/03/2013 has granted the Company exemption from compliance of Section 40C(1) of the Insurance Act, 1938 read with Rule 17E of the Insurance Rules, 1939 with respect to limit of expenses of management till Financial Year 2017-18.

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

Particulars		Units	As at	
			31 March 2018	31 March 2017
Profit/(Loss) after Tax	(A)	Rs. '000	49,068	63,027
Weighted average number of equity shares	(B)	Nos.	112,500,000	112,500,000
Basic and diluted earnings per share	(A/B)	Rs.	0.44	0.56
Face Value per share		Rs.	10.00	10.00

- 18 Pursuant to IRDAI guidelines on Transitory Provisions under IRDAI (Appointed Actuary) Regulations dated August 17, 2017, the Actuarial Valuation of Liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2018 has been certified by Panel Actuary (approved by IRDAI). As per the Certificate, the assumptions considered by the Panel Actuary for valuation of liabilities as at March 31, 2018 are in accordance with the guidelines issued by IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India.

Actuarial Valuation of Liabilities as at 31st March 2017 was carried out by the Appointed Actuary and Mentor to the Appointed Actuary in accordance with the guidelines issued by IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India.

- 19 There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company for the year ended March 31, 2018.
- 20 There are no amounts which are required to be transferred to the Senior Citizens' Welfare Fund Account by the Company for the year ended March 31, 2018.
- 21 The Company does not have any long term contracts including derivative contracts wherein the Company is required to make provision towards any foreseeable losses.



**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

**22 a. Contribution to Solatium Fund**

In accordance with the requirements of the IRDAI circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, the Company has provided 0.1% of gross written premium on all motor third party policies (excluding reinsurance premium accepted on motor third party for commercial vehicles) towards contribution to the solatium fund.  
During the year, the Company has provided Rs.2,632 thousand (Previous year - Rs.1,906 thousand) as a charge to revenue account on an accrual basis, disclosed under current liabilities.

**b. Terrorism Pool**

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only up to 31st December 2017.

**c. Environment Relief Fund**

During the year, an amount of Rs. 274 thousand (Previous year NIL) was collected towards Environment Relief Fund for public liability policies and an amount of Rs. 238 thousand (Previous year NIL) has been transferred to "United India Insurance Company Limited, Environment Fund Account" as per Notification of Environment Relief Fund (ERF) scheme under the public liability Insurance Act, 1991 as amended. The balance amount of Rs. 36 thousand (Previous year NIL) is included under Current Liabilities in Schedule 13.

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

Particulars	(Rs. in '000)	
	As at 31 March 2018	As at 31 March 2017
Certification Work done by the Statutory Auditors	458	430

**24 Solvency Margin**

Particulars	Units	As at	
		31 March 2018	31 March 2017
Required Solvency Margin under IRDAI	(A)	Rs. '000	1,065,558
Available Solvency Margin	(B)	Rs. '000	2,143,117
Solvency ratio actual	(B/A)	Times	2.01
Solvency ratio prescribed by Regulation		Times	1.50

\* Solvency Ratio as at 31.03.2018 has been calculated using claims information for 'Trailing 12 Months Data' and 'Trailing 36 Months Data divided by 3' in line with IRDAI (ALSM) Regulation 2016 whereas Solvency Ratio as at 31.03.2017 was calculated using claims information for 'Trailing 12 Months Data' and 'Preceding 36 Months Data divided by 3 (excluding the financial year with reference to which the solvency of the insurer is being computed)' as per clarification vide circular no 045/IRDA/F&A/Mar-06 dated 31.03.2006.

Had the Company computed the Solvency Ratio as at 31.03.2017 using claims information for 'Trailing 12 Months Data' and 'Trailing 36 Months Data divided by 3', the Solvency Ratio as at 31.03.2017 would have been 1.97 times.

**25 Deferred Tax Asset**

The components of deferred tax assets are as under :

Timing difference on account of	As at 31 March 2018		As at 31 March 2017	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Unexpired risk reserve	88,231	-	33,174	-
Fixed assets	-	17,176	-	11,618
Expenses disallowed	3,810	-	4,731	-
Carry forward losses	22,753	-	70,719	-
Contribution to Solatium Fund	1,865	-	2,477	-
<b>Net deferred tax asset / (liability)</b>	<b>116,658</b>	<b>(17,176)</b>	<b>111,101</b>	<b>(11,618)</b>
<b>Total deferred tax asset / liability (Net)</b>	<b>99,482</b>	<b>-</b>	<b>99,482</b>	<b>-</b>

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



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

**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

**26 Related Party Disclosures**

Related Party disclosure as at and for the year ended 31st March 2018.

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

**Joint Venturer**

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

**Private Company in which Director is a Director**

Devsar Vyapaar Pvt. Ltd.  
 Columbine Decorative & Marketing Pvt Ltd.  
 Magma Consumer Finance Limited  
 CLP Business LLP

**Key Management Personnel**

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

**Directors**

Mayank Poddar  
 Sanjay Chamria  
 Kailash Nath Bhandari  
 Jens Holger Wohlthat  
 Sunil Mitra

**Subsidiary of Joint Venturers**

Magma ITL Finance Limited  
 Magma Housing Finance  
 HDI Global Network AG (formerly HDI-Gerling Welt Service AG)

**Relatives of Key Management Personnel**

Rupa Parasrampuria

**Directors**

Rajive Kumaraswami  
 V.K.Viswanathan  
 Janet Gasper Chowdhury (upto 28.10.2016)  
 Suvalaxmi Chakraborty (from 21.06.2017)

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
<b>Joint Venture</b>					
Magma Fincorp Limited	Cash deposit received	1,632,402	53,601	1,434,880	66,477
	Cash deposit adjusted for policy issued	1,645,278	-	1,426,303	-
	Purchase of fixed assets	8,740	-	-	-
	Corporate agent commission	128,937	9,021	81,605	2,814
	Sharing of expenses	78,986	-	100,832	-
	Premium from direct business written	1,186	-	1,003	-
	Payment of Claims	1,108	-	-	-
	Equity Share Capital	-	352,500	-	352,500
Share premium	-	277,500	-	277,500	
Jaguar Advisory Services Private Limited	Equity Share Capital	-	225,000	-	225,000
HDI Global SE	Equity Share Capital	-	287,500	-	287,500
	Share premium	-	1,177,500	-	1,177,500
Celica Developers Private Limited	Premium from direct business written	424	-	514	-
	Equity Share Capital	-	260,000	-	260,000



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
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**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2018	Outstanding amount as at 31 March 2018	Transaction value for the year ended 31 March 2017	Outstanding amount as at 31 March 2017
<b>Fellow Subsidiary</b>					
Magma ITL Finance Limited	Cash deposit received	180,031	2,736	266,941	3,748
	Cash deposit adjusted for policy issued	181,043		272,773	-
Magma Housing Finaance	Cash deposit received	15,854	4,875	8,826	4,716
	Cash deposit adjusted for policy issued	15,695		7,386	-
HDI Global Network AG	Premium on reinsurance ceded	236,502	-	468,047	-
	Claims on reinsurance ceded	216,450	-	122,210	-
	Commission on reinsurance ceded	33,059	-	55,565	-
	Amount received	61,417	-	-	-
	Payment made on account of reinsurance ceded	116,138	27,887	452,767	95,615
<b>Private Company in which Director is a Director</b>					
Devsar Vyapaar Pvt. Ltd.	Premium from direct business written	14	-	-	-
Columbine Decorative & Marketing Pvt Ltd.	Premium from direct business written	30	-	-	-
Magma Consumer Finance Pvt. Ltd.	Premium from direct business written	56	-	-	-
	Claims Payment	297	-	-	-
CLP Business LLP	Payment of Rent	1,182	-	-	-
HDI Global Network AG	Premium on reinsurance ceded	236,502	-	468,047	-
	Claims on reinsurance ceded	216,450	-	122,210	-
	Commission on reinsurance ceded	33,059	-	55,565	-
	Amount received	61,417	-	-	-
	Payment made on account of reinsurance ceded	116,138	27,887	452,767	95,615
<b>Key Management Personnel</b>					
Rajive Kumaraswami	Key managerial remuneration	29,203	-	26,369	-
Swaraj Krishnan	Key managerial remuneration	-	-	2,061	-
	Premium from direct business written	-	-	-	-
Gaurav Parasrampuria	Key managerial remuneration	9,594	-	7,179	-
	Advances Given	200	200	-	-
Kavita Modi	Key managerial remuneration	1,266	-	1,183	-
<b>Relatives of Key Management Personnel</b>					
Rupa Parasrampuria	Car hiring charges	195	-	780	-
<b>Directors</b>					
Mayank Poddar	Premium from direct business written	13	-	14	-
Janet Gasper Chowdhury	Premium from direct business written	-	-	8	-
Kailash Nath Bhandari	Payment of sitting fess	730	-	530	-
Sunil Mitra	Payment of sitting fess	520	-	455	-
V K Viswanathan	Payment of sitting fess	640	-	515	-
Suvalaxmi Chakraborty	Payment of sitting fess	330	-	-	-



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

**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

27 Previous year figures have been reclassified in respect of following items, for better presentation, understanding and comparable with those of the current year.

(Rs. in '000)

Previous Year Grouping		Current Year Grouping		
Description	Schedule	Description	Schedule	Amount
Infrastructure support expenses	4	Advertisement & Publicity	4	259,922
Due from other insurance companies, including reinsurers (net)	12	Balances due to other insurance companies	13	8,790
Gross Direct Premium (Others LOB)	1 (A)	Gross Direct Premium (Health Insurance LOB)	1 (A)	5,978
Premium on reinsurance ceded (Others LOB)	1 (A)	Premium on reinsurance ceded (Health Insurance LOB)	1 (A)	724
Reserve for unexpired risk at the end of the year (Others LOB)	1 (A)	Reserve for unexpired risk at the end of the year (Health Insurance LOB)	1 (A)	8,112
Reserve for unexpired risk at the beginning of the year (Others LOB)	1 (A)	Reserve for unexpired risk at the beginning of the year (Health Insurance LOB)	1 (A)	5,767

**28 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31, 2018**

As per the circular issued by IRDAI vide reference number IRDA/F&A/CIR/Misc/173/07/2017 dated 25th July 2017, below table mentions the age-wise analysis of unclaimed amount of the policyholders as on 31 March 2018:

(Rs. in '000)

Sl No.	Ageing	Total Amount	Age Wise Analysis						
			0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	36-120 months
1	Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders.	-	-	-	-	-	-	-	-
2	Sum due to the policyholders/ beneficiaries on maturity or otherwise.	-	-	-	-	-	-	-	-
3	Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far.	206	99	39	21	8	12	13	14
4	Cheques issued but not encashed by the policyholder/insured.	12,025	4,515	1,407	1,089	1,883	683	679	1,769



**MAGMA HDI GENERAL INSURANCE COMPANY LIMITED**  
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**SCHEDULE – 17:**

**Notes to Accounts forming part of the Financial Statements for the year ended 31st March 2018**

**Previous Year**

(Rs. in '000)

Sl No.	Ageing	Total Amount	0 to 3 months	4 to 12 months	13 to 18 months	19 to 24 months	25 to 30 months	31 to 36 months	Beyond 36 months
1	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured / policyholders.	-	-	-	-	-	-	-	-
2	Ant other sum payable to the insured / policyholder on completion of the policy terms or otherwise.	-	-	-	-	-	-	-	-
3	Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far.	136	-	86	18	6	13	3	11
4	Cheques issued but not encashed by the policyholder/insured.*	12,074	-	8,630	545	1,013	524	955	407

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

During the year, the disclosure requirements for unclaimed amount of policyholders has been changed vide Master Circular dated 25th July 2017. However, pursuant to this, no change has been made in the disclosure related to previous year and hence, is not comparable.

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

Rs. in lakhs

Particulars	As at	
	31 March 2018	31 March 2017
<b>Opening Balance</b>	120.74	78.06
Add: Amount transferred to unclaimed amount	92.85	239.91
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only where cheques are stale)	-	-
Add: Investment Income on Unclaimed Fund	1.71	2.46
Less: Amount of claims paid during the year	92.99	199.68
Less: Amount transferred to Senior Citizens' Welfare Fund (net of claims paid in respect of amounts transferred earlier)	-	-
<b>Closing balance of Unclaimed amount fund</b>	<b>122.31</b>	<b>120.74</b>

*Nov*





SCHEDULE - 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2018

30) Segment Reporting

Segment Information for the year ended on 31 March 2018

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

Particulars	MISCELLANEOUS											Total
	Fire	Marine	Motor	Engineering	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	Others			
									Other Liability	WEATHER	Others	
Premium received in advance	41	185	67,405	527	-	452	-	21	713	-	10	69,353
Claims outstanding at the end of the year	93,204	36,576	6,598,327	20,568	648	17,465	4,534	18,217	8,772	-	147,376	6,945,687
Reserve for unexpired risk at the end of the year	94,769	4,663	1,950,118	11,570	155	7,303	58,870	15,595	5,252	-	6,611	2,154,906
Liability for Solatium Fund	-	-	10,123	-	-	-	-	-	-	-	-	10,123
Reserve for premium deficiency	3,129	614	-	-	-	-	-	-	-	-	-	3,743

Segment Information for the year ended on 31 March 2017

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

Particulars	MISCELLANEOUS											Total
	Fire	Marine	Motor	Engineering	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	Others			
									Other Liability	WEATHER	Others	
Premium received in advance	92	57	78,353	344	-	204	-	27	385	-	65	79,527
Claims outstanding at the end of the year	50,938	42,866	5,322,425	26,534	450	21,721	-	24,408	6,092	-	84,020	5,579,454
Reserve for unexpired risk at the end of the year	77,667	6,409	1,616,946	13,567	299	8,373	8,112	8,308	1,945	-	2,987	1,744,613
Liability for Solatium Fund	-	-	7,491	-	-	-	-	-	-	-	-	7,491
Reserve for premium deficiency	-	1,975	-	-	-	-	-	-	-	-	-	1,975



SCHEDULE – 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2018

31) Summary of Financial Statements

(Rs. in '000)

S No.	Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
	<b>OPERATING RESULTS</b>					
1	Gross Direct Premium	5,266,943	4,194,917	4,039,421	4,735,949	4,249,306
2	Net Premium Income*	3,756,050	3,266,321	3,319,470	4,111,712	3,749,109
3	Income from Investments**	712,490	642,475	596,417	604,931	202,416
4	Other Income	6,445	8,081	4,053	-	-
5	Total Income	4,474,985	3,916,877	3,919,940	4,716,643	3,951,525
6	Commissions (Net) (Including Brokerage)	(118,530)	38,342	115,089	187,351	147,748
7	Operating Expenses	1,517,783	1,415,701	1,258,323	1,210,580	897,899
8	Net Incurred Claims	2,774,202	2,587,357	3,188,302	3,405,295	1,936,431
9	Contribution to Solatium Fund	2,632	1,906	1,585	1,754	1,897
10	Premium deficiency Reserve	1,767	(13,447)	15,422	-	-
11	Change in Unexpired Risk Reserve	410,293	(4,573)	(412,775)	50,005	1,467,246
12	<b>Operating Profit / Loss</b>	<b>(113,162)</b>	<b>(108,409)</b>	<b>(246,006)</b>	<b>(138,342)</b>	<b>(499,696)</b>
	<b>NON OPERATING RESULTS</b>					
13	Total income under Shareholder's Account (Net of expenses)	173,809	180,106	180,192	224,414	167,044
14	Profit/(Loss) before Tax	60,647	71,697	(65,814)	86,072	(332,652)
15	Provision for Income Tax	11,579	8,670	-	1,415	-
16	Provision for Deferred Tax	-	-	52,707	26,582	(99,643)
17	Profit/(Loss) after Tax	49,068	63,027	(118,521)	58,075	(233,009)
	<b>MISCELLANEOUS</b>					
18	Policyholder's Account					
	Total Funds	9,479,860	7,610,219	6,943,172	5,766,719	3,759,270
	Total Investments	9,505,153	6,947,094	6,640,348	5,574,738	2,991,873
	Yield on Investments	8.21%	8.46%	8.69%	8.89%	9.42%
19	Shareholder's Account					
	Total Funds	2,304,607	2,255,538	2,192,512	1,811,033	1,752,959
	Total Investments	1,866,030	2,056,978	2,023,428	2,085,697	2,477,192
	Yield on Investments	8.21%	8.46%	8.69%	8.89%	9.42%
20	Paid up Equity Capital	1,125,000	1,125,000	1,125,000	1,000,000	1,000,000
21	Net Worth	2,304,607	2,255,539	2,192,512	1,811,033	1,753,000
22	<b>Total Assets (Gross of Current Liabilities and Provisions)</b>	<b>12,717,418</b>	<b>10,505,663</b>	<b>9,578,728</b>	<b>8,400,331</b>	<b>6,067,066</b>
23	Yield on Total Investments	8.21%	8.46%	8.69%	8.89%	9.42%
24	Earning Per Share (Rs.)	0.44	0.56	(1.08)	0.58	(2.33)
25	Book value per share (Rs.)	20	20	19	18	18
26	Total Dividend	-	-	-	-	-
27	Dividend per share (Rs.)	-	-	-	-	-

\* Net of reinsurance

\*\* Net of loss on sale of investments



SCHEDULE - 17 : Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2018

32) Ratios for the year ended 31 March, 2018

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

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



32) Ratios for the year ended 31 March, 2017

Sl. No.	Performance Ratio	For the year ended 31 March 2017											Total
		Fire	Marine	Miscellaneous	Motor	Engineering	Public/Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Other Liability	Others	
1	Gross Direct Premium Growth rate (GDP (CY) - GDP (PY)) / GDP (PY)	5.25%	22.91%	3.09%	1.74%	-33.90%	-23.37%	40.92%	-100.00%	65.13%	46.49%	28.83%	3.85%
2	Gross Direct Premium to Net Worth Ratio GDP / Net worth	0.14	0.07	1.66	1.51	0.03	0.00	0.01	-	0.01	0.08	0.01	1.86
3	Growth Rate of Net Worth [(Net worth of CY - Net worth of PY) / Net Worth - PY]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.87%
4	Net Retention Ratio	16.77%	8.67%	85.43%	92.00%	29.47%	79.95%	79.94%	0.00%	50.34%	0.02%	35.16%	77.24%
5	Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	-6.72%	-65.67%	1.59%	2.06%	-6.40%	24.99%	11.10%	0.00%	13.12%	-35634.00%	-12.44%	1.17%
6	Net Commission / Net Written premium	43.02%	37.41%	37.45%	37.05%	44.24%	43.69%	43.11%	0.00%	46.66%	39.27%	44.84%	37.86%
7	Expenses of Management/ GDP	235.15%	431.39%	43.77%	40.25%	141.55%	54.64%	53.92%	0.00%	92.69%	166667.31%	125.96%	48.62%
8	Net Incurred claims to Net Earned Premium	16.90%	126.57%	79.83%	78.49%	46.96%	79.96%	120.68%	-25.00%	181.24%	55.02%	378.56%	78.69%
9	Combined Ratio (Claims, commission plus expenses of management) / NWPI	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	123.21%
10	Technical Reserves to Net Premium Ratio (URR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.24
11	Underwriting Balance Ratio (Underwriting profit/ loss) / Net earned premium	(2.00)	2.21	(0.21)	NA	NA	NA	NA	NA	NA	NA	NA	(0.23)
12	Operating Profit Ratio (Underwriting Profit/ loss + Investment Income) / Net Earned Premium	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-3.50%
13	Liquid Assets to Liabilities Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.17
14	Net Earning Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.93%
15	Profit after tax/ net premium Return on Net Worth	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.79%
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.07
17	ASM/RSM	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
17	NPA Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA



best

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

**SCHEDULE – 17 :**

**Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2018**


**33) Details of Penal actions taken by various Government Authorities during the year ended March 31, 2018**

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

(Rs. in '000)

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


For and on behalf of the Board of Directors

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

  
**Rajiv Kumara wami**  
 Managing Director &  
 Chief Executive Officer  
 DIN No. - 07501971

As per our Report of even date attached.

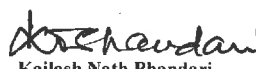
**For Haribhakti & Co. LLP**  
 Chartered Accountants  
 Firm Regn. No. 103523W/ W100048


  
**Parashottam Joshi**  
 Partner  
 Membership No. 118970

Mumbai, 1 May 2018

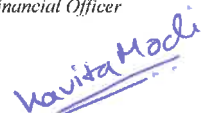
**For MSKA & Associates**  
 Chartered Accountants  
 Firm Regn. No. 105047W

  
**Deepak Rao**  
 Partner  
 Membership No. 1292

  
**Kailash Nath Bhandari**  
 Director  
 DIN No. - 00191219

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

  
**Gaurav Parasrampur**  
 Chief Financial Officer

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

