



Alice G. Vaidyan, Chairman cum Managing Director

Dear Shareholders,

I have great pleasure in welcoming you to the 46th Annual General Meeting of your Company.

The year under review has been an eventful year for your company. Your company has been successful in maintaining the growth momentum of the previous year, scaling new highs in the global reinsurance landscape, while reinsurers worldwide including your company were faced with major natural catastrophes. Despite the challenging circumstances, your company succeeded in ensuring that performance has not been impacted and declaring the highest ever dividend for the company.

Your company was listed in the Stock Exchanges on 25th October 2017 and has been ranked as 47th among top 500 companies by market capitalization. It is of immense pleasure

to state that your company has received approval to set up its own syndicate in the Lloyds of London during the year. The syndicate is operational from April 2018.

Macroeconomic overview

Financial Year 2018 has been eventful for the Indian economy with the Government initiating many structural measures including Goods and Service Tax, Insolvency and Bankruptcy Code, Direct Benefit Transfer, Make in India initiative, adoption of Aadhaar as unique identification number etc. On the growth front, FY 2018 witnessed real GDP growth of 6.7 % as per the fourth quarter GDP estimates for FY 2018 released by the Central Statistics Office (CSO) on 31st May 2018. Though the GDP growth for FY 2018 was lower than the 7.1% growth registered during FY 2017, the growth momentum picked up towards the later part of FY 2018.

The world GDP growth is estimated at 3.8% in 2017 and is expected to improve further with growth picking up across major economies.

Industry overview

The Indian non-life insurance industry maintained robust growth during FY 2018 and reported 17.5% increase in Gross premium, while life insurance industry registered a growth of 10.8% for new business premium. The non-life insurance premium is expected to grow further in view of the increase in penetration of Agriculture insurance, new Government initiatives on the national health insurance scheme, pickup in economic growth etc. Apart from this, technology is expected to make larger impact in the industry going forward.

Indian insurance industry also witnessed listing of 3 insurance companies apart from the listing of your company during 2017-18. More players are expected to approach the capital market in the near future. This is expected to improve the corporate governance standards of the industry and set new bench marks for transparency.

Global non-life reinsurance premium reached USD 170 Bn in 2017 reflecting a growth of 3% in real terms. Natural

Catastrophes across the world posed challenges to non-life reinsurers globally with losses for the hurricane season alone estimated around USD 136 Bn. However, the reinsurance industry could absorb the losses without any significant impact on the capacity.

Financial Performance

Your company continued on its robust growth in FY 2018 reporting higher premium & net profit. The Gross premium and net profits grew during by 24% & 3% during FY 2018 to ₹ 41,799 Crore and ₹ 3,233 Crore respectively. While Agriculture portfolio continued its higher growth, other classes of business also reported growth during the year. The underwriting results for the year were impacted due to major catastrophic events across the world and accordingly underwriting loss for FY 2018 increased to ₹ 1,497 Crore as against ₹ 606 Crore in the previous year. Your company continued its leadership in the domestic market which contributed 71% of the premium income for FY 2018. Your company has a Net worth (including fair value of shares) of ₹ 51,360 Crore and total assets ₹ 110,227 Crore, while the Solvency ratio is 1.72.

I am also pleased that the investment performance of your company during FY 2017-18 has been very strong with investment income grown by 15% to ₹ 5,215 Crore providing a mean yield of 12%. The net non-performing assets percentage declining from 0.80% to 0.56% during the period.

With the sound financial performance, your company could declare the highest ever dividend of 13.5 per share and your board of directors has recommended issue of one bonus share for each existing share.

I am pleased to inform you that the Global rating agency A M Best reaffirmed the Financial Strength Rating of "A- (Excellent)" and issuer credit rating of "a-" of the Corporation in February 2018 for the 11th continuous year. Your company is ranking 10th largest international reinsurer group based on Gross Written premium though the formal announcement from the rating agency is still awaited.

Future Outlook

The low penetration of insurance in the domestic market, expansion in rural economy, revival in the private investments, Governmental initiatives like Ayushman Bharat etc would provide continued growth opportunity for the sector. Having maintained its leadership in the domestic reinsurance market after opening up of the market last year, your company is well positioned to take advantage of the growth in the domestic market.

The three operating branches of your company has been well established in their respective geographical areas and are geared up to scale up operations. The joint ventures and subsidiaries are consolidating their positions and gaining traction for the next level of growth. Your management team is constantly looking at opportunities and evaluating options for increasing footprints in new geographies.

The increase in number and scale of natural catastrophes across the world is expected to have positive effect on the insurance penetration and gap in coverage. The technological and economic evolution globally, has been opening up new areas of risk such as Cyber security, climate change etc. throwing opportunities for insurers and reinsurers. World economies are getting back on to the growth track and these cumulatively provide a better outlook for our industry globally.

I assure you that your company has been fully geared up to support the Indian and world insurance industry and would continue to focus to achieve underwriting surplus in the nearest future. I take this opportunity to thank all Stakeholders, Board members, Customers, intermediaries and colleagues for their continued support and co-operation in achieving yet another milestone.

Alice G. Vaidyan
Chairman-cum-Managing Director