



Schedule 16

Significant Accounting Policies and Notes forming part of Financial Statements as on 31st March, 2018

16 A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are drawn up in accordance with the provisions of IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and circulars and/or guidelines issued in the context of preparation of the financial statements, and the provisions of the Companies Act 2013. The said statements prepared on historical cost convention and on accrual basis, comply with accounting standards specified under Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and conform to practices prevailing in the General Insurance industry except as otherwise stated.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates and assumptions. 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. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Revenue Recognition

A. Premium

Premium income is recognized on assumption of risk. A reserve for Unearned Premium for each segment, representing that part of the recognized premium attributable to the succeeding accounting periods, calculated on time apportionment basis is created. This forms part of the un-expired risk reserves.

Reinsurance premium is recognized as per the terms of the reinsurance contracts. A reserve for Unearned Premium for each segment, representing that part of the recognized reinsurance premium attributable to the succeeding accounting periods, is also calculated on time apportionment basis. This also forms part of the un-expired risk reserves.

Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

B. Commission

Commission Income on Reinsurance cessions is recognized as income in the year in which reinsurance Premium is ceded.

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

4. 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.

5. Reserves for Un-expired Risk/s

Unearned premium reserve is computed in accordance with the guidelines issued by IRDAI as under :

- a) Marine Hull : 100% of the net written premium during the preceding twelve months;
- b) other segments:
 - i) in respect of domestic business : on the basis of 1/365th method on the unexpired period of respective policies and
 - ii) in respect of foreign business 50% of the net premium in respect of all business other than Marine hull

6. Reinsurance Accepted

Reinsurance returns have been incorporated for the advices received up to the date of finalisation of accounts or on estimation basis.

7. Reinsurance Ceded

Reinsurance cessions are accounted for on the basis of actuals or on estimation basis.

8. Premium Deficiency

Premium deficiency is calculated where the sum of expected claims costs, related expenses and maintenance costs exceed the related unearned premium. The premium deficiency is recognized as per IRDAI guidelines and forms part of unexpired risk reserves.

9. Acquisition Costs.

Acquisition costs are primarily related to acquisition of insurance contracts and have been expensed in the year in which they are incurred.

10. Incurred Claims

Claims are recognized as and when reported.

Claims Paid (net of recoveries including salvages retained by the insured, includes interest paid towards claims and all expenses directly incurred in relation to their assessment) are charged to respective revenue accounts.

Claims outstanding at the year-end are provided based on survey reports, information provided by clients and other sources, past experience and applicable laws and includes:

- In respect of direct business, claim intimations received up to the year-end.
- In respect of reinsurance accepted, advices received as of different dates of subsequent year up to the date of finalisation of accounts or on estimation basis
- Provision for claims incurred but not reported (IBNR) and provision for claims incurred but not enough reported (IBNER). The said provisions have been determined by Appointed Actuary, which is in accordance with



accepted actuarial practice, requirement of IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the master circulars issued in the context of preparation of financial statements and stipulations of the Institute of Actuaries of India.

All the outstanding claims for direct business are provided net of estimated salvage (if any).

In respect of motor third party claims where court summons have been served on the Company without adequate policy particulars to establish liability of the Company, provision is made as under:

- 100% of the estimated liability, where such claims are outstanding for more than one year.
- 1/3rd of the estimated liability, for all such claims for which court summons have been served on the Company during the year.

Interest on motor accident claims tribunal (MACT) claims is provided based on the prevailing trends in the motor third party claim awards.

11. Salvage and Claim Recoveries

Recoveries of claims and sale proceeds on disposal of salvage are accounted on realisation and credited to claims.

12. Provisions, Contingent Liabilities & Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of obligation. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

13. Loans and Investments

A Loans are measured at historical cost subject to impairment. Company reviews the quality of its loan assets and provides for impairment if any.

B Short Term Money Market Instruments such as Commercial Papers and Certificate of Deposits are shown at their discounted value and the difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as accrued income.

C Contracts for purchase and sale of shares, bonds, debentures are accounted for as "Investments" as on date of transaction.

D The cost of investments includes premium on acquisition, brokerage, transfer stamps, transfer charges, Securities Transaction Tax and is net of incentive/ fee if any, received thereon.

E Dividend income (other than interim dividend) is accounted for as income in the year of declaration. Dividend on shares/interest on debentures under objection/pending delivery is accounted for on realisation. Interim dividend is accounted for where the amount is received/credited in the account of the company upto 31st March.

Dividend on foreign investments is accounted on gross basis.

Interest Income is recognized on accrual basis on time proportion except income on non-performing assets is recognized on realization.

Amount received towards compensation for future loss of interest is recognised as income only to the extent attributable to the accounting year and balance is kept in interest received in advance account for apportionment in the relevant year.

F Profit/Loss on realisation of investments is computed by taking weighted average book value as cost of investments except:

- In respect of Government Securities Debentures/ Bonds under Trading Portfolio, the profit/loss is worked out specific scrip wise.
- In respect of Government Securities sold from Investment Portfolio, the profit/loss is worked out on first in first out basis (FIFO).

G The Company follows the prudential norms prescribed by the Insurance Regulatory and Development Authority as regards asset classification, recognition of income and provisioning pertaining to loans/advances/debentures

H Investment in government securities, debt securities and redeemable preference shares are considered as held till maturity and valued at cost. However, in terms of Insurance Regulatory and Development Authority Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.

I i. Investments in Mutual Funds are valued at Net Asset Value (NAV) as at the Balance Sheet date and the difference between cost/book value and NAV is accounted in Fair Value Change Account. In case of non-availability of latest NAV as at the balance sheet date, investment is shown at cost.

ii. Investments in Venture Funds are valued at cost. If there is reduction in NAV, the same is charged to revenue and book value of investments is reduced accordingly. Any appreciation in NAV to the extent of loss earlier recognised, is taken to revenue. Wherever Net Asset Value as on Balance Sheet date is not available, latest available Net Asset Value is considered.

J (i) In accordance with IRDA/F&I/INV CIR213/10/2013 dated 30th October 2013 for Valuation of Equity Portfolio, National Stock Exchange (NSE) is considered as Primary Stock Exchange and Bombay Stock Exchange (BSE) as Secondary Stock Exchange.

Investment Portfolio in respect of equity/equity related instruments is segregated into actively traded and thinly traded as prescribed by Insurance Regulatory and Development Authority Regulations. The shares are treated as actively traded or thinly traded by taking into consideration total traded transactions in the month of March on NSE and BSE.

(ii) Actively traded equity/ equity related instruments are valued at the closing price at NSE or if the scrip is not traded at NSE, the scrip is valued at the closing price at BSE. The difference between

weighted average cost and quoted value is accounted in Fair Value Change Account

Exchange traded funds are valued as applicable to Equity portfolio. The difference between the weighted average cost and the quoted value is accounted in Fair Value change account.

(iii) Investments in equity shares of companies outside India are valued at the last quoted price at the stock exchange of the respective Country.

K Investment in thinly traded equity shares and unlisted equity shares are shown at cost. However, difference between cost and break-up value is provided for as diminution in value. If the break-up value is negative then the provision is made for the entire cost. Further, if the published accounts of an unlisted Company are not available for last three accounting years ending on or immediately preceding the date of working out diminution in value, then the provision is made for the entire cost.

L In case of investment in listed and unlisted equity/ equity related instruments / preference shares where the value has been impaired on or before 31.03.2000, the historical/weighted average costs are not available with the Company. As a consequence, the carrying value of such investments as on 01.04.2000 is presumed to be the historical/ weighted average cost.

M Investments in listed equity/ equity related instruments/ preference shares made in those companies, which are making losses continuously for last 3 years and where capital is eroded, are considered to have impairment in value. Further, if the published accounts of a Company are not available for last three accounting years ending on or immediately preceding the date of working out impairment in value, it is presumed that the value of investment is fully impaired and is written off to a nominal value of ₹ 1/- per Company.

I. Valuation of such investments is done as under:

i) In respect of actively traded equity shares: - least of cost price, market price or break-up value provided break-up value is positive. However, if the break-up value is negative the nominal value is taken at Re. 1/- per Company.

ii) In respect of other than actively traded equity shares: - lower of cost price or break-up value provided break-up value is positive. However, if break-up value is negative the nominal value is taken at Re.1/- per Company.

iii) In respect of preference shares, if the dividend is not received for the last three years, such preference shares are written down to a value which will bear to its face value, the same proportion as value taken/ which would have been taken for writing down equity shares bears to the face value of the equity shares. However, if the equity shares are written down to Re.1/- per Company, preference shares are also written down to a nominal value of Re.1/- per Company.

II. Once the value of investment in listed equity/ equity related instruments/ preference shares of a company is impaired in accordance with the above mentioned policy, the reversal of such impairment losses are not recognised in revenue/ profit and loss till such company achieves a positive net worth as per the latest available published accounts immediately preceding the date of working out the reversal. However, in respect of investments where the historical or weighted average cost is not available as mentioned in Policy No.13-L, reversal of impairment loss is carried out and recognised only to the extent of impairment losses accounted after 31st March 2000.

N REVERSE REPO transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between total consideration at the 1st and 2nd leg of the transaction is treated as interest income.

O "Collateralized Borrowing and Lending Obligation" (CBLO), which is issued at discount to the face value, is treated as money market instrument as per Reserve Bank of India Notification. Discount earned at the time of lending through CBLO is shown as income, which is apportioned on time basis.

P Un-realised gains / losses arising due to changes in the fair value of actively traded listed equity shares other than enumerated in Accounting Policy 13-L are taken under the head "Fair Value Change Account" and on realisation reported in profit and loss account.

Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

14. Foreign Currency Transactions

• Reinsurance operations:

Revenue transactions of re-insurance in foreign currencies are converted at the average of buying and selling rates of exchange of each quarter in which they are accounted.

Monetary assets and liabilities of re-insurance in foreign currencies are converted at the closing rate.

• Foreign operations:

• As per the Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates", foreign branches/agencies are classified as 'non-integral foreign operations'.

• The assets and liabilities (including contingent liabilities), both monetary and non-monetary of the non-integral foreign operations are translated at the closing rate,

• Income and expense items of the non-integral foreign operations are translated at the average exchange rate of the year.

• Depreciation on fixed assets held in foreign branches and agencies is provided on written down rupee value at the year-end at the rates and in the manner as stated in "Depreciation" policy stated herein below.



- All resulting exchange difference is accumulated in a foreign currency translation reserve until the disposal of the net investment.
- Foreign investments transactions during the year are converted at the exchange rates prevailing as on the last day of the month of purchase or sale.
- Other assets and liabilities in foreign currencies are converted at the average of buying and selling rates of exchange prevailing at the year end.
- The exchange gain/loss due to conversion of foreign currencies other than relating to non-integral foreign operations is taken to revenue(s) account and profit and loss account as applicable.

15. Fixed Assets

- Fixed assets are stated at cost less depreciation.
- The fixed assets are assessed for any indication that an asset is impaired. In case the recoverable amount of the fixed assets is lower than its carrying amount a provision is made for the impairment loss.
- Lease payment for assets taken on operating lease are recognized as an expense in the revenue(s) accounts and profit and loss account over the lease term.

16. Depreciation

- Depreciation on fixed assets is charged on Straight Line Method (SLM) as per the useful life prescribed under Schedule II of the Companies Act 2013 and the residual value of the asset shall be Re 1/-.
- Lease hold properties are amortised over the lease period.

17. Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. The same is amortised over a period of four years on straight line basis. Software development / acquisition costs, except those which meet the recognition criteria as laid down in Accounting Standard 26 (AS 26), are charged to revenue. Any additions to already existing assets are amortised prospectively over the remaining residual life of the assets.

18. Employee Benefits

Employee benefits comprise of both defined contributions and defined benefit plans.

Provident Fund is a defined contribution plan. Company's contribution towards provident fund is charged to the Profit and Loss Account and Revenue Accounts as applicable. Further Company has no further obligation beyond the periodic contributions.

Pension, Gratuity and Leave Encashment are defined benefit plans. The Company has incorporated a Pension Trust and Gratuity Trust. The Company's liability towards pension, gratuity and leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to revenue accounts and profit and loss account as applicable except in case of pension for the employee who joined from 1st April 2010 which is defined contribution plan wherein contribution towards pension fund is charged to the Profit and Loss Account and Revenue Accounts as applicable. Further, Company has no further obligation beyond the periodic contributions.

All short term employee benefits are accounted on undiscounted basis during the accounting period based on service rendered by the employees

19. Expenses of Management-Basis of Apportionment

Expenses of management including provision for bad and doubtful debts and exchange gain/loss, are apportioned to the revenue accounts on the basis of net premium

20. Segregation of Policy Holders and Share Holders funds:

Investment Assets includes Policyholders as well as Share holders. Investment assets are bifurcated at the end of each quarter between Shareholders and Policyholders at 'fund' level on notional basis in accordance with IRDAI guidelines.

21. Income from Investments -Basis of Apportionment

Investment Income (net of expenses) is apportioned between Shareholders' Fund and Policyholders' Fund in proportion to the balance of these funds at the beginning of the year.

Investment income (net of expenses) belonging to Policyholders is further apportioned to Fire, Marine and Miscellaneous segments in proportion to respective technical reserves balance at the beginning of the year .

Policy holders fund for this purpose consist of Estimated liability for outstanding claims including IBNR and IBNER, unexpired risk reserve (URR), Premium deficiency (if any), catastrophe reserve (if any) and Other Liabilities net of Other Assets (relating to policy holders) as per the guidelines of IRDAI; The residual consists of the Shareholder fund.

22. Taxation.

- Tax expense for the year, comprises current tax and deferred tax.
- Current income tax expense comprises taxes on income from operations in India and in foreign jurisdiction. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.
- Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax on future income. Accordingly, MAT is recognized as an asset in the Balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.
- A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.
- Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- Refund of income tax is accounted on realisation basis.

16 B. NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON MARCH 31, 2018

1. The accounts incorporate Audited accounts of Branches in Fiji, Thailand and unaudited accounts of Canada (run off) which are prepared on calendar year basis as per the requirement of local laws. There are no material changes for the quarter January 2018 to March 2018. The accounts of 2 runoff Agencies (Colombo and Saudi Arabia) and one representative office at Myanmar have been incorporated on the basis of unaudited accounts.
2. Land include book value ₹ 124.97 Lakhs (P.Y. book value ₹ 124.97 Lakhs) for which deed of conveyance yet to be executed and lease deed expired is ₹ 118.44 lakhs (P.Y. ₹ 118.44 lakhs). Building includes book value ₹ 2066.95 lakhs (P.Y. ₹ 2066.95 lakhs) where registration formalities are yet to be completed / title deeds are not presently available. One property with a book value of ₹ 3.42 lakhs (P.Y. ₹ 3.42 lakhs) is in the possession of the company but occupied by inherent tenants. Twenty-nine properties with total book value of ₹ 163.61 lakhs (P.Y. ₹ 163.61 lakhs) are yet to be registered in the name of the company. Three Properties with book value of ₹ 332.48 lakhs (Previous Year NIL) are received from Tariff Advisory Committee and the registration formalities are pending.
3. In accordance with the approval received from IRDAI, unearned premium reserve (UPR) in respect of domestic business towards segments other than Marine hull, has been computed on the basis of 1/365th method on the unexpired period of respective policies. The company is in the process of implementing systems and procedures to implement the IRDAI guidelines regarding following the 1/365 method in case of Foreign business and therefore the impact of pending compliance is presently not ascertainable. Systems and procedures in domestic business in few segments are also being strengthened to compute the UPR based on data input in the accounting systems of the company. In the opinion of the management the impact of pending compliances is not expected to be material.
4. As certified by the Custodian, securities are held by the Company as on March 31, 2018 variations and other differences which include excess of market value as per the custodian as compared to books amounting to ₹ 412.21 lakhs are being reconciled, while shortages have been provided for. In the opinion of the management, these are not expected to have a material impact on the state of affairs of the Company.
5. (a) Provision for standard assets @ 0.40% amounting to ₹ 3715.15lakhs (P.Y. ₹ 3730.22 lakhs) has been made as per Insurance Regulatory and Development Authority guidelines on (i) Term Loan (PFPS/DTL), (ii) Debentures, (iii) Infrastructure Investments, (iv) Bonds/Debentures of HUDCO, (v) Bonds/Debentures of Institutions accredited to NHB and (vi) Govt. Guaranteed Bonds/Securities (vii) Housing and Firefighting Loans to State Governments (Viii) Debtors.
- (b) The amount of total corporate debt/loans etc. restructured under various categories are being compiled during the year, the Company has undertaken restructuring as under:

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
	Total amount of assets subjected to restructuring	Nil	844.24
	The breakup of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring	Nil	268.62
(ii)	Total amount of sub-standard assets subjected to restructuring	Nil	Nil
(iii)	Total amount of doubtful assets subjected to restructuring	Nil	575.62
	Total	Nil	844.24

(c) Details of Non Performing Assets (NPA).

i) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
(i)	Opening Balance	10868.22	11501.04
(ii)	Additions during the Year	NIL	Nil
(iii)	Reductions during the Year	1669.72	632.82
(iv)	Closing Balance	9198.50	10868.22
	Percentage of Net NPAs to Net Assets	0.00%	0.00%



ii) Details of Provisions on NPA (other than standard provisions)

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
(i)	Opening Balance	10868.22	11501.04
(ii)	Incremental Provision during the Year	(1669.72)	(632.82)
(iii)	Closing Balance	9198.50	10868.22

6. Short-term Investments (Schedule - 8) in debentures and other guaranteed securities include those, which are fully repayable in the next year. As regards those debentures and other guaranteed securities, which have fallen due and remain unpaid as on March 31, 2018, they have been shown under long-term investments, as their realizability is unascertainable. However, necessary provision, wherever required, has been made.

7. As required IRDAI circular no. IRDA/F&I/CIR/CMP/174/11/2011 dated 14.11.2010, age-wise analysis of unclaimed amount of the policyholders amounting to ₹ 11731.51 lakhs (P.Y. ₹ 13875.41 lakhs) at the year ended March 31, 2018 representing the excess premium collected, refund premium and the amount lying in stale cheque accounts and unclaimed amount towards claim is as under:

(₹ in Lakhs)

Particulars	Total Amount	1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims settled but not paid to policyholders / insured due to any reason except under litigation from insured / policyholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sum due to the insured / policyholders on maturity or otherwise	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Any excess collection of 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	7185.41	1223.50	445.94	354.57	267.96	313.58	274.81	4305.04
Cheques issued but not encashed by the policyholder / insured	3728.48	60.24	161.07	102.02	94.73	106.61	206.48	2997.31

Further as per the IRDA circular no IRDA/F&A/CIR/CPM/134/07/2015, Company has invested the above said total amount of ₹ 11731.51 lakhs (P.Y. ₹ 13875.41 lakhs) in fixed deposit and interest credited of ₹ 781.40 lakhs (P.Y. ₹ 0.20 lakhs) on such fixed deposit has been allocated to the fund amount.

8. a) Prior period items have been included in the respective heads amounting to ₹ 618.08(Debit) and ₹ 2585.30 (credit) [P.Y. ₹ 223.12 lakhs (Debit)] consisting of the following: -

(₹ in Lakhs)

Sr. No.	Particulars	Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Premium	-	2112.00	-	-
2	Commission	-	-	-	-
3	Claims	-	473.30	-	-
4	Expenses	618.08	-	223.12	-
5	Income	-	-	-	-
	Total	618.08	2585.30	223.12	-



- b) Old credit balances written back in the Profit & Loss account includes ₹ 4008.45 lakhs [P.Y. ₹ 1298.16 lakhs (Debit)] and credit of ₹ 13231.00 lakhs [P.Y. ₹ 6121.48 lakhs (Credit)] based on information received from various offices and as compiled by the Management.

9. Disclosure as required by Accounting Standards (AS) :

A. Related party disclosures as per Accounting Standard 18

1) Company's related parties

a) Subsidiaries:

- i) The New India Assurance Co. (T & T) Ltd. – Port of Spain, Trinidad & Tobago.
- ii) The New India Assurance Co. (S.L.) Ltd. – Free Town, Sierra Leone.
- iii) Prestige Assurance Plc. – Lagos, Nigeria

b) Associates:

- i) India International Insurance Pte. Ltd., Singapore.
- ii) Health Insurance TPA of India Ltd., Mumbai, India

c) Key management personnel of the Company:-

Name of person	Role/Designation	Up to
Mr. G. Srinivasan	Chairman cum Managing Director	
Mr.Hemant G. Rokade	Director & General Manager	
Ms. T.L.Alamelu	Director & General Manager	May 2017
Mr. C. Narambunathan	General Manager & Financial Advisor	
Mr. S. Pradhan	General Manager	
Mr. Rakesh Kumar	General Manager & Chief Marketing Officer	May 2017
Ms Tajinder Mukherjee	General Manager & Chief Underwriting Officer	
Ms S.N. Rajeswari	General Manager & CFO	
Mr. Renjith Gangadharan	General Manager & Chief Marketing Officer	
Mr. R. M. Singh	General Manager	
Mr. J. K. Garg	General Manager	
Mr. S. Shankar	General Manager & Chief Risk Officer	
Mr.Sharad Ramnarayanan	Appointed Actuary	
Mr. S. Harinath	Chief Investment Officer	Jan 2018
Mr. M.S.Joshi	Chief Investment Officer	
Mr. S. Harinath	Chief Investment Officer	
Mr. R. P. Joshi	Chief Manager (Chief of Internal Audit)	
Ms Jayashree Nair	Company Secretary & Chief Compliance Officer	

2. Transactions with related parties:

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
i)	Subsidiaries	Management fees earned (NIA T&T)	48.78	47.96
		Premium on Reinsurance Accepted	351.45	412.38
		Commission on Reinsurance Accepted	(87.09)	(104.83)
		Claims Paid	(1926.01)	(139.87)
		Dividend income received (NIA T&T)	NIL	250.19
		Loan Installments & Interest Received (Prestige Assurance Nigeria)	271.31	NIL



		Interest Accrued (Prestige Assurance Nigeria)	NIL	30.44
		Dividend receivable (T&T)	71.28	NIL
ii)	Associates	Premium on Reinsurance Accepted	792.32	723.94
		Commission on Reinsurance Accepted	(141.39)	(123.73)
		Claims Paid	(493.27)	(952.37)
		Dividend income received (III Singapore)	465.87	480.77
		Additional Equity Infusion (Health TPA of India)	1187.50	NIL
		TPA fees paid (Health TPA of India)	271.14	92.60
iii)	Key Management Personnel	Salary and allowances	371.11	224.14

B. Disclosure as per Accounting Standard 20-“Earnings Per Share”:

Particulars	Current Year	Previous Year
Net profit attributable to shareholders (₹ In Lakhs)	220091.98	100793.15
Weighted average number of equity shares issued (Previous year face value of share ₹ 10/- each)	809403000	400000000
Basic and diluted earnings per share of ₹ 5/- each (₹)	27.19	12.60

The company does not have any outstanding diluted potential equity share. Consequently, the basic and diluted earnings per share of the company remain the same.

C. **Taxation:**

Income Tax:

- Provision for Tax - Current Tax shown in Profit & Loss Account includes ₹ 3854.94 lakhs (P.Y. ₹ 1039.72 lakhs) relating to foreign taxes.
- The Income Tax Assessments of the Company have been completed up to assessment year 2015-16. Major disputed demands are in respect of profit on sale of investment, expenses paid to Auto tie-up dealers and related exemptions from tax liability. Based on the decisions of the appellate authority, the interpretations of the relevant provisions, the Management is of the opinion that the demands are likely to be either deleted or substantially reduced and accordingly no provisions have been made for the same. A demand of ₹45531.97 lakhs was raised for the Assessment year 2015-16.
- Deferred Taxes:

The major components of temporary differences resulting into deferred tax assets are as under:

Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
Fixed Assets	(1922.68)	(849.48)
Leave Encashment	23242.3	23093.23
Estimated Disallowance u/s 40(a)(ia)	34.94	34.61
Gratuity	-	-
LTS	-	-
Total	21354.56	22278.36

Notes:

- A sum of ₹ 923.80 lakhs (Previous year increase of ₹ 565.10 lakhs) has been debited to the Profit & Loss Account on account of decrease in deferred assets during the year.
- On prudence basis recognition of deferred tax asset on unabsorbed depreciation and carry forward losses has not been given effect in the books of account.
- Above deferred tax asset does not include impact of deferred tax in respect of operations of foreign branches.
- The company continues to recognise the deferred tax asset as hitherto, as in the opinion of the management there are sufficient evidences to establish the virtual certainty of realisation of the DTA from the future taxable profits.



D. Accounting Standard 15 – Employee Benefits

The details of employee benefits for the period on account of gratuity, superannuation which is funded defined employee benefit plans and encashment which is an unfunded defined benefit plan are as under.

(₹ in Lakhs)

I	Components of employer expense	Funded				Unfunded	
		Pension		Gratuity		Encashment	
		C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
I.	Total expense recognized in the statement of Profit and Loss Account						
A	Current Service Cost	10,259	10,138	1,986	2,110	1,066	1,048
B	Interest Cost	25,359	29,272	8,079	9,084	5,011	5,199
C	Expected Return on Plan Assets	(23,476)	(24,922)	(8,039)	(7,640)	-	-
D	Curtailement Cost/(Credit)	-	-	-	-	-	-
E	Settlement Cost/(Credit)	-	-	-	-	-	-
F	Past Service Cost	-	-	-	-	-	-
G	Actuarial Losses/(Gains)	4,995	462	(4,741)	(941)	2,165	3,979
H	Amortised/(Deferred) Cost	17,094	17,094	4,349	4,349	-	-
I	PSC Recognized during the period	-	-	6,978	-	-	-
J	Total expense recognized in the statement of Profit and Loss Account	34,231	32,044	8,612	6,962	8,242	10,226
II.	Actual Returns for the year 2017-18	27,196	26,290	8,611	8,230	-	-
III.	Net Asset/(Liability) recognized in Balance Sheet at 31.03.2018						
A	Present Value of Defined Benefit Obligation	3,47,643	3,51,235	1,37,341	1,07,582	66,513	66,728
B	Fair Value of Plan Assets	3,35,006	3,25,159	1,06,520	1,00,619	-	-
C	Status (Surplus/Deficit)	(12,637)	(26,076)	(30,821)	(6,963)	(66,513)	(66,728)
D	Un recognized Past Service Cost	691	17,785	26,774	4,350	-	-
E	Net Asset / (Liability) recognized in Balance Sheet	(11,946)	(8,291)	(4,047)	(2,613)	(66,513)	(66,728)
IV.	Change in Defined Benefit Obligation during the year						
A	Past value of the Defined Benefit Obligation at the beginning of the period	3,51,235	3,72,896	1,07,582	1,13,689	66,728	65,070
B	Current Service Cost	10,259	10,138	1,986	2,110	1,066	1,048
C	Interest Cost	25,359	29,272	8,079	9,084	5,011	5,199
D	Curtailement Cost/(Credit)	-	-	-	-	-	-
E	Settlement Cost/(Credit)	-	-	-	-	-	-
F	Plan Amendments	-	-	-	-	-	-
G	Acquisitions	-	-	-	-	-	-
H	Actuarial Losses/(Gains)	8,715	1,830	(4,169)	(351)	2,165	3,979
I	Asset Loss / (Gain)	-	-	-	-	-	-
J	Benefits Paid	(47,925)	(62,901)	(9,889)	(16,950)	(8,457)	(8,568)
K	Present Value of Defined Benefit Obligation at the end of the period	3,47,643	3,51,235	1,37,341	1,07,582	66,513	66,728
V	Change in Fair Value of Plan Asset during the year						
A	Plan Assets at the beginning of the period	3,25,159	3,17,484	1,00,619	95,617	-	-
B	Acquisition Adjustment	-	-	-	-	-	-
C	Expected return on Plan Assets	23,476	24,922	8,039	7,640	-	-
D	Asset (Losses)/Gains	3,720	1,368	572	590	-	-



E	Actual Company Contributions	30,576	44,286	7,179	13,722	-	-
F	Benefits Paid	(47,925)	(62,901)	(9,889)	(16,950)	-	-
G	Plan Assets at the end of the period	3,35,006	3,25,159	1,06,520	1,00,619	-	-

VI.	Transitional Provisions						
	(Income)/Expense to be recognised	34,231	320.44	26,774	69.62	-	-

VII.	Actuarial Assumptions						
A	Discount Rate (%)	7.88%	7.22%	7.51%	7.51%	-	-
B	Expected Return on Plan Assets (%)	7.88%	7.22%	7.99%	7.51%	-	-
C	Rate of escalation in salary	3.50%	3.50%	3.50%	3.50%	-	-

VIII.	Major Category of Plan Assets as % of the Total Plan Assets as at 31.03.2018						
A	Government Securities	50.97%	47.29%	46.81%	47.02%	-	-
B	High Quality Corporate Bonds	39.07%	43.25%	36.27%	43.25%	-	-
C	Others	9.96%	9.46%	16.92%	9.73%	-	-

IX.	Basis used to determine the expected rate of return on plan assets	The expected rate of return on plan assets is based on the current portfolio of the assets, investment strategy and the market scenario, in order to protect capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.
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E. Accounting for Lease (AS-19)

The Company's Office Premises and Residential flats for employees are obtained on operating lease and are renewable / cancellable at mutual consent. There are no restrictions imposed by lease agreements. Lease terms are based on individual agreements. Significant leasing arrangements are in respect of operating lease for premises. Aggregate lease rentals amounting to ₹ 13632.24 lakhs (P.Y. ₹ 11313.03 lakhs) in respect of obligation under operating lease are charged to Revenue Account.

F: Impairment of Assets (AS-28)

During the year, the Company has reviewed its fixed assets for impairment. In the opinion of the management no provision for impairment loss is considered necessary. However, impairment assessment as required by AS-28 would be done in due course.

10. a) With the amendment in the payment of Gratuity Act, 2018, the limit of payment of gratuity is enhanced from ₹ 10 lakhs to ₹ 20 lakhs with effect from March 28, 2018, resulting in to additional liability. In terms of requirement of the Accounting Standard (AS-15) Employee Benefits, the entire additional liability of ₹ 33752.23 Lakhs for gratuity is required to be charged to the Profit & Loss Account. However, vide circular communications ref IRDA/F&A/GNA/LR/002/2018-19/23 dated 01/05/2018, IRDAI has permitted the amortization of expenditure relating to additional liability towards gratuity over a period of five years commencing from FY 2017-18. Accordingly the company has recognized the additional liability and an amount of ₹ 6750.45 lakhs is charged to the revenue in the current year and the balance amount remaining to be amortized in next years is ₹ 27001.78 lakhs.
- b) The Pension Scheme 1995 has been extended to PSU officers and staff members who joined until 31.03.2010, by virtue of the Gazette Notification no. 233(E), 234(E) and 235(E) dated 23.01.2016, the incremental liability towards pension arising out of the above extension has been arrived at ₹ 1727.00 lakhs based on actuarial valuation.
In terms of requirement of the Accounting Standard (AS-15) Employee Benefits, the entire amount of ₹ 1727.00 lakhs for pension is required to be charged to the Profit & Loss Account. However IRDA vide Circular ref IRDA/F&A/CIR/ACTS/077/04/2016 dated 18.04.2016 has permitted the amortization of expenditure relating to the additional liability over a period of five years commencing from FY 2015-16 and accordingly an amount of ₹ 345.40 lakhs is charged to the revenue in the current year and balance amount remaining to be amortized in next two years is ₹ 690.80 lakhs for pension.
11. The management is currently in the process of identifying enterprises which have been providing goods and services to the Company which qualify under the definition of medium and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amount payable to such Micro, Small, and Medium Enterprises as at March 31, 2018 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.



12. "Foreign Exchange Reserve Account" is increased by ₹ 14584.04 Lakhs (Credit) due to depreciation of foreign currency under the following heads (P. Y. ₹ 19047.08 Lakhs (Debit) consisting of the following.

(₹ in Lakhs)

Sr. No.	Particulars	Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Inter office Account	-	14584.04	19047.08	
2	Outstanding claims	-	-	-	-
3	Fixed assets	-	-	-	-
	Total	-	14584.04	19047.08	

13. **Penalty**

As per IRDAI 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 authorities during the year:

No.	Particulars	Non-compliance / violation	₹ in Lakhs		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority / TAC	NIL	Nil	Nil	Nil
2	Service Tax Authorities	Nil	Nil	Nil	Nil
3	Income Tax Authorities	Nil	Nil	Nil	Nil
4	Any other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Refer note below	Nil	Nil	Nil
10	Any other Central/State/Local Government / Statutory Authority	Nil	Nil	Nil	Nil

Note: The Company received an order from Competition Commission of India imposing a penalty of ₹ 25107 lakhs in 2015-16. The Company contested against the order in Competition Appeal Tribunal and the Tribunal awarded penalty of ₹ 20 lakhs as against ₹ 25107 lakhs of CCI order. The penalty was paid in January 2017. CCI has appealed against the order of the Tribunal at the Apex Court and the case has been admitted in the Apex Court in March 2017.

14. During the year the Company had fully reversed the Equalization Reserve in respect of London Branch which was required by the UK Regulations for the time being in force. The same is now not required to be maintained by the Regulation. The closing balance as at the end of 2016-17 stood at ₹ 8900.18 lakhs (GBP 11 million).

Further, in accordance with Oman Insurance Company Law, company has created contingency reserve for claims for Muscat agency for 5 million Omani Riyal. The reserve stood at ₹ 8463.64 lakhs as on 31.03.2018 due to currency fluctuation.

15. a) The balance appearing in the amount due to/ due from persons or bodies carrying on insurance business including reinsurance business, terrorism Pool and Nuclear Pool with GIC Re, are subject to confirmation/ reconciliation and consequential adjustments if any. These balances include ₹ 200927.19 lakhs (Net) Dr. comprising of debit balances of ₹ 435682.93 lakhs and credit balances of ₹ 234755.73 lakhs against which party-wise balances in the records indicate (Dr.) of ₹ 329652.55 lakhs relating to 1004 parties and (cr.) of ₹ 128725.35 lakhs relating to 877 parties. Precise gross debit and gross credit balances against each of such parties and age-wise analysis of these balances are also being compiled. These balances include old cases including migration differences which supporting records are being identified and necessary action is being taken. The impact of the above, if any, on the financial statements are unascertainable. However the company has maintained a provision of ₹ 10414.56 Lakhs up-to March 31, 2018 towards doubtful debts as a prudent measure.



- b) The company has continued to recognize Facultative inward reinsurance premium in cases where the premium payment warranty period has expired and the company has continued to run the risk during the year. However the receivables on this account amounting to ₹ 708.27 lakhs are subject to confirmation and subsequent adjustments if any required shall be carried out in due course.
- c) In case of Co-insurance balances, the reconciliation and settlement process to clear the balances is in progress, the Company has continued its exercise of reconciliation and settlement with other Companies and have reduced the net receivable balances without PMFBY (Pradhan Mantri Fasal Bima Yojna) from ₹ 14539 lakhs (March 2017) to ₹ 3313 lakhs as at March 31, 2018. In case of balances with PSUs, while the receivables have been brought down by ₹ 20939 lakhs during 2017-18 as compared to 2016-17, the payable balances in respect of PSUs have also been brought down by ₹ 8397 lakhs during 2017-18 as compared to 2016-17.

During the year 2017-18, the Company has settled the receivable balances of ₹ 71842 lakhs and payable balances of ₹ 105971 lakhs from the Corporate office as a special drive apart from the settlements at operating offices level. As on March 31, 2018, there is a net Credit balance of ₹ 48904.50 lakhs with PMFBY comprising of ₹ 82898.89 lakhs (Dr) and ₹ 131804.39 lakhs (Cr); and net debit balance of ₹ 3312.92 lakhs with other than PMFBY comprising of ₹ 19520.38 lakhs (Dr) and ₹ 16207.45 lakhs (Cr). The net balance outstanding as on March 31, 2017 were ₹ 35694.27 lakhs (Dr) with PMFBY and ₹ 14538.99 lakhs (Dr) without PMFBY.

- d) The reconciliation of various accounts relating to inter-office accounts related to domestic and foreign operations amounting to ₹ 43332.42 lakhs (Debit), (P.Y. ₹ 25192.25 lakhs (Debit)), Control Accounts, treaty suspense account old balances appearing in legacy software, sundries and suspense, few Bank Accounts, loans, other assets and other liabilities etc. is under progress. The impact of the above, if any, on the financial statements are unascertainable.
- e) In case of Fasal Bima Yojna, Enrolment data and premium data as per Banks is to be reconciled with data as per the Central/ State Government portal. Accounting of premium as well as reinsurance accounts, has been done based on portal data after giving effect of reconcilable items. Since No claims have been reported and no actual yield data is available relating to the year 2017-18, provision for outstanding claims has been made based on IBNR claims as assessed by the Actuary. Necessary adjustments relating to the above are to be carried out in due course.
- f) In view of various accounts being reconciled and balances under confirmation, the effect of such pending reconciliation on compliance of various provisions relating to TDS, service tax and GST and interest thereon has been ensured to the extent of available information and necessary adjustments /payments of any liability arising out of such reconciliation is to be done in due course.
- g) The company has been undertaking restatements of monetary assets and liabilities denominated in Foreign currencies in accordance with the accounting policy followed except for the balances in treaty suspense due to absence of adequate details/reconciliation. The effect of such restatement on the balances of other debtors/creditors which are to be reconciled and confirmed is to be ascertained in due course.
16. Reinsurance acceptance transactions pertaining to the year have been booked for advices received up to April 13, 2018.
17. Receipts & Payments Account / (Cash Flow Statement) have been drawn under "Direct Method" as required by Part I of Schedule B of the regulation. However, the same is subject to reconciliation of various inter office and other accounts including few Bank Accounts.
18. The company is in the process of updating the fixed asset register with reference to full particulars, quantitative details and location thereof. Further, physical verification of fixed assets in respect of some locations is in progress.
19. The company at its Curacao Branch has a receivable from the agent amounting to Nafis 7669884 equivalent to ₹ 2800.26 lakhs as at March 31, 2018 out of which an amount equivalent to Nafis 5596584 Equivalent to ₹ 2043.30 lakhs is due for more than 90 days. The company has been taking efforts to recover the amount from the agent and is hopeful of recovery and signed an agreement in this regard. There is no collateral in place. As a prudent measure a provision of Nafis. 1380455 equivalent to ₹ 504 lakhs as at March 31, 2018 is carried in the accounts
20. The company is in the process of strengthening internal controls and Internal Audit specially in area of data input and validation in soft-wares, Reinsurance accounts, PMFBY and other Government sponsored Health schemes to ensure the compliance of laid down operational guidelines.
21. In accordance with the provisions of the Companies Act, 2013, the Company had to spend an amount of ₹ 2281 lakhs for the financial year 2017-18 towards Corporate Social Responsibility. During the year an amount of ₹ 1350.87 lakhs has been spent against the total sanction of ₹1680.10 lakhs. The balance could not be spent as various projects are in the completion stage.
22. Unexpired premium reserve at revenue segment level is found to be sufficient to cover the expected claim cost as certified by the appointed actuary and the claims related expenses as estimated by the management. Hence no premium deficiency reserve is required to be provided during the year.
23. The company has a fraud monitoring cell which monitors the external frauds reported to the company. As per the assessment made by the Cell, there were no matters related to external frauds reported during the year which required any adjustments to the financial statements of the company. Matters related to employees of the company are dealt with by the vigilance department and are kept confidential and not subjected to audit. In the opinion of the management there were no such matters that came to notice which required either disclosure or adjustments to the financial statements of the company.



24. ₹ 2171.34 Lakh has been withheld / deducted by Govt of Rajasthan under Bhamashah Health Insurance Scheme towards rejection of claims under the scheme and related matters, the company has since paid the underlying claims the company is in process of getting the same refunded by the Government of Rajasthan and no provision is required against the same.
25. The Board of Directors at their meeting approved an Interim dividend of 75% during for FY 2017-18 which was duly paid in February 2018. Further a Final dividend of 100% of the paid up capital of the company subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 Contingencies and Events occurring after the Balance Sheet date as notified by the Ministry of Corporate Affairs through the amendments to the Companies (Accounting Standard) Rules 2016, the company has not appropriated proposed dividend (including tax) amounting to ₹ 49668.78 lakhs from the Profit & Loss Account for the year ended on March 31, 2018.
26. Pursuant to 1553rd Board Meeting held on July 10, 2017 the Board of directors recommended and the same was approved by the shareholders in the Annual General Meeting held on August 2, 2017, the increase in authorised share capital, sub division of shares and issue of bonus equity shares resulting in an increase in authorised numbers of shares from existing 3,000.00 lakhs to 12,000.00 lakhs, increase in issued numbers of shares from 2,000.00 lakhs to 8,000.00 lakhs and decrease in face value of shares from ₹ 10 to ₹ 5. As a result, the authorised share capital has increased from ₹ 30,000.00 lakhs to ₹ 60,000.00 lakhs, and the issued share capital has increased from ₹ 20,000.00 lakhs to ₹ 40,000.00 lakhs. Subsequently in November 2017 the Company concluded its Initial Public Offer of ₹ 9,58,582.27 Lakh in the month of November 2017 comprising fresh issue of 240 Lakh equity shares aggregating to ₹ 191716.45 lakhs and an offer for share of 960 lakhs equity shares by Promoter, Ministry of Finance, Government of India aggregating to ₹ 766865.81 lakhs and the paid up capital has now become ₹ 41200.00 lakhs.
27. Previous year figures have been regrouped / rearranged, wherever necessary.



16 C. Disclosures Forming Part of Financial Statements

(₹ in Lakhs)

Sr. No	Particulars	Current Year	Previous Year
1	The details of contingent liabilities are as under:		
	(a) Partly-paid up investments	1,939.52	4,688.72
	(b) Underwriting commitments outstanding	-	-
	(c) Claims, other than those under policies, not acknowledged as debts	1,747.65	835.28
	(d) Guarantees given by or on behalf of the Company	5,452.41	170.94
	(e) Statutory demands/liabilities in dispute not provided for	3,21,200.37	2,67,734.23
	(f) Reinsurance obligations to the extent not provided for in accounts	-	-
	(g) Others (matters under litigation) to the extent ascertainable	1,562.90	4,747.94
	(h) Potential Tax Liability towards distribution received from Venture Fund	1,540.41	1,540.41
	(i) Policyholders unclaimed amounts transferred to Senior Citizen Welfare Fund	414.31	-
2	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	6,317.33	5,123.33
	(b) Outside India	-	-
3	Commitment made and outstanding for Loans Investments and Fixed Assets	2,981.55	13,161.63
4	Claims, less reinsurance, paid to claimants:		
	(a) In India	13,00,920.00	12,54,574.91
	(b) Outside India	2,07,924.68	1,98,818.08
5	Claim liabilities where claim payment period exceeds four years.	-	-
6	Amount of claims outstanding for more than six months (Gross Indian)	9,41,425.78	8,64,304.22
	No. of Claims	1,51,563	1,62,425
	Amount of claims outstanding for less than six months (Gross Indian)	290,335.99	2,66,036.25
	No. of Claims	1,33,157	1,41,933
	Total amount of claims outstanding (Gross Indian)	12,31,761.77	11,30,340.47
	Total No. of claims outstanding	2,84,720	3,04,358
7	Premiums, less reinsurances, written from business		
	(a) In India	18,09,486.47	15,76,548.63
	(b) Outside India	2,86,148.96	2,82,543.04
8	The details of contracts in relation to investments, for		
	Purchases where deliveries are pending	-	37.20
	Sales where payments are overdue	-	-
	Sales where deliveries are pending	2,093.23	2,200.72
9	Amount of Claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:	-	-
	No. of claims	-	-
10	Investments made in accordance with statutory requirements are as under:		
	(a) In India- Under Sec.7 of Insurance Act 1938	-	-
	(b) Outside India- Statutory Deposits under local laws	70,272.84	81,529.06
11	Segregation of investments into performing and non-performing investments where NPA Provision is required as per IRDA Guidelines is as under:		
	Performing (Standard) Investments	9,28,786.49	9,32,554.73
	Non Performing Investments	9,198.50	10,868.22
	Total Book Value (Closing Value)	9,37,984.99	9,43,422.95

12 All significant accounting policies forming part of the financial statements are disclosed separately.

13 Operating expenses relating to insurance business are apportioned to the revenue account on the basis of Net premium.

14 In compliance of section 197 of the Companies Act 2013, the total managerial remuneration paid to its Directors including Managing Director, Whole Time Directors, and Managers in respect of Financial Year 2017-18, does not exceed 11% of Net Profit of the Company.

15 The Company does not have Real Estate Investment Property.

16 Sector-wise break-up of gross direct premium written in India is as under:



Sector	Current Year			Previous Year		
	₹ in Lakhs	Percentage	Number of Policies/ lives	₹ in Lakhs	Percentage	Number of Policies/ lives
Rural	418024.03	18.40	6435286 (Policies)	292535.00	15.30	466219(Policies)
PMFBY	169889.64	7.48	2907094	104642.00	5.47	355474
Social	187939.30	8.27	441716063 (Lives)	53094.60	2.78	254418431(Lives)
Others	1496023.14	65.85		1461197.63	76.44	
Total	2271876.11	100.00		1911469.23	100.00	

17 Performance Ratios

i) Gross Premium Growth Rates :

SEGMENT	Gross Direct Premium (₹ in Lakhs)						Growth Rate (%)					
	Current Year			Previous Year			Current Year			Previous Year		
	Indian	Foreign	Global	Indian	Foreign	Global	Indian	Foreign	Global	Indian	Foreign	Global
Fire	208256.59	65973.98	274230.57	182428.22	72725.21	255153.43	14.16	-9.28	7.48	7.83	-15.21	0.08
Marine Cargo	34991.71	3348.74	38340.45	34175.55	3749.99	37925.54	2.39	-10.70	1.09	2.04	-18.07	-0.37
Marine Hull	25009.20	766.85	25776.05	26827.04	1655.45	28482.49	-6.78	-53.68	-9.50	-5.08	44.24	-3.15
Marine Total	60000.91	4115.59	64116.50	61002.59	5405.44	66408.03	-1.64	-23.86	-3.45	-1.22	-5.58	-1.59
Motor	909488.74	128277.70	1037766.44	760067.17	126341.64	886408.81	19.66	1.53	17.08	23.04	0.94	19.32
Personal Accident	46478.74	1921.24	48399.98	37551.35	2151.81	39703.16	23.77	-10.72	21.90	78.15	17.13	73.26
Aviation	12564.30	0.00	12564.30	12451.28	0.00	12451.28	0.91	-	0.91	8.69	-	8.69
Engineering	44506.20	4099.92	48606.12	49935.58	8030.32	57965.90	-10.87	-48.94	-16.15	1.06	-7.81	-0.27
Health	700836.59	17113.28	717949.87	595961.06	12536.83	608497.88	17.60	36.50	17.99	22.93	10.48	22.65
Liability*	37278.84	12083.05	49361.89	35284.02	13274.02	48558.04	5.65	-8.97	1.66	18.48	-10.76	8.74
Crop	172002.06	0.00	172002.06	104641.70		104641.70	64.37	-	64.37	64.37	-	64.37
Others	80463.14	10470.11	90933.25	72146.26	7857.14	80003.40	11.53	33.26	13.66	11.53	33.26	13.66
Misc sub Total	2003618.61	173965.30	2177583.91	1668038.42	170191.75	1838230.17	20.12	2.22	18.46	29.91	0.18	26.43
Grand Total	2271876.11	244054.87	2515930.98	1911469.23	248322.40	2159791.63	18.85	-1.72	16.49	26.17	-5.00	21.59

*Liability includes Workmens' compensation

ii) Gross Direct Premium to Net Worth Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Gross Direct Premium	2515930.98	2159791.63
b. Net Worth	1541228.80	1102328.26
Gross Direct Premium to Net Worth Ratio (Times) (a/b)	1.63	1.96

iii) Growth Rate of Net Worth:

(₹ in Lakhs)

	Current Year	Previous Year	Growth (CY)	Growth (PY)	Growth % (CY)	Growth % (PY)
Net Worth	1541228.80	1102328.26	438900.54	120135.05	39.82	12.23

iv) Net Retention Ratio : Indian

Segment	Current Year (₹ in Lakhs)			Previous Year (₹ in Lakhs)		
	Gross Written Premium	Net Written Premium	Net Retention Ratio (%)”	Gross Written Premium	Net Written Premium	Net Retention Ratio (%)
Fire	217328.58	85817.29	39.49	191209.97	89360.27	46.73
Marine Cargo	35160.66	28731.61	81.72	34111.55	27412.93	80.36
Marine Hull	25359.22	5389.73	21.25	27406.33	1758.40	6.42
Marine Total	60519.88	34121.34	56.38	61517.88	29171.32	47.42
Motor	909488.74	863449.86	94.94	764666.22	725748.89	94.91
Personal Accident	46574.61	43880.68	94.22	38031.38	35977.14	94.60
Aviation	12952.35	1142.98	8.82	13122.21	1096.72	8.36
Engineering	47873.95	29850.93	62.35	53120.06	28671.98	53.98
Health	700836.59	621782.32	88.72	595961.06	540936.19	90.77



Liability*	35694.74	23734.12	66.49	37424.02	28009.01	74.84
Crop	178448.90	38685.83	21.68	125040.98	38557.78	30.84
Others	85516.29	67021.12	78.37	73204.37	59019.32	80.62
Misc sub Total	2017386.17	1689547.84	83.75	1700570.30	1458017.03	85.74
Grand Total	2295234.63	1809486.47	78.84	1953298.16	1576548.63	80.71

*Liability includes Workmens' compensation

Net Retention Ratio : Foreign

Segment	Current Year (₹ in Lakhs)			Previous Year (₹ in Lakhs)		
	Gross Written Premium	Net Written Premium	Net Retention Ratio (%)	Gross Written Premium	Net Written Premium	Net Retention Ratio (%)
Fire	161421.09	110179.10	68.26	156829.71	111361.13	71.01
Marine Cargo	4045.34	3511.34	86.80	4550.24	4353.68	95.68
Marine Hull	3914.32	3318.99	84.79	3944.00	2999.62	76.06
Marine Total	7959.66	6830.33	85.81	8494.24	7353.30	86.57
Motor	131554.74	114119.75	86.75	127946.04	113095.54	88.39
Personal Accident	2123.51	2036.82	95.92	2373.91	2254.92	94.99
Aviation	8902.44	8719.39	97.94	7360.50	7315.47	99.39
Engineering	6422.21	3853.36	60.00	10526.99	7485.01	71.10
Health	17113.28	17113.28	100.00	12536.83	12536.83	100.00
Liability*	12087.63	11399.28	94.31	13248.26	12507.47	94.41
Crop	0.00	0.00	0.00	0.00	0.00	0.00
Others	12619.97	11897.65	94.28	9457.46	8633.37	91.29
Misc sub Total	190823.78	169139.53	88.64	183449.99	163828.60	89.30
Grand Total	360204.53	286148.96	79.44	348773.94	282543.04	81.01

*Liability includes Workmens' compensation

Net Retention Ratio: Global

Segment	Current Year (₹ in Lakhs)			Previous Year (₹ in Lakhs)		
	Gross Written Premium	Net Written Premium	Net Retention Ratio (%)	Gross Written Premium	Net Written Premium	Net Retention Ratio (%)
Fire	378749.67	195996.39	51.75	348039.68	200721.41	57.67
Marine Cargo	39206.00	32242.95	82.24	38661.79	31766.60	82.17
Marine Hull	29273.54	8708.72	29.75	31350.33	4758.02	15.18
Marine Total	68479.54	40951.67	59.80	70012.12	36524.62	52.17
Motor	1041043.48	977569.61	93.90	892612.26	838844.43	93.98
Personal Accident	48698.12	45917.50	94.29	40405.29	38232.05	94.62
Aviation	21854.79	9862.37	45.13	20482.71	8412.19	41.07
Engineering	54296.16	33704.29	62.07	63647.05	36156.99	56.81
Health	717949.87	638895.60	88.99	608497.88	553473.02	90.96
Liability*	47782.37	35133.40	73.53	50672.28	40516.48	79.96
Crop	178448.90	38685.83	21.68	125040.98	38557.78	30.84
Others	98136.26	78918.77	80.42	82661.83	67652.69	81.84
Misc sub Total	2208209.95	1858687.37	84.17	1884020.29	1621845.63	86.08
Grand Total	2655439.16	2095635.43	78.92	2302072.10	1859091.66	80.76

*Liability includes Workmens' compensation



v) Net Commission Ratio to Net Written Premium

SEGMENT	Net Commission (₹ in Lakhs)						Net Commission Ratio (%)					
	Current Year			Previous Year			Current Year			Previous Year		
	Indian	Foreign	Global	Indian	Foreign	Global	Indian	Foreign	Global	Indian	Foreign	Global
Fire	-2513.82	31387.79	28873.97	2647.13	31413.30	34060.42	-2.93	28.49	14.73	2.96	28.21	16.97
Marine Cargo	4247.26	815.31	5062.57	3411.60	1071.83	4483.42	14.78	23.22	15.70	12.45	24.62	14.11
Marine Hull	-35.54	634.81	599.27	-306.34	361.57	55.23	-0.66	19.13	6.88	-17.42	12.05	1.16
Marine Total	4211.72	1450.12	5661.84	3105.25	1433.40	4538.66	12.34	21.23	13.83	10.64	19.49	12.43
Motor	57194.17	25321.91	82516.08	20957.72	24555.20	45512.92	6.62	22.19	8.44	2.89	21.71	5.43
Personal Accident	2546.03	550.39	3096.42	2602.37	646.85	3249.21	5.80	27.02	6.74	7.23	28.69	8.50
Aviation	-357.05	1632.41	1275.36	-395.46	1177.69	782.23	-31.24	18.72	12.93	-36.06	16.10	9.30
Engineering	1178.19	1502.51	2680.70	-406.00	1910.98	1504.98	3.95	38.99	7.95	-1.42	25.53	4.16
Health	46652.22	3988.85	50641.07	27639.18	2927.32	30566.50	7.50	23.31	7.93	5.11	23.35	5.52
Liability*	2346.53	2543.57	4890.10	3148.04	2869.37	6017.41	9.89	22.31	13.92	11.24	22.94	14.85
Crop	-6925.77	0.00	-6925.77	-2523.82	0.00	-2523.82	-17.90	0.00	-17.90	-6.55	0.00	-6.55
Others	7580.38	2110.78	9691.16	6619.33	1985.98	8605.31	11.31	17.74	12.28	11.22	23.00	12.72
Misc sub Total	110214.70	37650.42	147865.12	57641.36	36073.39	93714.75	6.52	22.26	7.96	3.95	22.02	5.78
Grand Total	111912.60	70488.33	182400.93	63393.75	68920.09	132313.83	6.18	24.63	8.70	4.02	24.39	7.12

*Liability includes Workmens' compensation

vi) Expense of Management to Gross Direct Premium Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Gross Direct Premium	2515930.98	2159791.63
b. Expense of Management	352902.15	378202.87
c. Direct Commissions	210590.85	151872.80
Expense of Management to Gross Direct Premium Ratio (%) ((b+c)/a)	22.40	24.54

vii) Expense of Management to Net Written Premium Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Net Written Premium	2095635.43	1859091.66
b. Expense of Management	352902.15	378202.87
c. Direct Commissions	210590.85	151872.80
Expense of Management to Net Written Premium Ratio (%) ((b+c)/a)	26.89	28.51

viii) Net Incurred Claims to Net Earned Premium:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Net Earned Premium	1972459.81	1781478.05
b. Net Incurred Claims	1689646.58	1625692.87
Net Incurred Claims to Net Earned Premium Ratio (%) (b/a)	85.66	91.26

ix) Combined Ratio:

(₹ in Lakhs)

Particulars	Current Year			Previous Year		
	Indian	Foreign	Global	Indian	Foreign	Global
a. Net Earned Premium	1688273.50	284186.31	1972459.81	1490196.42	291281.63	1781478.05
b. Net Incurred Claims	1484434.12	205212.46	1689646.58	1428407.37	197285.51	1625692.87
c. Net Written Premium	1809486.47	286148.96	2095635.43	1576548.63	282543.04	1859091.66
d. Expense of Management	334466.70	18376.19	352842.89	359284.00	18918.87	378202.87
e. Net Commission	111912.60	70488.33	182400.93	63393.75	68920.09	132313.83
Combined Ratio (%) (b/a+(d+e)/c)	112.60	103.27	111.20	122.66	98.82	118.72



x) Technical Reserves to net Premium Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Net Written Premium	2095635.43	1859091.66
b. Reserves for Unexpired Risks	1002011.72	878836.11
c. Premium Deficiency Reserves	0.00	0.00
d. Reserves for Outstanding Claims (Including IBNR & IBNER)	1972009.29	1791207.79
e. Total Technical Reserves (b+c+d)	2974021.01	2670043.90
Technical Reserves to Net Premium Ratio (Times) (e/a)	1.42	1.44

xi) Underwriting Balance Ratio:

(₹ in Lakhs)

Segment	Current Year			Previous Year		
	Net Earned Premium	Underwriting Profit	UW Balance Ratio (Times)	Net Earned Premium	Underwriting Profit	UW Balance Ratio (Times)
Fire	196233.90	-16720.41	-0.09	191868.71	-78995.97	-0.41
Marine Cargo	33028.97	5932.50	0.18	34948.67	1282.36	0.04
Marine Hull	4758.02	-3318.56	-0.70	11253.99	-1981.79	-0.18
Marine Total	37786.99	2613.94	0.07	46202.66	-699.43	-0.02
Motor	907425.96	-62754.94	-0.07	739007.39	-119705.61	-0.16
Personal Accident	42595.21	-8101.41	-0.19	32139.94	-3098.87	-0.10
Aviation	8929.76	-9016.44	-1.01	7928.16	-1088.39	-0.14
Engineering	27710.20	4364.37	0.16	35530.55	497.56	0.01
Health	605310.87	-181616.84	-0.30	580818.63	-169083.09	-0.29
Liability*	29344.94	13485.79	0.46	42190.83	18304.39	0.43
Crop	38685.83	3616.05	0.09	35940.84	-5202.52	-0.14
Others	78436.15	1641.41	0.02	69850.35	4340.42	0.06
Misc sub Total	1738438.92	-238382.01	-0.14	1543406.69	-275036.12	-0.18
Grand Total	1972459.81	-252488.48	-0.13	1781478.06	-354731.52	-0.20

xii) Operating Profit Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Net Earned Premium	1972459.81	1781478.06
b. Underwriting Profit	-252488.48	-354731.52
c. Investment Income - Policy Holders	352828.07	299036.00
d. Operating Profit (b+c)	100339.59	-55695.52
Operating Profit Ratio (%) (d/a)	5.09	-3.13

xiii) Liquid Assets to Liabilities Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Short Term Investments	156904.91	242075.53
b. Short Term Loans	895.92	1027.10
c. Cash & Bank Balances	902106.70	801917.55
d. Total Liquid Assets (a+b+c)	1059907.53	1045020.18
e. Policy Holders Liabilities	2974021.01	2670043.90
Liquid Assets to Liabilities Ratio (Times) (d/e)	0.36	0.39

xiv) Net Earnings Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Net Premium	2095635.43	1859091.66
b. Profit After Tax	220091.25	100793.31
Net Earnings Ratio (%) (b/a)	10.50	5.42

xv) Return on Net Worth Ratio:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Net Worth	1541228.80	1102328.26
b. Profit After Tax	220091.25	100793.31
Return on Net Worth Ratio (%) (b/a)	14.28	9.14



xvi) Available Solvency Margin (ASM) to Required Solvency Margin (RSM) Ratio

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Available Solvency Margin (ASM)	1373886.51	1113468.47
b. Required Solvency Margin (RSM)	532296.86	507353.03
ASM to RSM Ratio (Times) (a/b)	2.58	2.19

xvii) NPA Ratio

(₹ in Lakhs)

Particulars	Current Year	Previous Year
a. Total Investment Assets	3497161.33	2932276.89
b. Gross NPA	9198.50	10868.22
c. Net NPA	0.00	0.00
Gross NPA Ratio (%)	0.26	0.37
Net NPA Ratio (%)	0.00	0.00

18 Summary of Financial Statements

(₹ in Lakhs)

No	Particulars	2017-18	2016-2017	2015-2016	2014-2015	2013-2014
1	Gross Direct Premium	2515930.98	2159791.63	1776331.01	1548035.95	1372760.87
2	Net Earned Premium #	1972459.81	1781478.05	1495982.60	1331529.12	1119687.46
3	Income from Investments(Net)@	352828.07	299036.00	266582.00	258948.65	213926.78
4	Other income (Premium Deficiency)	0.00	0.00	0.00	0.00	3519.41
5	Total Income	2325287.88	2080514.05	1762564.60	1590477.77	1337133.65
6	Commissions (net incl Brokerage)	182400.93	132313.83	140374.56	128387.08	117260.59
7	Operating Expenses	352902.15	378202.87	351579.38	306060.01	263034.94
8	Net Incurred Claims	1689646.58	1625692.87	1314118.64	1118803.56	938095.49
9	Change in Unexpired Risk Reserves	123175.62	77613.61	95208.38	62351.30	88174.09
10	Operating Profit/Loss	100338.22	-55695.52	-43507.97	37227.12	18742.63
	Non Operating Result					
11	Total Income under Shareholders' A/c	172167.52	172081.26	134063.07	140402.67	110699.00
12	Profit/(Loss) Before Tax	272505.25	116385.74	90555.10	177629.79	129442.41
13	Provision for Tax	52414.00	15592.54	7686.61	34507.34	20544.00
14	Net Profit/(Loss) after Tax	220091.25	100793.20	82868.49	143122.45	108898.41
	Miscellaneous					
15	Policy Holders' Account :					
	Total Funds	2974021.01	2670043.90	2433828.38	2204859.76	2040960.26
	Total Investments	2197290.94	1944392.81	1689955.05	1681833.14	1407751.02
	Yield on Investments	15.30	15.40	14.61	15.68	15.17
16	Shareholders' Account :					
	Total Funds	1541228.80	1102328.26	982193.21	972223.14	862129.70
	Total Investments	1299870.39	987884.08	928100.80	799478.67	693369.90
	Yield on Investments	15.30	15.40	14.61	15.68	15.17
17	Paid up Equity Capital	41200.00	20000.00	20000.00	20000.00	20000.00
18	Net Worth	1541228.80	1102328.26	982193.21	972223.14	862129.70
19	Total Assets	7662679.20	6917281.06	6288006.57	6171962.53	5309531.00
20	Yield on Total Investments(%)	15.30	15.40	14.61	15.68	15.17
21	Earning per Share (₹)	27.19	50.40	41.43	71.56	54.45
22	Book value per Share(₹)	187.04	551.16	491.10	486.11	431.06
23	Total Dividend	0.00	0.00	25000.00	30000.00	22000.00
24	Dividend per Share (₹)	0.00	0.00	12.50	15.00	11.00

Net of Re-insurance

@ Net of losses



19 Age wise analysis of outstanding claims as on 31.03.2018 (Gross Indian excluding provision for IBNR and IBNER)

Segment	Less than 90 Days		90 Days to 6 Months		6 Months to 1 Year		1 Year to 2 Years	
	No	Amount (₹ in lakhs)	No	Amount (₹ in lakhs)	No	Amount (₹ in lakhs)	No	Amount (₹ in lakhs)
Fire	580	57,497.42	312	33,290.71	598	99,261.55	316	68,565.53
Marine Cargo	810	3,325.05	426	1,534.09	440	2,334.79	105	1,610.93
Marine Hull	35	2,192.29	23	1,328.76	42	8,132.64	70	37,765.17
Motor OD	43,189	25,242.50	6,253	7,639.73	3,842	5,260.03	512	1,103.17
Motor TP	7,757	39,035.31	8,971	42,914.64	16,935	83,461.58	28,619	1,46,676.44
Health	56,852	38,756.66	363	1,214.41	2,407	412.03	319	992.25
Liability	294	1,897.65	131	3,058.95	193	1,263.79	241	3,275.49
Personal Accident	1,963	4,587.67	888	2,508.60	648	1,428.16	107	148.09
Aviation	11	962.71	16	219.74	23	6,778.30	11	688.50
Engineering	780	3,610.09	307	5,488.12	276	9,257.77	69	6,269.18
Others	2,259	9,519.49	937	4,511.41	947	14,511.99	298	4,741.88
Total	1,14,530	1,86,626.85	18,627	1,03,709.15	26,351	2,32,102.63	30,667	2,71,836.64

Segment	2Years to 3 Years		3 Years to 5 Years		5 Years and above		Total	
	No	Amount (₹ in lakhs)	No	Amount (₹ in lakhs)	No	Amount (₹ in lakhs)	No	Amount (₹ in lakhs)
Fire	170	12,875.73	203	12,754.58	577	40,408.14	2,756	3,24,653.67
Marine Cargo	58	2,076.77	83	1,336.48	290	1,147.80	2,212	13,365.91
Marine Hull	17	1,248.22	22	3,122.26	54	1,187.42	263	54,976.76
Motor OD	328	459.25	586	756.54	1,218	1,661.53	55,928	42,122.74
Motor TP	19,279	94,143.79	21,233	98,080.19	45,203	1,37,256.36	1,47,997	6,41,568.32
Health	274	177.65	279	212.42	267	293.90	60,761	42,059.32
Liability	211	1,105.81	341	1,207.57	709	3,259.39	2,120	15,068.64
Personal Accident	71	109.56	54	101.95	82	345.11	3,813	9,229.14
Aviation	8	2,729.06	5	1,717.46	8	1,097.73	82	14,193.51
Engineering	32	5,114.67	50	3,056.58	71	573.32	1,585	33,369.73
Others	219	2,270.59	507	1,521.49	2,036	4,077.19	7,203	41,154.03
Total	20,667	1,22,311.10	23,363	1,23,867.53	50,515	1,91,307.89	2,84,720	12,31,761.77

- 20 Investment income (Net of Expenses) is apportioned between Revenue Accounts and Profit and Loss account in proportion to the balance in the Shareholders' funds and Policyholders' funds at the beginning of the year. The same is further apportioned to fire, marine and miscellaneous Revenue Accounts in proportion to the technical reserve balance at the beginning of the year.
- 21 The UPR at a revenue segment level was found to be sufficient to cover the expected claims cost as certified by the Appointed Actuary and the claim related expenses as estimated by the management. Hence no premium deficiency reserve is required to be provided.

Jayashree Nair
Company Secretary

S. N. Rajeswari
Chief Financial Officer

C. Narambunathan
Director, GM & FA
DIN No.08101846

Hemant G. Rokade
Director
DIN No.06417520

G. Srinivasan
Chairman-Cum- Managing Director
DIN No.01876234

For R. Devendra Kumar & Associates
Chartered Accountants
Firm Reg. No. 114207 W

For A. Bafna & Co.
Chartered Accountants
Firm Reg. No. 003660C

For NBS & Co
Chartered Accountants
Firm Reg. No. 110100W

D.K. Gupta
Partner
Membership No. 009032

M.K. Gupta
Partner
Membership No. 073515

Pradeep J Shetty
Partner
Membership No. 046940

Place: Mumbai
Date: May 11th 2018