



2020 ANNUAL REPORT

**HUMAN TOUCH,
DIGITAL SENSE.**

 **MAGMA HDI**
General Insurance Company Ltd.



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1. Magma HDI – Human touch, digital sense	1
2. Corporate Identity	2
3. Company Information	3
4. Organisational Drivers – Human touch, digital sense	5
5. Key Highlights	8
6. MD & CEO's Message	9
7. Board of Directors	11
8. Board's Report	13
9. Report on Corporate Governance	39
10. Management Report	54
11. Independent Auditors' Report	58
12. Audited Financial Statements	65
13. Glossary	105
14. Our Products	109
15. Customer Testimonials	110

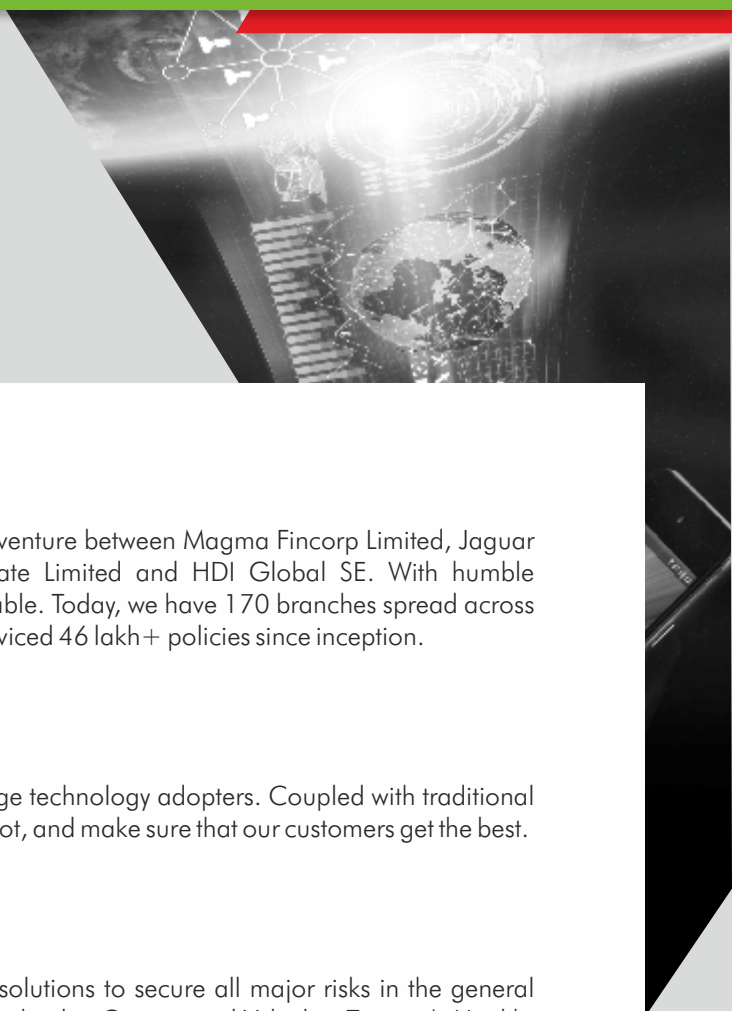


“In the end, life and business are about human connections.”
– Steve Carell

The core idea behind this quote finds its manifestation in the way we conduct our business. Insurance is about trust built over time by delivering what one is promised. Wonders happen when the service experience is powered by technology but steered by human sensitivity. While we are touching new highs by employing better technologies, we have upheld this 'human' factor across the customer journey.

Insurance is complicated, but, we at Magma HDI, strive to make it simple. Hence, our goals are straightforward too. We want to enable our customers to choose from a good selection of products at reasonable prices, aided with clear, transparent information, and smooth, hassle-free interactions, both human and digital. And thanks to our robust digital process framework, and an undeniable spirit of human connection, we are able to deliver what our customers signed up for.

We take this opportunity to present a glimpse of our digital processes, coupled with our human presence that creates the perfect formula for better customer experiences.



Parentage

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. With humble beginnings in 2012, our growth trajectory has been remarkable. Today, we have 170 branches spread across 155 districts, with a force of 1100+ employees, and have serviced 46 lakh+ policies since inception.

Leadership

The senior leaders are industry veterans who are also new age technology adopters. Coupled with traditional insurance knowledge, they know what works and what does not, and make sure that our customers get the best.

Products

With over 60 products across various categories, we have solutions to secure all major risks in the general insurance sphere. From retail products like Motor (Car, Two-wheeler, Commercial Vehicles, Tractors), Health, Personal Accident, Home to commercial products like Fire, Engineering, Liability, Marine, our wide array of covers coupled with high-quality and agile service delivery have been the pillars of Magma HDI's strong foundation.

Expertise

Our speedy, technology backed processes support in sharpening our focus on customer experience. The prudence in expense management and the drive to create value for our stakeholders is deep-rooted in our DNA. Our partners, intermediaries and employees are the resilient forces behind the best-in-class customer experience.



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BOARD OF DIRECTORS

Mr. Sanjay Chamria

Chairman, Non-Executive Director

Mr. Jens Holger Wohlthat

Vice Chairman, Non-Executive Director

Mr. Mayank Poddar

Non-Executive Director

Mr. Kailash Nath Bhandari

Non-Executive Independent Director

Mr. Sunil Mitra

Non-Executive Independent Director

Mr. V. K. Viswanathan

Non-Executive Independent Director

Ms. Suvalaxmi Chakraborty

Non-Executive Independent Director

Mr. Rajive Kumaraswami

Managing Director and Chief Executive Officer

KEY MANAGEMENT PERSONS

Mr. Vikas Mittal

Deputy Chief Executive Officer

Mr. Amit Bhandari

Chief Technical Officer & Chief Risk Officer

Mr. Gaurav Parasrampur

Chief Financial Officer

Mr. Shivendra Tripathi

Appointed Actuary

Mr. Jinesh M. Shah

Chief Investment Officer

Mr. Anand Roop Choudhary

Head Legal & Chief Compliance Officer

Mr. Amit Loya

Chief Internal Auditor

Ms. Kavita Modi

Company Secretary

BANKERS

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

JOINT STATUTORY AUDITORS

M/s. Haribhakti & Co. LLP

Chartered Accountants
705, Leela Business Park, Andheri - Kurla Road,
Andheri (E), Mumbai - 400059

M/s. MSKA & Associates

Chartered Accountants
Floor 3, Enterprise Centre, Nehru Road,
Near Domestic Airport, Vile Parle East,
Mumbai- 400099

SECRETARIAL AUDITOR

Vinod Kothari & Company

Practising Company Secretaries
1006-1009, Krishna Building,
224 A.J.C. Bose Road, Kolkata - 700017



Values that strengthen the bond with all stakeholders

Openness and Transparency

Always strive for clarity in communication & encourage free flow of information

Be pro-active & look to learn from the best

Integrity and Credibility

Always be fair, just and right

Deliver on your commitments & maintain consistency in dealings

Fairness and Impartiality

Always treat everyone as equals

Fairness should be the bedrock of our dealings with all stakeholders

Trust and Respect for People

Always have confidence & faith in self & team members

Show empathy while dealing with colleagues, partners & customers

Demanding Excellence

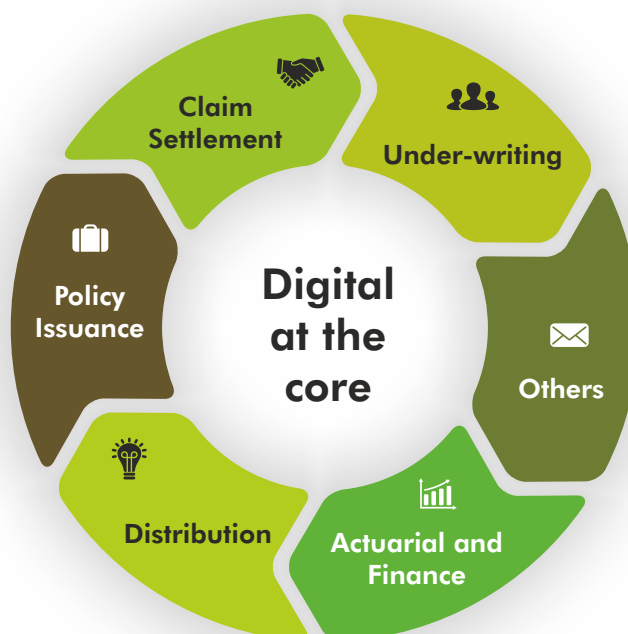
Always strive to surpass expectations

Set targets & timelines & then overachieve them

HUMAN TOUCH, DIGITAL SENSE

Delivering superior customer experiences is a balancing act. It's important to strike the right balance between digital automation and human touch. This section focuses on how digital and human have joined forces at Magma HDI, creating a bankable business enterprise.

Digitisation across different functions has led to ease of doing business for our teams and partners. Judicious use of capital has been the cornerstone of our business strategy and digitisation has played a key role in materializing it. However, nothing to match the human touch to keep the trajectory of our success graph on a steep northward curve.



Claim Settlement

Claim settlement is the 'moment of truth' and the only opportunity when a customer gets to use an insurance product. As motor insurance amounts for the largest chunk of business for us, it was intuitive that we launched iSurvey, a mobile application to power our claim settlement process. It is a complete DIY process at the claimant's convenience, and is built with predefined self-assisted workflow pattern which allows the customer, workshop and partners to use it conveniently. Through this app, the digital processing of claims requiring external surveyor's intervention has increased, with minimal documentation, leading to a lesser turnaround time, improved customer experience and customer satisfaction.

Results:

- **17%** of motor claims are completely touchless

On the health front, Magma HDI has tied up with 13 TPAs and more than 4,500 hospitals across India to offer seamless claim servicing to its customers. The Magma HDI Health App takes care of various post policy issuance requirements of customers, of which submitting soft copies of claim documents, taking tele-consultations, getting medicine delivery at home are key features.



Underwriting

At the heart of our business sit the data science driven disciplines of underwriting and claims handling. Every year we seek to move these forward, using modern techniques of analytics and IT capabilities. Motor and Health lines of business are mainstays of our retail book.

- Motor insurance being the first business we got into, we now have automated underwriting rule engines to service our intermediaries spread across the country, and state-of-the-art systems to manage policy issuance, capable of handling diversities of sourcing, geography, vehicle type etc.
- **35%** of pre-inspections for motor insurance happen through the iSurvey digital platform
- We started our health journey in FY18 and today we have solutions across the spectrum such as Retail Health Indemnity, Group Health Indemnity, Group Health Benefit, Group Personal Accident

Policy Issuance

We continue to innovate and improve processes and workflows. Some of them have been reengineered through Robotic Process Automation (RPA). It is noteworthy to mention that introduction of RPA in policy issuance has improved not only the TAT but also the quality of services to our intermediaries and customers.

Results:

- Reduction in processing cost by **95%**
- Rework on the data has been reduced to less than **1%**
- Policy delivery TAT has been reduced by **91%**
- Training cost almost **negligible**

Actuarial and Finance

Robotic Process Automation (RPA) in the finance function was introduced in Bank Reconciliation Process, reconciliation of System and IRDA rates and Report Preparation process.

In our Actuarial function, we have implemented a statistical tool for analysing data that has made visualization of data much easier. It simplifies the preparation of dashboards, communication and reporting of data. Our next step towards further digitising our Actuarial function is foraying into Predictive Analytics using this tool.

Distribution

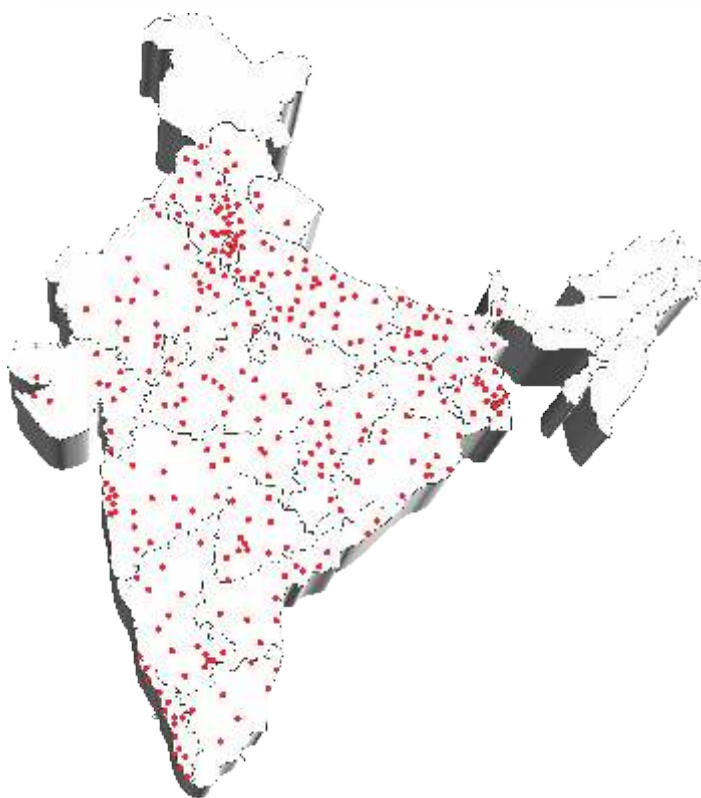
The strength of our widespread agent network combined with our robust OEM tie-ups are one of the key factors of our consistent geographical spread. Connectivity of our agents, coupled with the entire digital framework of the company have enabled them to be more productive from wherever they are stationed.

Results:

- We are physically present in 100+ districts, our agents in 300+ districts across the country. They are connected to our self-service platforms and can manage transactions in real time through their own devices without getting in touch with any of branches / employees
- Even when the business activity witnessed a slump due to the COVID-19 pandemic, 2300+ agents were active for the month of April'20, and issuing policies through our platform

Along with our digital assets, the one thing that enriches our customer experience is the human touch behind them. This is something which is inseparable from the digital construct, and is inbuilt in Magma HDI's culture. When digitisation goes hand in hand with human connections, wonders happen.

- We are physically present in 170+ branches across 100+ districts in the country.
- Our agents are present in 300+ districts in the country to service our customers' needs.
- None of the process automation has caused any job loss but teams have been reallocated to customer interface.
- Customer calling still remains the mainstay activity; our Toll Free helpline is available 24*7 for quick query resolutions.
- Magma HDI's mobile applications can route customers directly to our internal team and even to our external surveyors.
- Apart from this, our family of 1100+ employees are at our customers' service at any given point.



PAN INDIA PRESENCE

170 BRANCHES IN 150+ DISTRICTS

6300+ CHANNEL PARTNERS

Servicing claims in 604 locations, 3300+ repairers and 650+ surveyors PAN India for Motor Insurance and 14 TPAs with 4500+ average hospitals network per TPA for Health Insurance

Applications

• I Survey:

Android Play-store: <https://play.google.com/store/apps/details?id=com.magmahdi.preinspection>

Apple App-store: <https://apps.apple.com/in/app/magma-hdi-isurvey-application/id1442200470>

• Health App :

Android Play-store: <https://play.google.com/store/apps/details?id=net.fhpl.magmahealth>

Apple App-store: <https://apps.apple.com/in/app/magma-hdi-app/id1292669382>



2020

Rs. 1,294 Cr

Gross Written Premium (GWP) for FY 19-20

26%

YoY growth in GWP (FY 18-19 v/s FY 19-20)

16 Lakh+

Policies issued in FY 19-20

1 Million+

Unique customers in FY 19-20

76,247

Claims serviced in FY 19-20

93.5%

Claim settlement ratio for Motor Own Damage claims within 30 days

6,300+

Number of Agents, Corporate Agents and POS

1.71

Solvency Ratio as against IRDAI-prescribed 1.5

- Diversified product basket with a dynamic channel mix
- To diversify product mix, focused on developing the Health channel during the year. registered growth of 280% in FY 19-20 v/s FY 18-19 in Retail Health book

Recognition 19-20

- Recognised as one of the Best BFSI Brands 2019 by Economic Times
- Winner of Golden Peacock Award 2019 for Risk Management
- Rising Star Company of the Year' at India Insurance Awards 2020
- Winner of BFSI Excellence Awards 2020 for 'Outstanding use of AI and Robotics'



“ **Magma HDI at 26% growth is one of the fastest growing private sector company** ”

Dear Stakeholders,

In FY 20, Gross Direct Premium collection of non-life insurance companies grew by 11.7% and the industry collected premiums of Rs 1.89 lakh crores against Rs 1.70 lakh crores in the previous financial year. Excluding crop segment, this growth would be 10.7%. Motor and Health segments grew at 7.3% and 11.5% respectively. Commercial line, especially Fire insurance, given the increase in rates for some of the occupancies, grew better than the market at 36.1%, however, Marine and Engineering segments witnessed a lower growth of 8.7% and 6.8% respectively, due to less transits and delay in project commencements.

I am delighted to state that this year too, we continue to be amongst the leading players in terms of growth rates with the GWP increasing to Rs. 1294 crores, an increase of 26.1%. The company has underwritten 1.6 million policies in the year. Despite the challenging times in FY 20 and especially during Q4 FY2020, the Company has been able to grow the business due to its consistent investments in technology over the last four years. Today, our customers can experience the entire lifecycle from purchase to policy servicing to claim intimation to renewal in the digital mode.

The Company has continued to invest in expanding distribution network. As at March 2020, the Company has 6300+ partners inclusive of Agents, Brokers, Corporate Agents, POS and MISPs with large reach in Tier 2, 3 and 4 towns. During FY 20, the Company has also entered into 5 new OEM relationships, totaling to 6 OEM tie-ups as at March 2020. The Company has already commenced business with three partners and two are under integration process with a target to commence the business in first half of FY 21. We are also proud of having tied up with NBFCs, and cooperative banks during the year, further making inroads into the bancassurance space. Successful and faster execution of these relationships will give an edge to the Company in the coming years. Our principal focus is on ensuring partner delight, which lays a strong foundation to our business.

During the year, we have made our video streaming application live for Motor OD claims. This has helped us manage claims digitally without having to physically visit the workshop. Similarly, on the health insurance front, the Company has an App available at iOS and Android platforms for serving customer needs on any query on health claims. Other than the usual features of hospital & other healthcare provider networks, claim tracking & status, we also offer online doctor consultation as well as claim documents uploading facility.

New initiatives such as dedicated agency health channel, branch cross sell to walk-in customers, telesales to existing customer database, attachment on underlying credit portfolios helped Company to achieve growth in the retail health book. The Company is focusing to grow the retail health and SME group health portfolio through innovative health products and revision in exiting products as per the distribution requirements.

The Operations unit comprising of customer service, branch & central operations and innovation, continues to deliver a superior experience to our partners and customers. It is the primary lab for our innovation experiments as a lot of new concepts around process automation, workflow efficiency, customer engagement, payments and information flow are tested and rolled out. I feel proud that the team improved its productivity by 28% over last year, by employing RPAs, centralizing processes and deploying workflows. We are amongst least number of complaints i.e 0.52 received per 10,000 policies issued over year.



The world is going through an unprecedented health crisis which is leading to a prolonged economic crisis. Organizations are not only grappling with ensuring the safety of their employees but also dealing with restoring the normalcy of business operations. Many industries and sectors have been severely impacted and are reeling under declining revenues and cost structures built to run normal operations.

We as a company have made every effort to keep the business operations near to normal, with early implementation of BCP. I am reasonably pleased to inform that we continue to serve our customers and channel partners as earlier. We have activated work from home for most employees and encouraging our teams to avoid all external "in person" interactions. Our revenues are slowly returning to normalcy while we continue to take a hard look at our cost structures and way and means to improve productivity through use of technology keeping the customer at the center of our decisions.

Without further ado, I would like to present the financial statements for the year ended 31st March, 2020.

The highlights of the Financial Results are as under:

In FY 20 as well, the Company achieved a growth rate higher than the market growth rate and the year was defining in many aspects.

A snapshot of Company performance is as below:

Particulars	FY 2019	FY 2020
No. of Policies issued (count)	1,174,532	1,622,879
Gross Written Premium	1,025.82	1,293.92
Gross Direct Premium Income	970.11	1,224.77
Net earned premium	384.95	708.30
Income from Investments & other Income	107.31	200.83
Profit/(Loss) before tax	(8.20)	1.74
Profit/(Loss) after tax	1.43	(6.01)

Solvency Margin (as on 31 March 2020)	
Solvency Margin	IRDAI prescribed limit
171%	150%

We shall continue to maintain our focus on our retail product classes across Motor & Health and selectively underwrite commercial business. The Company has and shall continue to invest in growing the distribution franchise and keep investing in technology solutions with a view to address the growing needs of customer segments.

I would like to thank the customers, channel partners, service partners, vendors and the employees of the Company and look forward to further strengthening the relationship in the future.

Rajive Kumaraswami

Managing Director & Chief Executive Officer



Mr. Sanjay Chamria is the Non-Executive Chairman of the Company and represents Indian Promoter of the Company, Magma Fincorp Limited, a leading NBFC in the Country. A Fellow Chartered Accountant, he anchors policy formulations, strategy planning and provides overall guidance and support to the Board.



Mr. Jens Holger Wohlthat is the Non-Executive Vice Chairman of the Company. He joined HDI Global SE (HDI), 3rd largest Insurance Group in Germany in 1980 and has since served in various functions within industrial liability underwriting and international operations. In 2006, he has been appointed Member of the Executive Board (Director) of HDI, responsible for international operations.



Mr. Mayank Poddar is the Non-Executive Director of the Company. He is a Commerce graduate and represents Indian Promoters, Magma Fincorp Limited - a leading NBFC in the Country. He contributes to policy formulation and provides overall guidance and support to the Board.



Mr. Kailash Nath Bhandari is the Non-Executive Independent Director of the Company. A law graduate by education; he has been the Chairman and the Managing Director of New India Assurance Company Ltd. and United India Assurance Company Ltd. He has also been a consultant with the World Bank before joining the Board of the Company.



Mr. V. K. Viswanathan is the Non-Executive Independent Director of the Company. He is a Commerce Graduate from Madras University and a Chartered Accountant from the Institute of Chartered Accountants of India. He was the Chairman of the Board of Directors of Bosch Limited till August, 2019. Prior to this role, Mr. Viswanathan was the Managing Director of Bosch Limited and President, Bosch Group in India. He has been the past President of Indo-German Chamber of Commerce (2012-13). He has also served as the Vice President of ACMA (Automotive Manufacturers' Association) from 2005-06. He was also associated with Hindustan Unilever Ltd. in many senior positions for 17 years.



Mr. Sunil Mitra is the Non-Executive Independent Director of the Company. He is an ex-IAS officer retired in June 2011 as a Revenue & Finance Secretary, Government of India after a successful stint of 36-years. During his tenure in the Ministry of Finance, he led the Revenue Teams in the formulation of the 2010 and 2011 Union Budgets and spearheaded several significant policy initiatives in public finance including a new disinvestment policy and taxation reforms. During his earlier tenures with the West Bengal Government, he led significant public policy reforms in the State-owned Public Sector Enterprises and the State's power sector.



Ms. Suvalaxmi Chakraborty is the Non-Executive Independent Director of the Company. She is a Chartered Accountant and having 28 years of rich experience in the field of banking and financial sector with exposure in to a diverse set of businesses, including project and corporate finance, treasury, and integrated multi-currency fund and asset liability management, corporate banking, rural / agricultural, and micro banking. She featured in Fortune India list of 50 most powerful women in business. Presently she is an Advisor at Fullerton India Credit Company Limited. Prior to this she was associated with State Bank of Mauritius where she led their India operations as the CEO, Barclays Bank as the Commercial Banking Director and had also worked at ICICI Bank in various capacities.



Mr. Rajive Kumaraswami is the Managing Director and CEO of the Company. He is a Commerce Graduate from Delhi University and a Fellow Member of the Institute of Chartered Accountants of India & an Associate Member of the Institute of Cost Accountants India. Mr. Rajive Kumaraswami has 25 years of work experience. He has been involved with the Insurance Industry since its opening to the private sector and has had exposure to various facets of the industry.

He started his career with ICICI Bank Limited and spent the first 7 years of his career in Project appraisals, corporate funding and loan restructuring activities. He was associated with ICICI Lombard (ICICI Lombard) General Insurance Company Limited as the Head - Corporate Centre, responsible for the Reinsurance function, the Legal & Compliance function, the Actuarial function and the Finance & Accounts function (CFO) and also served as the Chief Risk Officer of ICICI Lombard from October 2011 to May 2012. He had also headed Corporate Underwriting & Claims department in ICICI Lombard prior to October 2011. Before joining the Company in June 2016 as its MD & CEO, he was acting as the Chief Representative of SCOR SE - India Liaison Office since May 2012.



Dear Shareholders,

Your Directors have pleasure in presenting the Eleventh Annual Report of your Company together with the Audited Financial Statements of the Company for the financial year ended 31 March, 2020. The summarized financial results are given below:

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2020	Growth
Gross Written Premium	1,025.82	1,293.92	26.1
Net Written Premium	516.93	790.18	52.9
Net Earned Premium	384.95	708.30	84.0
Other Income	1.95	8.65	344.5
Net Incurred Claims (including PDR)	271.98	597.46	119.7
Net commission (income)/Expenses	(28.94)	(62.90)	117.3
Operating Expenses	234.27	350.54	49.6
Investment Income (Policyholders)	91.97	175.93	91.3
Operating profit/(Loss)	1.57	7.79	396.2
Investment Income (Shareholders)	14.28	24.23	69.7
Other Income (Shareholders)	-	0.16	NA
Expenses other than those relating to Insurance business (Shareholders)	13.73	11.75	(14.5)
Profit before tax (before provision for diminution in value of investments)	2.12	20.43	863.7
Write Off / Provision for diminution in value of investments	10.32	18.69	81.1
Profit before tax	(8.20)	1.74	121.2
Provision for Tax (including Deferred Tax and adjustment of earlier years)	(9.64)	7.75	180.4
Profit after Tax	1.43	(6.01)	(519.0)
Profit/(Loss) carried to Balance Sheet	(26.10)	(32.12)	23.0
Credit/ (Debit) Balance in P&L A/c at the end of the financial year	(26.10)	(32.12)	23.0



General Insurance Industry Overview

Overall Insurance market for FY 20 stands at ~Rs.4,48,200 crores out of which the General Insurance Sector contributes Rs. 1,89,302 crores. The General Insurance Industry has grown at a CAGR of 17% over 5 years with Private sector insurers having 48% market share and Public sector insurers contributing 38% in FY 20. The Mono-line Health players & Specialised insurers contribute the balance 8% and 6% respectively.

The outbreak of pandemic Covid-19 in the March 2020 in India and resultant lockdown has resulted in the General Insurance Industry de-growth of ~11% for March 2020 over March 2019 month. Despite, the de-growth in March 2020, the industry has grown by 11.5% over FY 19. The de-growth for General Insurance Industry continued in April 2020 by ~11% over April 2019.

Performance review

(Rs. in Crores)

Particulars	2016-17	2017-18	2018-19	2019-20	CAGR %-3 years
Gross Direct Premium	419.49	526.69	970.11	1,224.77	42.9
Net Written Premium	326.63	375.61	516.93	790.18	34.2
Investment Income (including Shareholders share of income)	83.87	90.25	106.26	200.16	33.6
Net Incurred Claims (including PDR)	257.58	277.86	271.98	597.46	32.4
Operating Expenses	141.57	151.78	234.27	350.54	35.3
Operating profit/(loss)	(10.84)	(11.32)	1.57	7.79	(189.6)
Profit after tax	6.30	4.91	1.43	(6.01)	(198.4)
Total Investments	900.41	1,137.12	1,462.29	2,284.81	36.4

Gross Direct Premium (GDP) has registered a robust CAGR of 42.9% over 3 years since FY 2017 with continuous focus on diversification of products and improvement in quality of business. Operating Expenses have also been managed well inspite of rapid expansion in business with lesser CAGR @ 35.3% as compared to GDP. Investment book has increased with CAGR of 36.4%.

The Gross Direct Premium Income written by the Company during the FY 20 is Rs. 1,224.77 Crores (P.Y. Rs. 970.11 Crores). Motor segment has grown to Rs. 1,029.13 Crores in FY 20 (Rs. 746.55 Crores in FY 19).

During the year, motor continues to be the dominant portfolio for the Company with the contribution being 79.5% of the portfolio vis-a-vis 72.8% last year whereas Commercial & Health has contributed 16.4% (PY 18.0%) & 4.1% (PY 9.2%) respectively. With the launch of the new Retail Health channel, Retail health has grown from Rs. 2.56 Crores in last year to Rs. 9.73 Crores in FY 20. We added significantly to the existing Original Equipment Manufacturers (OEM) tie up and the business from Bancassurance & OEM tie-ups have started gaining momentum contributing 22.2% in FY 20 as against 15.5% in FY 19.

The Company continues to enjoy one of the lowest Motor Own Damage loss ratios in the industry. The Company has also been able to maintain its Expenses of Management within the overall limit prescribed by IRDAI, third year in a row.

During the year, the Company raised additional capital of Rs. 53.19 crore, which is pending allotment as on 31 March 2020. Out of this, equity share capital amounting to Rs. 39.47 Crore has been allotted on April 28, 2020 and has been included in computation of available solvency margin as on 31st March 2020 as per IRDAI approval.

On technology front, we have implemented video streaming for claims settlement during FY 20.

Distribution structure

The Company has multi-geography, multi-product and multi-channel distribution structure. The company continues to focus on product diversification with major focus on developing Retail Health channel. The Company has widened channel partner base and crossed 6300 mark in number of Agents, Brokers, Corporate Agents, Point of Sale (POS) & Motor Insurance Service Providers (MISPs). During FY 20, the Company has also entered into 5 new OEM relationships, totaling to 6 OEM tie-ups as at March 2020.



Underwriting

The Company has developed a balanced underwriting approach considering the size of its portfolio and overall objective of the Company. The Company remains in a competitive environment where pricing of a risk is mostly dictated by market. Hence, risk selection becomes very important. The Company's underwriting is focused on appropriate risk selection based on the exposure and risks involved. The Company has done risk segmentation on the basis of occupancies and categorized them as preferred, referral and decline segments for each line of business. While the target is to increase penetration in preferred segments, the Company does prudent underwriting by being cautious in selecting risks in referral category keeping our exposures suitable to its portfolio.

In case of commercial products such as Fire, Marine, Engineering risks insurance, the Company intends to keep moderate exposures in high natural catastrophe prone areas. It also takes into consideration the impact on our solvency while participating in any risk. It has developed solvency threshold limits for each line of business to decide how much exposure the Company can have in a single risk. At the same time, the Company writes risks with adequate risk quality and avoid risks which are below average risk quality.

In last few years, the Company has successfully filed new products under various lines of businesses viz. "Business Protect Policy" under property insurance, which offers a comprehensive cover for business owners. The Company has revived its product offering in Liability line of business by developing new form for "Commercial General Liability (CGL) and "Director's and Officer's Liability (D&O)". The Company has also developed new products such as "Cyber Risk Insurance" and "Crime Insurance" under Liability line of business.

Increased treaty capacities over the last few years esp. in Property line of business has enabled it to offer sizable capacities in the market and increase its portfolio in this line.

In retail lines comprising largely of Motor and Health, the underwriting strategy is to diversify the portfolio and to achieve a sufficiently large population of risks to reduce variability of the expected outcome within each of these categories. At the heart of business, sits the data science driven disciplines of underwriting and claims handling. Every year, the Company seeks to move these forward, using modern techniques of analytics and IT capabilities, as well as focus on skills and training.

Motor underwriting premium for 2019-20 reached Rs. 1029.1 Crs, an increase of 37.8% over 2018-19. This year, the Company improved its business mix, reduced volatility and improved profitability of our motor portfolios while further growing into targeted segments. The market outlook remains under pressure as it is experiencing weak pricing since last two years due to various economic factors like introduction of multiyear products, low automobile sales etc.

With the key objective to diversify our portfolio and de-risk its revenue stream, the company over the last 2 years have put

substantial focus on increasing our health portfolio. In FY 19-20, the Company has been able to achieve a business mix of 4.0% for health segment. The Company started its journey in FY 2017-18 and today the Company has solutions across the spectrum such as Retail Indemnity, Group Indemnity, Group Benefit and Group Personal Accident. All these products are developed with clear focus on enriching our offer with innovative and flexible product propositions. The Company has tied up with 13 Third Party Administrators (TPAs) and more than 4,500 hospitals across India to offer seamless claim servicing to its customers.

The Company continues to embrace technology and data analytics to differentiate its offerings and create value for our partners and customers. The Company has introduced motor pre inspection DIY app and as on Mar-20, 35% of all our pre inspections are happening through this app. Similarly, on health side, the Company has invested heavily in developing state of the art systems, to manage policy issuance through automated underwriting rule engine and claims through Magma HDI health app. The app also takes care of various post policy issuance requirements of customers, of which submitting soft copies of claim documents, taking tele-consultations, getting medicine delivery at home are key features.

Overall, the underwriting fundamentals and governance remains sound. Underwriting capacity and authority delegation to individuals are based on their specific expertise, and sets appropriate underwriting and pricing guidelines. Regular technical reviews assure that underwriters perform within authorities and adhere to underwriting philosophies and policies. Effective governance ensured control and compliance environment as reflected in successful audits.

We aim to deepen our relationship with existing customers and build out new customer segments, from the millennials and gig customer segments to small and medium sized enterprises. The Company aims to become preferred insurance provider and achieve a responsible growth by using the insights gained by listening to our partners and customers.

Human Resources (HR)

Employees are the most valuable assets of the Company. To support the business growth, the Company increased its manpower strength from 968 in FY 19 to 1108 in FY 20.

The Human Resource department is focused to achieve excellence in all pillars of success like hiring right talent, retention of the best talent, employee engagement initiatives, launch of rewards & recognition program, learning & development initiatives.

In order to achieve excellence in processes and improve upon employee services, automation in the areas of HR operations continued to be an important agenda during the year. Launch of queries resolution module on employee self-service application

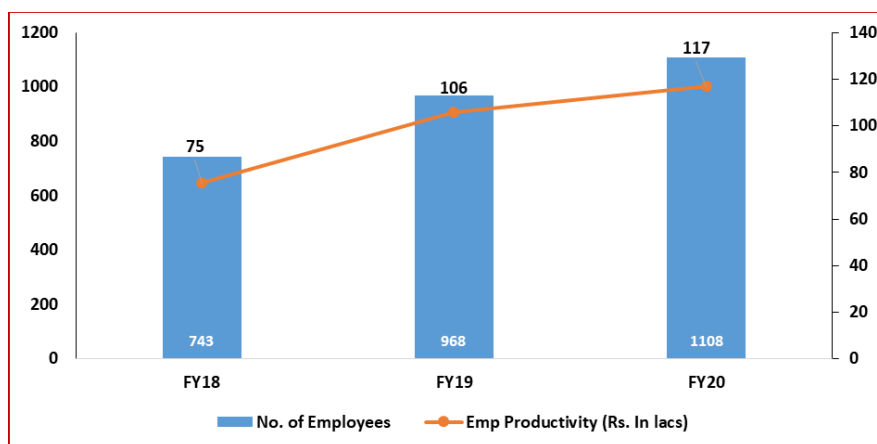


has helped in reducing the transaction processing time & helped to improve the employee satisfaction. E-learning program has been enriched with new and relevant modules to make the training cost-effective as well as relevant for the employees. Being the Motor segment dominated company, Mobile learning Application for "One health" product has helped to increase the knowledge levels about the product. Senior leaders of the Company have also been part of special training programs to inculcate importance of team work & collaboration at work.

Rewards & recognition program was designed and launched to encourage the right behavior & skills of employees. In order to boost employee productivity in Sales functions, incentive program has been revamped with clear focus to inculcate "pay for performance" culture.

With continuous growth and expansion being the key imperative for the company, digital solutions, HR innovation, business partnering and people connect continue to be the focus areas.

Employee Productivity over years



Operations, Technology and Customer service

Digital transformation - With India becoming the second largest population using internet, Digital platform has become the game changer for almost all businesses. The company has embraced the Digital preference involving all aspects of business and especially for customer service.

- Customer Relationship Management (CRM) has been introduced across customer's touch points. CRM helped the Company to enhance contact management, cross-team collaboration, increased customer satisfaction and retention and streamline processes. CRM is integrated with the core system & other ecosystems & provides 360 degree view of customer and policy details. This has helped employees and call center team to serve customers more effectively.
- Website has also been revamped with new features of online buying journey for 2W, Private Car. The B2C platform enables the Company to reach to the customer directly and helps in policy issuance. Customer portal offers self-service features to customers to do policy endorsements and raise claims.
- The Digital policy generation and digital payment facility have been the major initiatives during the year.
- iSurvey app has been introduced during the year which eases the policy issuance process. It is built with predefined self-assisted workflow pattern which allows

the customer, workshop and partners to use it conveniently. iSurvey is primarily for pre-inspection and used mainly in segments of commercial vehicles & private car.

- Customer App has been launched to manage all self-service features on mobile.

Data and analytics - Implemented predictive analytical platform for business teams to create various data models and facilitate proactive decision making. For increasing the renewal of policies, the Company has started using Artificial Intelligence, based on various sets of database and key drivers in a systematic manner.

RPA - Robotic process automation has been introduced in policy issuance and other operational processes to reduce the time taken for processing. The Robotic process also helps in achieving higher accuracy levels, thus leading to lesser complaints and increased customer satisfaction.

For FY 20, the company falls amongst least number of complaints i.e. 0.52 received per 10,000 policies issued over year.

The focus on digital process alignment with channel partners and customers has resulted in digital policy issuance to 99% during the year.

Growth in Number of Policies Issued Over Years



Data protection - Given the Company's commitment to protect policyholder's data, the Company has also strengthened the data security guidelines and implemented a framework for its governance. Online training programs and tests were conducted across the levels of employees to ensure awareness and increase compliance.

Video Streaming – We have launched photo and video claim apps for motor claim survey for quick settlements of the claims. Video streaming facility eliminate the need for physical inspection of damaged vehicles by surveyors. It also eliminates the customary process of physically submitting claim documents to the insurer which now can be uploaded in the app, thus reducing waiting time drastically. The online survey can be completed in just a few minutes and the claims processing will be initiated without the surveyor's visit thus simplifying the entire claims process. The turnaround time for claim settlements has come down from months to days & in some cases to few hours only.

The insured or the workshop advisor connects the insurer through call or in the claim app & then photographs of the required documents like RC, DL, etc. are clicked through the mobile & uploaded in the app. Thereafter our company executive appears online & guides to video graphs the vehicle & damages occurred which are live streamed & viewed to discuss the replacement/repairs required & finalize the claim. The whole process is completed in few minutes.

Claim Reserves

The future unpaid claim liabilities (incl. reported and unreported claims) are established in accordance with the IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 by the Company. The ultimate claim liability is based on the advice/estimation derived under the direction of the Appointed Actuary using the methods well established in the industry and recommended by the IRDAI. The data used for IBNR estimation is classified following the principle of homogeneity to the extent possible keeping in mind the nature of business and claims development pattern.

In terms of business, the Company has a significant proportion of business in Motor Third Party segment. Motor Third Party being a long tailed business forms a major portion of the total reserves for the Company.

The Company's experience is still developing for this segment and hence the principle of prudence while adopting the reserves so as to safeguard the policyholder's interest while estimating the ultimate liabilities for this segment. Along with the internal data, the Company takes reference of industry wide data and indicators of wage inflation, interest rate trends, landmark as well as recent court rulings, Motor Vehicle Act Amendment while calculation of the reserves for the segment.

Besides Motor Third party, the Commercial segment has inherent volatility in the claims experience.

The Company also recognizes the importance of timely recognition of claims at all times. To ensure this, a robust claims process is put in place which registers the claims at the earliest post intimation. In case of limited information a default claim provision is made based on the historical settlement experience of the Company and the nature of segment.

Claims servicing

The Company believes in its key objective of Insurance business to service the customers during their times of financial distress in the event of damage to property/vehicles or medical emergency. The Company has a fair and robust claims management practice. The Company continues to review its processes with empathy for the customer being the core value. Hence, a fair and fast settlement of any claim becomes the paramount objective. It also leverages technology to achieve this objective, which at the same time, ensures cost effective scalability of its claims operations.

In order to make the experience seamless for the customers, there is consistent and continuous focus to simplify procedures also enabling reduction in Turnaround time (TAT). Key initiatives are end to end workflow based process from claim intimation to settlement. Introduction of iSurvey App has connected customers as well as vendors at a click away for getting the details of the claim. Survey process has been simplified through video streaming to make it completely touchless & efficient with no necessity of moving physical documents. The company is investing on Artificial intelligence platform to remove manual intervention in claim assessment process.



In first quarter of implementation i.e. in Q4 FY 20, 80% surveys have been done online, out of which, 13.6% are completely touchless without physical inspection by any surveyor.

For FY 20, the Company has settled 93.5% Motor Own Damage claims within 30 days from claim intimation date.

The Company has received commendations from District Legal Services Authority (DLSA) acknowledging its contribution and participation to ensure success of Lok Adalats and National Lok Adalats in Motor Third party claims process.

Details of total Claims intimated, disposed of and pending –

Particulars	Total Number of claims FY 2020	Total Number of claims FY 2019
Outstanding at beginning of Financial Year	8099	6182
Intimated during the year	78272	45292
Settled during the year	76247	43375
Outstanding at the end of the Financial Year	10124	8099

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 with a panel of reinsurers, which enables it to automatically reinsure large risks (upto defined limits) without having to refer each case to them. These arrangements are referred as Proportional Treaties where the Company and the Reinsurers share the premium and claims in an agreed proportion for each risk as per the agreement.

The Company has also got into treaty arrangements (termed as Non-proportional Treaties) which protects it against the large individual losses as well as accumulated losses on its books against a catastrophic event affecting its insured risks. The extent of such protection is bought by the analysis of the likely loss in case of a catastrophe. The Company uses the tool based on RMS India Earthquake Model.

In addition, 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.

The entire reinsurance program is supported by Reinsurers rated "A-" and above worldwide (like GIC Re, Munich Re, SCOR SE) which reduces counter party credit risk significantly.

INVESTMENTS

The Company follows a prudent investment strategy with emphasis on optimizing risk adjusted returns despite volatile market conditions. 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, 2020 stood at Rs. 2,284.81 Crores compared to Rs. 1,462.29 Crores as on 31 March, 2019. Out of the total fixed income portfolio

(excluding fixed deposits and money market instruments) 85.0% (P.Y. 73.8%) are invested in Sovereign Bonds and highest credit rated securities (AAA or equivalent). In terms of Maturity profile, 6.1% (P.Y. 10.4%) of the portfolio comprises of the short-term instruments and 93.9% (P.Y. 89.6%) in longer tenor instruments.

The Company's internal Investment Policy and Operating Guidelines have 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 19-20. The Company conducts periodic review of the investment portfolio with the above stated objectives.

The Company has investment of Rs. 37.38 Crores in secured redeemable non-convertible debentures of Dewan Housing Finance Corporation Limited (DHFL) which has been downgraded by the rating agencies, CARE and Brickworks Ratings to junk category "D" in June 2019 after DHFL had defaulted on its debt repayments. The account has become a Non-Performing Asset w.e.f. 16 November 2019, post default in interest payment due to the Company on 16 August 2019. The entire unrealized interest income has been reversed in Q1 FY 20 and the Company has stopped further recognition of interest income on these investments. Further the Company has made a provision of 50% (Rs. 18.69 crore) of the book value of the investment as of 31 March, 2020.

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.

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 22, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus,



which has been further extended. The pandemic is creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global economic slowdown. The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

CHANGES IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year 2019-20.

DETAILS OF SUBSIDIARY/ASSOCIATES/JOINT-VENTURE COMPANY

Your Company does not have Subsidiary/Associates/Joint-Venture Company as on 31 March, 2020.

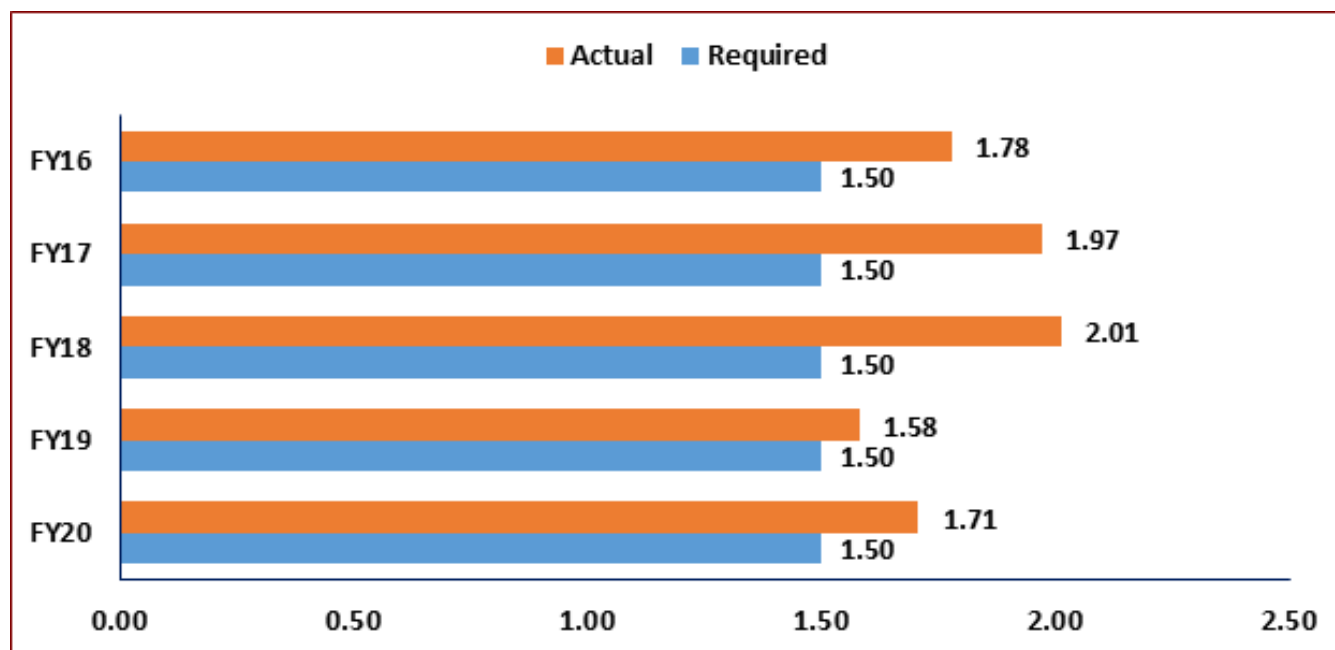
SOLVENCY

The Company's solvency margin as at 31 March, 2020 stands at 1.71 times, which is 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.

During the year, the Company has allotted 1,87,50,000 Equity Shares of Rs. 10/- each under Preferential issue at a premium of Rs. 30/- each aggregating to Rs. 75 crores. The share application money in this regard was received in the previous financial year.

In addition to above, the Company raised additional capital of Rs. 53.19 crore during the year, which is pending allotment as on 31 March, 2020. Out of this, equity share capital amounting to Rs. 39.47 Crore has been allotted on April 28, 2020 and has been included in computation of available solvency margin as on 31 March, 2020 as per IRDAI approval.

Actual and Required Solvency Margin Over Years



DIVIDEND

In view of loss incurred during the year, your Directors do not recommend any dividend for the financial year ended 31 March, 2020. 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 was no change in the authorized share capital of the Company as it stood at Rs. 200.00 crores and paid up share capital of the Company has been increased from Rs. 125.00 crores to Rs. 143.75 crores, pursuant to allotment of 1,87,50,000 Equity Shares of Rs. 10/- each under Preferential issue at a premium of Rs. 30/- each aggregating to Rs. 75.00 crores. The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

During the year under review, your Company has also received



share application money from identified investors for 1,09,68,000 Equity Shares of Rs. 10/- each issued under Preferential basis at a premium of Rs. 38.50 each aggregating to Rs. 53.19 crores. Out of this, equity share capital amounting to Rs. 39.47 Crore (81,37,500 equity shares) has been allotted on April 28, 2020 and has been included in computation of available solvency margin as on 31st March 2020 as per IRDAI approval. The allotment of balance shares has not been made as on the date of the Boards' Report, pending approval of IRDAI.

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 2019-20 together with a Certificate of Compliance are attached and form part of this Annual Report.

SECRETARIAL STANDARDS

The Company has complied with all applicable secretarial standards during the year under review

AWARDS

The Company has been recognized as one of the **Best BFSI Brands in India in 2019**, by The Economic Times. Also, the Company is Winner of **"Golden Peacock Award for Risk management"** 2019, title of **"Rising Star Company"** in India Insurance Awards 2020 and winner of **BFSI Excellence Awards 2020 for 'Outstanding use of AI and Robotics'**

OFFICES

During the current year, the Company has expanded its presence by opening one new office. The total number of offices of the Company are 170 as of 31 March 2020.

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

The Magma HDI General Insurance Company ESOP Trust under the supervision/guidance of the Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitor the MHDI ESOP Plan in accordance with the applicable SEBI Regulations.

The details of the options granted and outstanding as on 31 March 2020 in accordance with Section 62(1)(b) read with Rule 12(9) and Rule 16 of the Companies (Share Capital and Debenture) Rules, 2014 along with other particulars as required by Regulation 14 of the SEBI Regulations are available on the website of the Company www.magmahdi.com at www.magmahdi.com/public-disclosures and the Auditors' Certificate would be placed at the forthcoming Annual General Meeting pursuant to Regulation 13 of the said Regulations.

During the year under review, the Company has amended the existing MHDI ESOP Plan to include fresh issuance of shares directly by the Company without taking the MHDI ESOP Trust route. The same was approved by the Members of the Company in the Extra-Ordinary General Meeting held on 24 January 2020.

Your Company has also granted a loan of Rs. 6.50 crores in previous year to Magma HDI General Insurance Company ESOP Trust for purchase of its own shares by the Trust / Trustees for the benefit of employees under Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018. Out of which, Rs. 4.50 crores is outstanding loan value as on 31 March 2020.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Mr. Rajive Kumaraswami (DIN 07501971) was re-appointed as the Managing Director & Chief Executive Officer (MD & CEO) of the Company for a period of 5 years w.e.f. 15 June, 2019. The same was also in line with approval accorded by IRDAI. Further, Mr. Sunil Mitra (DIN 00113473), Mr. K. N. Bhandari (DIN 00026078) and Mr. V. K. Viswanathan (DIN 01782934) were re-appointed as Non- Executive Independent Directors of the Company for a second term of 5 years effective from 23 July 2019. The re-appointment of these directors were duly approved by the Members of the Company at the 10th AGM held on 18 July 2019.

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.

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 00026078), 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 2020-2021.



Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all the Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have also been received from the Directors in this regard. Further one of the Independent Director who is required to appear for the online proficiency self-assessment test is yet to appear for the same and the other three Independent Directors are exempted for the said self-assessment test under the aforesaid notification.

During the year under review, IRDAI had organised an Orientation Programme for Independent Directors of Insurance Companies to impart specific orientation/training to provide insights relating to industry requirements and to help Independent Directors perform their duties in a beneficial manner. The said Programme was duly attended by all the Independent Directors of the Company.

MEETINGS

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

Board Meetings

During the financial year 2019-20, six (6) 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 2019-20, 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 six (6) resolutions that were passed by means of circular resolutions.

Audit Committee

The Audit Committee comprises of Mr. Sunil Mitra who serves as the Chairman of the Committee, Mr. V K Viswanathan, Mr. Sanjay Chamria, Mr. Kailash Nath Bhandari and Mr. Jens Holger Wohlthat, as other members. During the year six (6) 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 four (4) 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, as other members.

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 said Policy may be referred to, at the website of the Company at its weblink, i.e. www.magmahdi.com/public-disclosures

Based on the provisions of Companies Act, 2013 CSR is not applicable to your Company for FY 2020. Accordingly, during FY 19-20 no CSR meeting was held.

Separate Meeting of Independent Directors'

During the year, a separate meeting of Independent Directors was held on 24 January, 2020 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, 2020 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. 1,00,000/- per meeting of the Board, Audit Committee, Nomination & Remuneration Committee and Risk Management Committee Meeting and Rs. 30,000/- per meeting of the Investment Committee, Policyholders' Protection Committee and Independent Directors' Meeting. No sitting fees are being paid to Non-executive Non Independent Directors. The details of remuneration are given in the Corporate Governance Report.

REMUNERATION POLICY

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

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

- 1.1 Your Company has one Executive Director. Selection of Executive Director/s shall be in line with the selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment; Nomination and Remuneration Committee (NRC) is responsible for identification, shortlisting and recommending candidature of person for the position of Managing Director to the Board of Directors of the Company;
- 1.2 Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role,

may be defined for each independent director;

- 1.3 In your Company, Senior Management Personnel shall 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.

- a. For each Independent Director, the appointment shall be based on the need identified by the Board;
- b. 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;
- c. 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;
- d. Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;
- e. Director's Independence test shall be conducted as per the conditions specified in the Companies' Act and the rules thereunder;



- f. 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
- g. 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:

- a. 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;
- b. Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the board and committee meetings;
- c. 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;
- d. 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 and efficient 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 Company also has an Internal Control and Fraud Risk Management department, which looks at identification of frauds through inbuilt controls such as fraud indicators in various processes and conducts analytical projects

for identification of frauds. It also has a robust mechanism to take corrective actions such as changes in processes and take disciplinary action such as termination, filing Police complaints, suspending license / agreement etc. on identification of frauds or potential frauds. The Company also has Operational Risk Management framework to manage risk that may arise from inadequate or failed internal processes, people, systems, or external events. To manage and control operational risk, various tools, including Self Assessments, operational risk event management and key risk indicator monitoring are used. Further, the Company recognizes that information is a critical business asset, and accordingly, there is a information security and cyber security framework that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the organization.

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. 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" to provide a formal vigil 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. www.magmahdi.com/public-disclosures

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 20-21) 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 21-22) as Joint Statutory Auditors of the Company.

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 19-20.

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 2019-20. The Report of the Secretarial Auditor for the financial year ended 31 March, 2020 is annexed herewith as "Annexure A".

SECRETARIAL AUDITORS' OBSERVATIONS

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer in FY 19-20.

COST AUDIT

Maintenance of cost records as per section 148(1) of the Companies Act 2013 are not applicable to the Company.

FRAUD REPORTING

Fraud reportings, if any, made in terms of Section 143(12) of the Companies Act, 2013, are reviewed by the Risk Management Committee of the Board. Further, the Auditors have reported that no material fraud by the Company or by its employees or officers has been noticed or reported during the year.

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:

- In the preparation of the annual accounts for the year ended 31 March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2020 and of the profit/(loss) of the Company for that period;
- 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;
- The Directors had prepared the annual accounts of the Company on a going concern basis; and
- 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 during the year is Rs. 4.77 Crores (P.Y. Rs. 5.43 Crores)

Expenditure in foreign currency during the year is Rs. 37.88 Crores (P.Y. Rs. 22.94 Crores)

EXTRACT OF ANNUAL RETURN

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

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

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

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

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

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

DISCLOSURE WITH REGARD TO IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (Ind AS) IN INSURANCE SECTOR

As per IRDAI vide its Circular No. IRDA / F&A / CIR/ 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 is proposed to be implemented in FY 20-21.

Further, vide Circular No. IRDA/F&A/CIR/ACTS/023/01/2020 dated 21 January, 2020, IRDAI has withdrawn the circular dated 28 June 2017 and the requirement of submission of Proforma IndAS Financial Statements was dispensed. Accordingly, Company had dispensed off the submission of IndAS Financial Statements to IRDA w.e.f. quarter ended December 2019.

COVID 19

The COVID 19 outbreak has been unprecedented for our country and for the world. The global coronavirus (covid-19) pandemic has upturned life for all of mankind and including all of India, large part of the world's population is under lockdown. Magma HDI navigated the crisis well before the lockdown began. The Company took several measures to take care of the safety of employees, increasing sanitization/hygiene at branch offices, providing masks/gloves, creating an Emergency Response Team (comprising for HR and admin teams) which continues to connect with and provide support to employees feeling unwell and launching a special Helpline for assistance. The entire leadership team nimbly worked to implement Business Continuity Plans (BCP) for various critical processes. We also implemented Work-From-Home (WFH) for several job roles and enforcing social distancing.

COVID 19 – Support on the following has been implemented:

- Inform, Guide & Nurture the employees to sustain during these times
- Create a platform for Idea Generation, quizzes and contests
- Prepare for "bounce back" scenarios
- Constant reskilling – Nuggets/video/webinars

The company's priorities are ensuring employee safety and protecting assets while treating our customers with care.

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: 30 April, 2020

Sanjay Chamria
Chairman
DIN 00009894



Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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 Company 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-A** 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, 2019 to March 31, 2020 (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, 2020 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;
 - b) Insurance Regulatory and Development Authority ('IRDA') (Protection of Policyholder's Interests) Regulations, 2017;
 - c) Indian Insurance Companies (Foreign Investment) Rules, 2015;
 - d) IRDA (Registration of Indian Insurance Companies) Regulations, 2000;
 - e) IRDA (Insurance Advertisements and Disclosure)

Regulations, 2000 (updated amendment in 2019);

- f) (General Insurance - Reinsurance) Regulations, 2000-updated with (General Insurance - Reinsurance) Regulations, 2016 and Re-insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018;
- g) IRDA (Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016;
- h) IRDA (Appointed Actuary) Regulations, 2017;
- i) IRDA (Actuarial Report and Abstract) Regulations, 2000;
- j) IRDA (Obligations of Insurers to Rural Social Sectors) Regulations, 2015;
- k) IRDA (Regulation of Insurance Business in Special Economic Zone) Rules, 2015;
- l) IRDA (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) IRDA (Place of Business) Regulations, 2015;
- q) IRDA (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations 2015;
- r) IRDAI (Maintenance of Insurance Records) Regulations, 2015;
- s) IRDA (Web Aggregators) Regulations, 2013;
- t) IRDA (Sharing of Database for Distribution of Insurance Products) Regulations, 2010;
- u) IRDA (Manner of Receipt of Premium) Regulations, 2002;
- v) IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000;
- w) IRDA Corporate Governance Guidelines, 2016;



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 - f) (General Insurance - Reinsurance) Regulations, 2000-updated with (General Insurance - Reinsurance) Regulations, 2016 and Re-insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018;
 - g) IRDA (Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016;

- h) IRDA (Appointed Actuary) Regulations, 2017;
- i) IRDA (Actuarial Report and Abstract) Regulations, 2000;
- j) IRDA (Obligations of Insurers to Rural Social Sectors) Regulations, 2015;
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- s) IRDA (Web Aggregators) Regulations, 2013;
- t) IRDA (Sharing of Database for Distribution of Insurance Products) Regulations, 2010;
- u) IRDA (Manner of Receipt of Premium) Regulations, 2002;
- v) IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000;
- w) IRDA Corporate Governance Guidelines, 2016;
- x) Guidelines on Stewardship Code for Insurers in India;
- y) Guidelines on Information and Cyber Security for insurers;
- z) IRDA (Loans or Temporary advances to the full-time Employees of the Insurers) Regulations, 2016;
- aa) IRDA (Investment) Regulations, 2016;
- bb) 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;



**To
The Members
Magma HDI General Insurance Company 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.

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 - c) Indian Insurance Companies (Foreign Investment) Rules, 2015;
 - d) IRDA (Registration of Indian Insurance Companies) Regulations, 2000;
 - e) IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 (updated amendment in 2019);
 - f) (General Insurance - Reinsurance) Regulations, 2000-updated with (General Insurance - Reinsurance) Regulations, 2016 and Re-insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018;
 - g) IRDA (Assets, Liabilities, and Solvency Margin of General

Insurance Business) Regulations, 2016;

- h) IRDA (Appointed Actuary) Regulations, 2017;
- i) IRDA (Actuarial Report and Abstract) Regulations, 2000;
- j) IRDA (Obligations of Insurers to Rural Social Sectors) Regulations, 2015;
- k) IRDA (Regulation of Insurance Business in Special Economic Zone) Rules, 2015;
- l) IRDA (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) IRDA (Place of Business) Regulations, 2015;
- q) IRDA (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations 2015;
- r) IRDAI (Maintenance of Insurance Records) Regulations, 2015;
- s) IRDA (Web Aggregators) Regulations, 2013;
- t) IRDA (Sharing of Database for Distribution of Insurance Products) Regulations, 2010;
- u) IRDA (Manner of Receipt of Premium) Regulations, 2002;
- v) IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000;
- w) IRDA Corporate Governance Guidelines, 2016;
- x) Guidelines on Stewardship Code for Insurers in India;
- y) Guidelines on Information and Cyber Security for insurers;

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

**Place: Kolkata
Date: 27th Apr, 2020**

**Pammy Jaiswal
Membership No.: A48046
C P No.: 18059
UDIN: A048046B000180706**



ANNEXURE-A

List of Documents

1. Minutes books of the following Meetings were provided:
 - i. Board Meeting
 - ii. Audit Committee
 - iii. Nomination and Remuneration Committee
 - iv. Investment Committee
 - v. Risk Management Committee
 - vi. Policyholders' Protection Committee
 - vii. Management Committee
 - viii. General Meetings
2. Annual Report (2018-19)
3. NL-Disclosure up to quarter ended December 31, 2019
4. Disclosures under the Act, 2013 and as per IRDAI Guidelines
5. Policies framed under the Act, 2013 and IRDAI Guidelines
6. Forms and returns filed with the ROC and IRDAI
7. Registers maintained under Act, 2013 and as per IRDAI

**FORM NO. MGT-9****Extract of Annual Return as on the financial year ended on 31 March, 2020**

[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	Development House, 24, Park Street, Kolkata – 700 016 Telephone No. 033-4401 7350 e-mail: companysecretary@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 3A, Auckland Place, 7th Floor, Room No. 7A & 7B Kolkata - 700017 Telephone Nos.: 033-2280 6616/17/18 Facsimile No.: 033-2280 6619 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 Shares	
A. Promoters									
(1) Indian									
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.	92114512	-	92114512	73.69	98364512	-	98364512	68.43	(5.26)
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	92114512	-	92114512	73.69	98364512	-	98364512	68.43	(5.26)
(2) Foreign									
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.	32000000	-	32000000	25.60	32000000	-	32000000	22.26	(3.34)
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total :-	32000000	-	32000000	25.60	32000000	-	32000000	22.26	(3.34)
(A)(2):-									
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	124114512	NIL	124114512	99.29	130364512	-	130364512	90.69	(8.60)
B. Public Shareholding									
1. Institutions									
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
Sub-total (B) (1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL



i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
a) Bodies Corp.	NIL	NIL	NIL	NIL	12500000	-	12500000	8.70	8.70
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(I) NRI/ OCB	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Trust - Magma HDI General Insurance Company ESOP Trust*	885488	-	885488	0.71	885488	-	885488	0.61	(0.10)
(iii) Clearing Member	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	885488	-	885488	0.71	13385488	-	13385488	9.31	8.60
Total Public Shareholding (B)=(B)(1) + (B)(2)	885488	-	885488	0.71	13385488	-	13385488	9.31	8.60
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	125000000	NIL	125000000	100.00	143750000	NIL	143750000	100.00	NIL

*Note: Out of 8,85,488 shares held by Magma HDI General Insurance Company ESOP Trust, 8 employees of the Company are beneficial owners of 2,19,784 equity shares in aggregate pursuant to the exercise of options under MHDH ESOP Plan.



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	
1.	Magma Fincorp Limited	3,98,98,281	31.92	0	3,98,98,281	27.76	0	(4.16)
2.	Celica Developers Private Limited	2,97,15,787	23.77	0	3,59,65,787	25.02	0	1.25
3.	Celica Developers Private Limited Jh: Vanita Chamria	111	0	0	111	0	0	0
4.	Celica Developers Private Limited Jh: Harshvardhan Chamria	111	0	0	111	0	0	0
5.	Celica Developers Private Limited Jh: Sanjay Chamria	222	0	0	222	0	0	0
6.	Jaguar Advisory Services Private Limited	2,25,00,000	18.00	0	2,25,00,000	15.65	0	(2.35)
7.	HDI Global SE	3,20,00,000	25.60	0	3,20,00,000	22.26	0	(3.34)
	Total	12,41,14,512	99.29	0	13,03,64,512	90.69	0	(8.60)

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
At the beginning of the year				
Magma Fincorp Limited	3,98,98,281	31.92	3,98,98,281	31.92
Celica Developers Private Ltd.	2,97,15,787	23.77	2,97,15,787	23.77
Celica Developers Private Ltd. Jh: Vanita Chamria	111	0	111	0
Celica Developers Private Ltd. Jh: Harshvardhan Chamria	111	0	111	0
Celica Developers Private Ltd. Jh: Sanjay Chamria	222	0	222	0
Jaguar Advisory Services Private Limited	2,25,00,000	18.00	2,25,00,000	18.00
HDI Global SE	3,20,00,000	25.60	3,20,00,000	25.60



Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment transfer/ bonus /sweat equity etc.): On Preferential basis and allotted on 22.05.2019				
Magma Fincorp Limited	-	-	-	-
Celica Developers Private Ltd.	62,50,000	4.35	62,50,000	4.35
Celica Developers Private Limited Jh: Vanita Chamria	-	-	-	-
Celica Developers Private Limited Jh: Harshvardhan Chamria	-	-	-	-
Celica Developers Private Limited Jh: Sanjay Chamria	-	-	-	-
Jaguar Advisory Services Private Limited	-	-	-	-
HDI Global SE	-	-	-	-
At the end of the year				
Magma Fincorp Limited	3,98,98,281	27.76	3,98,98,281	27.76
Celica Developers Private Ltd.	3,59,65,787	25.02	3,59,65,787	25.02
Celica Developers Private Limited Jh: Vanita Chamria	111	0	111	0
Celica Developers Private Limited Jh: Harshvardhan Chamria	111	0	111	0
Celica Developers Private Limited Jh: Sanjay Chamria	222	0	222	0
Jaguar Advisory Services Private Limited	2,25,00,000	15.65	2,25,00,000	15.65
HDI Global SE	3,20,00,000	22.26	3,20,00,000	22.26

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

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
At the beginning of the year:				
Magma HDI General Insurance Company ESOP Trust	8,85,488	0.71	8,85,488	0.71
Date wise Increase in Shareholding during the year specifying the reasons for increase (e.g. allotment/transfer/ bonus / sweat equity etc.): On Preferential basis and allotted on 22.05.2019				



Serum Institute of India Pvt Ltd.	1,25,00,000	8.70	1,25,00,000	8.70
Magma HDI General Insurance Company ESOP Trust	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year):				
Serum Institute of India Pvt Ltd.	1,25,00,000	8.70	1,25,00,000	8.70
Magma HDI General Insurance Company ESOP Trust	8,85,488	0.61	8,85,488	0.61

v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year:				
Mr. Sanjay Chamria, Non-Executive Director	222	0.00	222	0.00
Date wise Increase in Shareholding during the Year specifying the reasons for (e.g. transfer etc:) Transfer of beneficial ownership of shares to the employee pursuant to exercise of Option under MHDl ESOP Plan				
Mr. Sanjay Chamria, Non-Executive Director	-	-	-	-
Mr. Rajive Kumaraswami, Managing Director & Chief Executive Officer	1,43,432	0.10	1,43,432	0.10
At the end of the year				
Mr. Sanjay Chamria, Non-Executive Director	222	0.00	222	0.00
Mr. Rajive Kumaraswami, Managing Director & Chief Executive Officer	1,43,432	0.10	1,43,432	0.10

None of the Directors and KMPs other than Mr. Sanjay Chamria who jointly with Celica Developers Private Limited holds shares in the Company and Mr. Rajive Kumaraswami who holds beneficial ownership of 143432 equity shares pursuant to exercise of Option under MHDl ESOP Plan while the registered owner of such shares is Magma HDI General Insurance Company ESOP Trust hold shares in the Company.



V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0.62	NIL	NIL	0.62
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	0.62	NIL	NIL	0.62
Change in Indebtedness during the financial year				
Addition	0.43	NIL	NIL	0.43
Reduction	0.21	NIL	NIL	0.21
Net Change	0.22	NIL	NIL	0.22
Indebtedness at the end of the financial year				
i) Principal Amount	0.83	NIL	NIL	0.83
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	0.01	NIL	NIL	0.01
Total (i+ii+iii)	0.84	NIL	NIL	0.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A - Remuneration to Managing Director, Whole Time Directors and/or Manager (Rs. in Crores)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Mr. Rajive Kumaraswami [MD & CEO]	
1	Gross salary -		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3.08	3.08
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.01	0.01
	(C) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	N.A.	N.A.
2	Stock Option	0.03	0.03
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 etc.)	0.15	0.15
	Total (A)	3.27	3.27
	Ceiling as per the Act	In terms of the provisions of Section 34A of the Insurance Act, 1938, the provisions relating to ceiling on managerial remuneration as prescribed under the Companies Act, 2013 shall not apply to any matter in respect of which the approval of IRDAI has been obtained. The appointment and remuneration of the Managing Director and CEO was approved by IRDAI.	



B – Remuneration to other Directors

1. Independent Directors

(Rs. in Crores)

Sl. No.	Particular of Remuneration	Name of Directors				Total Amount
		Sunil Mitra	K. N. Bhandari	V. K. Viswanathan	Suvalaxmi Chakraborty	
1	Fee for attending board / committee meetings	0.15	0.23	0.21	0.11	0.70
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total (B)(1)	0.15	0.23	0.21	0.11	0.70

2. Other Non-Executive Directors

(Rs. in Crores)

Sl. No.	Particular of Remuneration	Name of Directors			Total Amount
		Sanjay Chamria	Mayank Poddar	Jens Holger Wohlthat	
1	Fee for attending board / committee meetings	N.A.	N.A.	N.A.	N.A.
2	Commission	N.A.	N.A.	N.A.	N.A.
3	Others, please specify	N.A.	N.A.	N.A.	N.A.
	Total (B)(2)				N.A.

	Total (B) = (B)(1) + (B)(2)	0.70
	Total Managerial Remuneration	3.27
	Overall Ceiling as per the Act	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 Crores)

Sl. No.	Particular of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Gaurav Parasrampur [Chief Financial Officer]	Ms. Kavita Modi [Company Secretary]	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1.08	0.18	1.26
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.03	N.A.	0.03
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	N.A.	N.A.	N.A.



(Rs. in Crores)

Sl. No.	Particular of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Gaurav Parasrampur [Chief Financial Officer]	Ms. Kavita Modi [Company Secretary]	
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 etc.)	0.07	0.01	0.08
	Total (C)	1.18	0.19	1.37

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
A. Company					
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. Directors					
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.
C. Other Officers in default					
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: 30 April, 2020

Sanjay Chamria
Chairman
DIN 00009894



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 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 March 31, 2020 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	Versicherungsfachwirt (nearest to ACII in India)	Insurance	Promoter, Non-executive Director	1
3	Mr. Mayank Poddar	00009409	B.Com	Finance	Promoter, Non-executive Director	8
4	Mr. Kailash Nath Bhandari	00026078	B.A.L.L.B.	Insurance	Independent, Non-executive Director	8
5	Mr. Sunil Mitra	00113473	B.SC, IAS	Finance & Economics	Independent, Non-executive Director	9



Sl. No	Name of the Director	DIN	Qualification	Field of Specialization	Category	Number of other Directorship
6	Mr. V. K. Viswanathan	01782934	B.Com, FCA	Finance & Industry	Independent, Non-executive Director	8
8.	Ms. Suvalaxmi Chakraborty	00106054	B.com (H), ACA	Finance	Independent, Non-Executive Director	6
9.	Mr. Rajive Kumaraswami {Managing Director & Chief Executive Officer (MD&CEO)}	07501971	B.Com, FCA, ACMA	Insurance	Professional, Executive Director	0

Responsibilities

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

Role of Independent Directors

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

Tenure

In accordance with the provisions of Section 152(6) of the Act, not less than two-thirds of the total number of directors shall be persons whose period of office is liable to determination by retirement by rotation. One-third of such directors are liable to retire every year and if eligible, offer themselves for re-appointment.

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

Board Meetings

Being the apex body constituted by the shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on the basis of collective consensus amongst the Directors. During the financial year 2019-20, the Board of Directors met six (6) times on 02 May 2019, 11 June 2019, 18 July 2019, 19 October 2019, 15 January 2020 and 24 January 2020. 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)	6/6
2	Mr. Jens Holger Wohlthat	6/6
3	Mr. Mayank Poddar	6/6
4	Mr. Kailash Nath Bhandari	6/6
5	Mr. Sunil Mitra	5/6
6	Mr. V. K. Viswanathan	6/6
7	Ms. Suvalaxmi Chakraborty	6/6
8	Mr. Rajive Kumaraswami	6/6

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 222 Equity shares in the Company as on March 31 2020 and Mr. Rajive Kumaraswami, MD&CEO holds beneficial ownership of 143,432 equity shares of the Company pursuant to exercise of Option under MHDH ESOP Plan while the registered owner of such shares is Magma HDI General Insurance Company ESOP Trust. 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. 1,00,000/- each, for every meeting of the Board, Audit Committee, Nomination & Remuneration Committee and Risk Management Committee attended by them and Rs. 30,000/- each for every meeting of the Investment Committee, Policyholders' Protection Committee and Independent Directors' 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 March 31, 2020 are given below:

(Amount in Rs. crores)

Sl. No.	Name of the Director	Salary & Perquisites*	Sitting Fees	Total
1	Mr. Sanjay Chamria	-	-	-
2	Mr. Jens Holger Wohlthat	-	-	-
3	Mr. Rajive Kumaraswami	3.27	-	3.27
4	Mr. Mayank Poddar	-	-	-
5	Mr. Kailash Nath Bhandari	-	0.23	0.23
6	Mr. Sunil Mitra	-	0.15	0.15
7	Mr. V. K. Viswanathan	-	0.21	0.21
8	Ms. Suvalaxmi Chakraborty	-	0.11	0.11

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



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, member's 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. Sunil Mitra, an Independent Director, is the Chairman of the Committee. Mr. V. K. Viswanathan, 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. Sunil Mitra, Chairman of the Committee has 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 six (6) times during the year on 1 May 2019, 11 June 2019, 18 July 2019, 18 October 2019, 15 January 2020 and 24 January 2020. 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	5/6
2	Mr. Sanjay Chamria	Promoter, Non-executive Director	6/6



3	Mr. V. K. Viswanathan**	Independent, Non-executive Director	6/6
4	Mr. Kailash Nath Bhandari	Independent, Non-executive Director	6/6
5	Mr. Jens Holger Wohlthat	Promoter, Non-executive Director	6/6

*Appointed as Chairman w.e.f. 16 March, 2020

**Step down as Chairman w.e.f. 16 March, 2020

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, 2013
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, Mr. V. K. Viswanathan and Ms. Suvalaxmi Chakraborty being the other Directors members thereof. Mr. Gaurav Parasrampur, Chief Financial Officer (CFO), Mr. Jinesh Shah, Chief Investment Officer, Mr. Amit Bhandari, Chief Technical Officer & Chief Risk Officer and Mr. Shivendra Tripathi, Appointed Actuary are also other members of the Investment Committee.

c. Meeting and the attendance during the year

The Investment Committee met four (4) times during the year on 1 May 2019, 18 July 2019, 18 October 2019 and 24 January 2020 to look into the various aspects of Investment operation and to monitor the same. Following table sets out the particulars of attendance of members of the Investment Committee at various meetings:

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

4	Mr. V. K. Viswanathan*	Independent, Non-executive Director	-
5	Ms. Suvalaxmi Chakraborty	Independent, Non-executive Director	4/4
6	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4
7	Mr. Gaurav Parasrampur	Chief Financial Officer	4/4
8	Mr. Amit Bhandari	Chief Technical Officer & Chief Risk Officer	4/4
9	Mr. Jinesh Shah	Chief Investment Officer	4/4
10	Mr. Shivendra Tripathi	Appointed Actuary	4/4

*Appointed as Members w.e.f. 24 January, 2020

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.
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. Ms. Aditi Ray has also been appointed as the expert/ representative of customers pursuant to IRDAI Corporate Governance Guidelines for Insurers in India, 2016. She attends the Policyholders' Protection Committee Meetings as an invitee and she has attended 3 meetings out of 4 during the year



c. Meeting and the attendance during the year

The Committee met four (4) times during the year on 1 May 2019, 18 July 2019, 18 October 2019, and 24 January 2020. 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
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
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 1 May 2019, 18 July 2019, 18 October 2019, and 24 January 2020. 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
5	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	4/4
6	Ms. Suvalaxmi Chakraborty	Independent Director	4/4



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
 - 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 four (4) times during the year on 11 June 2019, 18 July 2019, 15 January 2020 and 24 January 2020. 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	3/4*
2	Mr. V. K. Viswanathan	Independent, Non-executive Director	4/4
3	Mr. Sanjay Chamria	Promoter, Non - Executive Director	4/4
4	Mr. Jens Holger Wohlthat	Promoter, Non - Executive Director	4/4
5	Mr. K.N. Bhandari	Independent, Non-executive Director	4/4
6	Mr. Mayank Poddar	Promoter, Non - Executive Director	4/4

*In absence of Mr. Sunil Mitra, Mr. K. N. Bhandari chaired the meeting



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

Based on the provisions of Companies Act, 2013, CSR is not applicable to your Company for FY 19-20. Accordingly, during FY 19-20 no CSR meeting was held.

7. Management Committee

a. Terms of Reference

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

1. To do all such acts, deeds and things and decide on all such matters relating to signing and filing of application / execution / registration of Lease Agreement/ Electricity/ telephone connection/ State Electricity Board / obtaining Trade License and Certificate under Shops and Establishment Act / telephone and transferring old as well as new connection for the purpose of the business of the Company and for this purpose issue various Power of Attorneys in favour of such person or persons as the Committee may deem fit and proper for legal and administrative purposes from time to time.
2. To authorise such person or persons as the Committee may deem fit and proper to appear on behalf of the Company before various regulatory and law enforcing authorities / court / government department / local administration or authority/market intermediaries under applicable laws, rules and regulations and submit documents undertaking,

affidavits, papers etc.

3. To authorize such person or persons as the Committee may deem fit and proper in relation to Provident Fund, Employee State Insurance matters, Professional Tax, National Pension System and also to comply with statutory matters in relation to Value Added Tax, Goods and Services Tax, and other statutory authorities.
4. To do all such acts, deeds and things and decide on all such matters relating to Opening and Closing of Current/Cash Credit/Demat Account and Inclusion and Deletion of the Authorised Signatories to the said Current/Cash Credit/Demat Account opened in the name of the Company for the purpose of the business of the Company and availing various services viz. viewing facility, cash management services etc. in respect of these Accounts.
5. To issue Power of Attorney(s) in favour of such persons as it may be deemed to be fit and expedient to act as true and lawful Attorney of the Company to, inter alia, represent, the Company before the courts, civil or criminal, tribunals, quasi-judicial and statutory authorities and such other forums (the 'Authorities'), to verify all complaints, written statements, and other pleadings, applications, petitions or documents to be submitted to such Authorities; to receive and acknowledge notice(s) and to consent or submit to or appeal against, any judgment, order or award in any such suit, criminal case including complaints, action or proceedings before such Authorities; to compromise or discontinue any such suit, criminal cases including complaints, action or proceedings; to deposit, withdraw and receive documents and any money or monies to and from the court or any such suit, or any such authorities either in execution of decree or otherwise and sign and deliver proper receipts thereof and to engage and appoint any solicitor, advocate or advocates or counsel to act and plead and otherwise conduct the cases / legal proceedings instituted by or against the Company, for all the offices of the Company from time to time as may be required.
6. To avail credit facilities from Banks within the limit as may be prescribed by the Board of Directors of the Company from time to time and authorize such person(s) as the Committee may deem fit to sign and execute on behalf of the Company, such documents, deeds, notes, letters, agreements in respect of the aforesaid availing of the Loan or any disbursement(s)/interim disbursement(s) thereof from the Bank, and to make or accept amendments in the documents relating to the above credit facilities from time to time on such terms and conditions as the said Committee may deem fit.
7. Authorised to do all such acts, deeds and things and decide on all such matters as are necessary or required in connection with or incidental to submission of bid in relation to Request for Proposal (RFP) and any other matters related thereto on behalf of the Company.
8. To authorize officials of the Company to sign and execute all types of documents which the Company may enter into with various entities / firms / individuals from time to time on behalf of the Company in connection with the business of the Company.



9. Exercise such powers which may be delegated by the Board from time to time subject to provisions of Companies Act, 2013, Memorandum and Articles of Association 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 eight (8) times during the year on 14 May 2019, 22 May 2019, 26 June 2019, 26 September 2019, 20 January 2020, 28 January 2020, 18 February 2020 and 5 March 2020. 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	8/8
2	Mr. Mayank Poddar	Promoter, Non - Executive Director	1/8
3	Mr. Rajive Kumaraswami	Managing Director & Chief Executive Officer	8/8

8. Separate Meeting of Independent Directors'

During the financial year 2019-20, a separate meeting of Independent Directors (IDs) was held on January 24 2020 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. Your Company has adopted the 'Breach of Integrity and Whistle Blower Policy'. The details of the said Policy are explained in the Board's Report.

Key Management Persons (KMPs)

During the financial year 2019-20, no new Key Management Person joined the core management team of the Company.

Compliance Officer

Ms. Kavita Modi, Company Secretary of the Company is acting as Compliance Officer to monitor and ensure compliance of the IRDAI Corporate Governance Guidelines.

On behalf of the Board of Directors

Date: 30 April, 2020
Place: Mumbai

Sanjay Chamria
Chairman
(DIN 00009894)



CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES

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

Date: 30 April, 2020
Place: Mumbai

Kavita Modi
Company Secretary
Membership No.: A21108



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, 2020:

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 the shareholding pattern and transfer of shares are in accordance with 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. An amount of Rs. 5,319 lakhs received in Q4 FY 20 is lying in the share application money account as at March 31, 2020. Out of this equity share capital amounting to Rs. 3,947 lakhs has been allotted on April 28, 2020 and has been included in computation of available solvency margin as on March 31, 2020 pursuant to IRDAI approval dated April 6, 2020, stating effective date of approval deemed to be considered as March 31, 2020. The Company's solvency margin as at March 31, 2020 stands at 1.71 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 'Loans', '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, conducting a credit review periodically. 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 2019-20	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	16	460.35	28	118.98	2625	2,634.60
31 days to 6 months	28	209.35	15	355.79	342	985.12
6 months to 1 year	22	537.93	17	392.83	78	540.56
1 year to 5 years	40	1604.67	24	853.35	385	1,545.57
5 years and above	-	-	1	74.00	-	-
Total	106	2812.31	85	1794.95	3430	5,705.85

(Rs. in Lakhs)

Financial Year 2018-19	Fire		Marine		Miscellaneous	
	No.	Amount	No.	Amount	No.	Amount
Upto 30 days	45	343.23	30	91.75	1503	2,484.51
31 days to 6 months	97	432.86	24	175.75	1039	1,613.56
6 months to 1 year	19	168.54	12	280.72	86	361.78
1 year to 5 years	26	2,697.26	17	436.37	306	1,489.34
5 years and above	-	-	-	-	-	-
Total	187	3641.89	83	984.59	2934	5,949.19



(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	-	-	-	-	-	-
Total	64	5,616.08	140	935.69	1375	3,189.96

(Rs. in Lakhs)

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	-	-	-	-	-	-
Total	41	915.84	168	1,003.07	1297	2,764.16

(Rs. in Lakhs)

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	-	-	-	-	-	-
Total	49	1,308.12	104	777.62	1893	4,579.78

Average Claims Settlement time

Class of Business	Trend in average claim settlement time for various segments									
	FY 2019-20		FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16	
	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)	No. of claims	Average settlement time (Days)
Fire	1,631	37	1,967	14	740	19	131	156	116	129
Marine Cargo	1,517	47	1,380	35	1,697	31	2,075	29	1,081	54
Miscellaneous	70,514	26	37,639	40	22,053	31	21,697	38	31,416	31
Grand Total	73,662	30	40,986	39	24,490	30	23,903	38	32,613	32

Note:

1. The above ageing does not include Motor Third Party claims which have to be settled through MACT and other judicial bodies.
2. The above average claim settlement time 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 taken from AMFI as on the Balance Sheet date.

11. The Company has adopted a prudent investment policy with emphasis on optimizing risk adjusted returns based on appropriate mix of duration, liquidity & safety. Emphasis was towards low risk investments such as Government securities and other AAA 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 except for details as mentioned below :-

The Company has investments of Rs.3,738 Lakhs in Secured Redeemable Non-Convertible Debentures of Dewan Housing Finance Corporation Limited (DHFL) which was downgraded to junk grade 'D' by CARE and Brickworks Rating agencies in Q1 FY 20 after DHFL had defaulted on its debt

repayments. Provision has been created at 50% of book value during the year. The unrealized income has been reversed and further income recognition has been stopped.

Apart from the investments shown above, the Company had an investment of Rs.1,032 Lakhs in '9.50% ILFS NCD 28-07-2024' (Secured NCDs). The Investment was downgraded to junk grade 'D' by ICRA in FY 19. The management of the Company has identified the same as a Loss Asset and the full value of the Investment was written off in FY 19.

12. The Management of Magma HDI General Insurance Company Limited certifies that:

- 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.
- Details of payments during the financial year to individuals, firms, companies and organisations in which directors are interested excluding reimbursement. (as per table below)

Sr. No.	Name of Director	Entity in which Director is interested	Interested as	Amount (Rs. in lakhs)	Nature of Payments
1	Sanjay Chamria	Magma Fincorp Limited	Vice Chairman & MD	7,500.00	Investment in NCDs
				1,449.37	Corporate Agent Commission
				1.66	Claim Payment
2	Jens Holger Wohlthat	HDI Global Network AG	Chairman	3,305.68	Payment for reinsurance ceded
3	Jens Holger Wohlthat	HDI Global SE	Director	17.60	Payment for reinsurance ceded
4	Mayank Poddar	CLP Business LLP	Partner	15.76	Rent Payment
5	Mayank Poddar	Celica Automobiles Pvt. Ltd.	Relative is a Director	0.76	Claims Payment
6	Mayank Poddar	Mayank Poddar HUF	HUF	1.84	Claims Payment
7	Mayank Poddar	Shaili Poddar	Daughter	9.48	Rent Payment



- c) 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.

Change in Accounting Policy (EoM Policy)

During the current year, the Company has reviewed and revised its Board approved methodology on the allocation and apportionment of expenses as required by IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016. There is no impact on profit before tax of the Company. Had the Company followed the previous method of allocation, operating profit of Fire segment would have been higher by Rs. 8.92 Lakhs, Marine segment would have been higher by Rs. 1.07 Lakhs and Miscellaneous segment would have been lower by Rs. 9.99 Lakhs.

Change in Accounting estimates

Based on technical evaluation carried out by the Company's IT Team, the management has reassessed the useful life of the core insurance IT software during the current year from 10 years to 13 years (upto September 2025). The Company has amortized the opening WDV as at April 01, 2019 and additions made during the period over the remaining useful life. Had the Company continued with the previously assessed useful life, the profit before tax for the year ended March 31, 2020 would have been lower by Rs. 163.64 lakhs.

- d) 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.
- e) The management has prepared the financial statements on a going concern basis.
- f) The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively and is operating effectively.

For and on behalf of the Board of Directors

Sanjay Chamria
Chairman

Rajive Kumaraswami
Managing Director & Chief Executive Officer

Mayank Poddar
Director

Gaurav Parasrampur
Chief Financial Officer

Sunil Mitra
Director

Kavita Modi
Company Secretary

Place: Mumbai
Date: 30 April 2020



TO THE MEMBERS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

Report on Audit of the Financial Statements

Opinion

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, 2020, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory notes.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by provisions of the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act") read with Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), order/ directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") in this regard and the Companies Act, 2013, as amended, (the Act) to the extent applicable and in the manner so required, and give 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, 2020;
- ii. in the case of the Revenue Accounts, of the net surplus/(deficit) for the year ended on that date;
- iii. in the case of the Profit and Loss Account, of the loss 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.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Director's Report but does not include the Financial Statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged With Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the requirements of the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, the Act and in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to Financial Statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March 31, 2020, has been duly certified by the Appointed Actuary and the Mentor to the Appointed Actuary. They have 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 Appointed Actuary and the Mentor to the Appointed Actuary while forming our opinion on the financial statements of the Company.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 30, 2020 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. This Report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
3. As required by IRDA Financial Statements Regulations, read with Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. As the Company's financial accounting system is 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 Accounts, the Profit and Loss Account, and the Receipts and Payments Account dealt with



- by this Report are in agreement with the books of account;
- e. In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act the IRDA Financial Statements 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 Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the accounting principles prescribed in the IRDA Financial Statements 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 specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting principles prescribed in the IRDA Financial Statements 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements 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 information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2 of Schedule 17 to the financial statements;
 - ii. Liability for insurance contracts, is determined by the Company's 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 29 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 financial statements.
 4. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information and explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is within the limits prescribed under section 197 of the Act read with Section 34A of the Insurance Act, 1938.

For Haribhakti & Co. LLP

Chartered Accountants
Firm Registration No.
103523W/W100048

Purushottam Nyati

Partner
Membership No. 118970
UDIN : 20118970AAAABR5890
Place: Mumbai
Date: April 30, 2020

For MSKA & Associates

Chartered Accountants
Firm Registration No.
105047W

Swapnil Kale

Partner
Membership No. 117812
UDIN : 20117812AAAAFO2645
Place: Mumbai
Date: April 30, 2020



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

(Referred to in paragraph 2(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, 2020)

Report on the Internal Financial Controls 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 with reference to financial statements of **Magma HDI General Insurance Company Limited** ("the Company") as of March 31, 2020 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 with reference to financial statements 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) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") in this regard.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI 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. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, 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 with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

6. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 With reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 explanations given to us, the Company has, in all material



respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March, 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Other Matters

Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March 31, 2020, has been duly certified by the Appointed Actuary and Mentor to the Appointed Actuary. They have 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. We have relied upon the aforesaid certificate while forming our opinion on the financial statements of the Company as mentioned in Other Matter paragraph in our Audit Report on the financial statements for the year ended March 31, 2020. Accordingly, our opinion on the internal financial controls with reference to financial statements does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

Our opinion is not modified in respect of the above matter.

For Haribhakti & Co. LLP

Chartered Accountants
Firm Registration No.
103523W/W100048

Purushottam Nyati

Partner
Membership No. 118970
UDIN : 20118970AAAAABR5890

Place: Mumbai
Date: April 30, 2020

For MSKA & Associates

Chartered Accountants
Firm Registration No.
105047W

Swapnil Kale

Partner
Membership No. 117812
UDIN: 20117812AAAAFO2645

Place: Mumbai
Date: April 30, 2020



Independent Auditors' Certificate

TO THE BOARD OF DIRECTORS OF MAGMA HDI GENERAL INSURANCE COMPANY LIMITED (the "Company")

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated April 30, 2020)

We have been requested by the Company having registered office at Development House, 24 Park Street, Kolkata 700016, to issue a certificate in accordance with the terms of engagement letters dated July 1, 2019

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 IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements 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 IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"). The responsibility includes collecting, collating, validating data, designing, implementing and monitoring of internal controls relevant for ensuring compliance with the Provisions of Paragraph 3 & 4 of Schedule C of the IRDA Financial Statements Regulations and provide all relevant information to IRDAI and making estimates that are reasonable in the circumstances.

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 IRDA Financial Statements Regulations.

The following documents have been furnished by the Company:

- a) Management Report for the year ended March 31, 2020
- 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, 2020
- d) Holding Statement as at March 31, 2020 issued by the Company's custodian 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, 2020;
- b) Considering the lock-down enforced by the Government of India from March 25, 2020 till May 3, 2020 with regards to COVID-19 pandemic, we have obtained the management certificate with respect to cash/cheques in hands as on March 31, 2020 at all the branches. For securities relating to Company's loans and investments as at March 31, 2020, we have verified 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 representation.

We have audited the financial statements of the Company as of and for the financial year ended March 31, 2020, on which we issued an unmodified audit opinion vide our reports dated April 30, 2020. Our audits of these financial statements were conducted in accordance with the Standards on Auditing as prescribed under Section 143(10) of the Companies Act, 2013 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 (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.

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

Opinion

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

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2020, and on the basis of our review, there is no apparent mistake or material inconsistency 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 reviewed the cash balances and cheques on hand from the certificate and confirmations provided by the management and securities relating to Company's loans and investments as at March 31, 2020, by actual inspection and on the basis of certificates/confirmations received from the third parties/Custodians and/Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the Policyholders' Funds.

Restriction on 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 Regulations and is not intended to be and should not be used for any other purpose without our prior consent. Auditors' shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. 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

Chartered Accountants
Firm Registration No.
103523W/W100048

Purushottam Nyati

Partner
Membership No. 118970
UDIN : 20118970AAAAABR5890

For MSKA & Associates

Chartered Accountants
Firm Registration No.
105047W

Swapnil Kale

Partner
Membership No. 117812
UDIN: 20117812AAAAAFM1464

Place: Mumbai
Date: April 30, 2020

Place: Mumbai
Date: April 30, 2020



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 2020

(Rs. in '000)

Particulars	Schedule	FIRE		MARINE		MISCELLANEOUS		TOTAL	
		Year ended 31 Mar 2020	Year ended 31 Mar 2019	Year ended 31 Mar 2020	Year ended 31 Mar 2019	Year ended 31 Mar 2020	Year ended 31 Mar 2019	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Premiums earned (Net)	1	81,155	61,970	9,356	11,395	6,992,459	3,776,099	7,082,970	3,849,464
Profit/(Loss) on sale/redemption of investments (Net)		8,230	894	668	144	500,154	76,856	509,052	77,894
Others:-									
Investment Income from Terrorism Pool		3,700	8,098	-	-	444	1,663	4,144	9,761
Miscellaneous Income		90	165	12	13	909	537	1,011	715
Contribution from Shareholders Funds towards excess Expenses of Management (EOM)		-	-	19,738	7,762	61,645	1,230	81,383	8,992
Interest, dividend and rent (Gross)		20,213	9,664	1,641	1,554	1,228,357	830,624	1,250,211	841,842
TOTAL (A)		113,388	80,791	31,415	20,868	8,783,968	4,687,009	8,928,771	4,788,668
Claims incurred (Net)	2	57,502	57,523	16,309	21,970	5,900,407	2,642,624	5,974,218	2,722,117
Commission (Net)	3	(55,120)	(41,658)	(9,258)	(13,264)	(564,661)	(234,502)	(629,039)	(289,424)
Operating expenses related to insurance business	4	388,229	266,786	65,070	62,832	3,052,075	2,116,249	3,505,374	2,445,867
Premium Deficiency Reserve		-	(3,129)	338	772	-	-	338	(2,357)
TOTAL (B)		390,611	279,522	72,459	72,310	8,387,821	4,524,371	8,850,891	4,876,203
Operating Profit/ (Loss) (C) = (A - B)		(277,223)	(198,731)	(41,044)	(51,442)	396,147	162,638	77,880	(87,535)
Appropriations		-	-	-	-	-	-	-	-
Transfer to Shareholders' Account		(277,223)	(198,731)	(41,044)	(51,442)	396,147	162,638	77,880	(87,535)
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
TOTAL (C)		(277,223)	(198,731)	(41,044)	(51,442)	396,147	162,638	77,880	(87,535)

Significant Accounting Policies 16

Notes to the Financial
Statement 17

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

As per our Report of even date attached.

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

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

For and on behalf of the Board of Directors

Sanjay Chamria
Chairman
DIN No. - 00009894

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

Purushottam Nyati
Partner
Membership No. 118970

Swapnil Kale
Partner
Membership No. 117812

Mayank Poddar
Director
DIN No. - 00009409

Gaurav Parasrampur
Chief Financial Officer

Sunil Mitra
Director
DIN No. - 00113473

Kavita Modi
Company Secretary
Membership No. - A21108

Mumbai, 30 April 2020


MAGMA HDI GENERAL INSURANCE COMPANY LIMITED
FORM B-PL
IRDAI Registration No. 149 dated 22 May, 2012
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020
(Rs. in '000)

Particulars	Schedule	Year ended 31 Mar 2020	Year ended 31 Mar 2019
OPERATING PROFIT/(LOSS)			
(a) Fire insurance		(277,223)	(198,731)
(b) Marine insurance		(41,044)	(51,442)
(c) Miscellaneous insurance		396,147	162,638
INCOME FROM INVESTMENTS			
(a) Interest, dividend and rent (Gross)		172,218	130,742
(b) Profit on sale / redemption of investments		70,847	12,097
Less: (Loss) on sale / redemption of investments		(724)	-
OTHER INCOME			
Other income			
(a) Miscellaneous Income / Liabilities written back		1,573	-
TOTAL (A)		321,794	55,304
PROVISIONS (Other than taxation)			
(a) For diminution in the value of investments		186,915	-
(b) For doubtful debts		655	947
(c) Others		(60)	240
OTHER EXPENSES			
(a) Expenses other than those related to insurance business			
– Employees' remuneration and welfare benefits (Refer Note 17.18a)		17,733	7,388
– Legal Fees related to Shareholders funds		3,915	-
– Corporate Social Responsibility Expenses		-	-
(b) Contribution to Policyholders Funds towards excess Expenses of Management (Refer Note 17.21)		81,383	8,992
(c) Investment Expenses (Refer Note 17.13)		1,558	1,456
(d) Loss on sale / discard of fixed assets		5,264	1,914
(e) Director Fees		7,020	7,190
(f) Others			
– Investments Write off		-	103,222
– Fees paid for increase in Authorised Share Capital		-	6,000
(g) Penalties (Refer Note 17.37)		-	-
TOTAL (B)		304,383	137,349
Profit / (Loss) before tax		17,411	(82,045)
Less: Provision for taxation			
(a) Current tax / MAT		-	106,642
(b) Deferred tax expense / (income)		78,621	(183,374)
(c) Tax adjustment of earlier years		(1,102)	-
(d) MAT Credit adjustment of earlier years		-	(19,657)
Profit / (Loss) after tax		(60,108)	14,344
APPROPRIATIONS			
(a) Interim dividends paid during the year		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any reserve or other account		-	-
Balance of profit/ (loss) brought forward from last year		(261,049)	(275,393)
Balance carried forward to Balance Sheet		(321,157)	(261,049)
Basic & Diluted Earnings Per Share of face value of Rs. 10/- (Refer Note 17.24)		(0.43)	0.12

Significant Accounting Policies

16

Notes to Financial Statement

17

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

As per our Report of even date attached.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Regn. No. 103523W/ W100048

Purushottam Nyati

Partner

Membership No. 118970

For MSKA & Associates

Chartered Accountants

Firm Regn. No. 105047W

Swapnil Kale

Partner

Membership No. 117812

For and on behalf of the Board of Directors

Sanjay Chamria

Chairman

DIN No. - 00009894

Rajive Kumaraswami

Managing Director &

Chief Executive Officer

DIN No. - 07501971

Mayank Poddar

Director

DIN No. - 00009409

Gaurav Parasrampur

Chief Financial Officer

Sunil Mitra

Director

DIN No. - 00113473

Kavita Modi

Company Secretary

Membership No. - A21108

Mumbai, 30 April 2020


MAGMA HDI GENERAL INSURANCE COMPANY LIMITED
FORM B-BS
IRDAI Registration No. 149 dated 22 May, 2012
BALANCE SHEET AS AT 31 MARCH 2020
(Rs. in '000)

Particulars	Schedule	As at 31 Mar 2020	As at 31 Mar 2019
SOURCES OF FUNDS			
Share capital	5	1,437,500	1,250,000
Share Application Money Pending Allotment		531,948	750,000
Employee Stock Option Reserve		22,543	17,266
Reserves and surplus	6	2,381,367	1,830,000
Fair value change account - Shareholders		118	14
Fair value change account - Policyholders		1,073	119
Borrowings	7	8,423	6,162
TOTAL		4,382,972	3,853,561
APPLICATION OF FUNDS			
Investments			
Investments - Shareholders	8	3,139,187	1,531,785
Investments - Policyholders	8A	19,708,881	13,091,066
Total Investments		22,848,068	14,622,851
Loans	9	44,987	59,840
Fixed assets	10	269,573	269,860
Deferred tax asset (Refer Note 17.32)		204,235	282,856
Current Assets			
Cash and bank balances	11	136,829	1,142,240
Advances and other assets	12	1,638,123	1,846,376
Sub-Total (A)		1,774,952	2,988,616
Current liabilities	13	16,456,486	11,014,374
Provisions	14	4,623,514	3,617,137
Sub-Total (B)		21,080,000	14,631,511
Net Current Assets (C) = (A - B)		(19,305,048)	(11,642,895)
Miscellaneous expenditure	15	-	-
(to the extent not written off or adjusted)			
Debit Balance in Profit and Loss Account		321,157	261,049
TOTAL		4,382,972	3,853,561

Significant Accounting Policies

16

Notes to Financial Statement

17

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

As per our Report of even date attached.

For and on behalf of the Board of Directors

For Haribhakti & Co. LLP

Chartered Accountants

Firm Regn. No. 103523W/ W100048

For MSKA & Associates

Chartered Accountants

Firm Regn. No. 105047W

Sanjay Chamria

Chairman

DIN No. - 00009894

Rajive Kumaraswami

Managing Director &

Chief Executive Officer

DIN No. - 07501971

Purushottam Nyati

Partner

Membership No. 118970

Swapnil Kale

Partner

Membership No. 117812

Mayank Poddar

Director

DIN No. - 00009409

Gaurav Parasrampur

Chief Financial Officer

Sunil Mitra

Director

DIN No. - 00113473

Kavita Modi

Company Secretary

Membership No. - A21108

Mumbai, 30 April 2020



MAGMA HDI GENERAL INSURANCE COMPANY LIMITED

IRDAI Registration No. 149 dated 22 May, 2012

RECEIPT AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in '000)

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Cash flows from the operating activities:		
Premium received from policyholders, including advance receipts and GST	16,000,669	12,263,737
Other receipts	35,716	16,358
Receipts / (Payments) from / to reinsurers, net of commissions and claims	(2,349,882)	(2,794,589)
Receipts / (Payments) from / to co-insurers, net of claims recovery	283,981	(306,285)
Payments of claims	(3,473,185)	(2,584,349)
Payments of commission & brokerage	(796,062)	(644,379)
Payments of other operating Expenses	(3,899,304)	(2,401,647)
Deposits, advances and staff loans (Net)	2,796	(10,316)
Income Tax paid (Net)	(33,966)	(50,348)
GST paid	(1,038,416)	(781,704)
Cash flows before extraordinary items	4,732,347	2,706,478
Cash flow from extraordinary operations	-	-
Net cash flow from operating activities (A)	4,732,347	2,706,478
Cash flows from investing activities:		
Purchase of fixed assets (including capital advances)	(58,926)	(157,492)
Proceeds from sale of fixed assets	34	31
Purchases of investments	(105,786,836)	(58,336,240)
Sales / redemption of investments	98,234,785	54,675,519
Loans disbursed	-	(60,080)
Repayments Received	9,692	-
Rents/Interests/ Dividends received	1,331,619	800,523
Expenses related to investments	(1,558)	(1,466)
Net cash flow from investing activities (B)	(6,271,190)	(3,079,205)
Cash flows from financing activities:		
Proceeds from issuance of share capital / share application money including share premium (net of issue expenses)	531,948	1,250,000
Proceeds from borrowing	4,302	3,406
Repayments of borrowing	(2,097)	-
Interest Paid	(721)	(268)
Net cash flow from financing activities (C)	533,432	1,253,138
Effect of foreign exchange rates on cash and cash equivalents, net (D)	-	-
Net increase / (decrease) in cash and cash equivalents: (A+B+C+D)	(1,005,411)	880,411
Cash and Cash Equivalent at the beginning of the year	1,142,240	261,829
Cash and Cash Equivalent at the end of the year	136,829	1,142,240

Refer Schedule 11 for components of Cash and cash equivalent

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

For and on behalf of the Board of Directors

Sanjay Chamria

Chairman

DIN No. - 00009894

Rajive Kumaraswami

Managing Director &

Chief Executive Officer

DIN No. - 07501971

Purushottam Nyati

Partner

Membership No. 118970

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Membership No. 117812

Mayank Poddar

Director

DIN No. - 00009409

Gaurav Parasmurpuria

Chief Financial Officer

Sunil Mitra

Director

DIN No. - 00113473

Kavita Modi

Company Secretary

Membership No. - A21108

Mumbai, 30 April 2020

SCHEDULES TO THE FINANCIAL STATEMENTS

SCHEDULE – 1 PREMIUM EARNED [NET]

(Rs. in '000)

Particulars	YEAR ENDED 31 MARCH 2020						YEAR ENDED 31 MARCH 2019					
	FIRE	MARINE		*MISCELLANEOUS	TOTAL	FIRE	MARINE		*MISCELLANEOUS	TOTAL	FIRE	TOTAL
		MARINE CARGO	MARINE HULL				MARINE CARGO	MARINE HULL				
Premium from direct business written - net of GST / Service tax	784,194	211,609	-	11,251,907	12,247,710	725,716	216,690	-	8,758,709	9,701,115		
Add: Premium on reinsurance accepted	645,561	28,187	-	17,729	691,477	393,490	48,894	-	114,701	557,085		
Less: Premium on reinsurance ceded	(1,302,003)	(229,426)	-	(3,506,001)	(5,037,430)	(1,042,668)	(253,280)	-	(3,792,953)	(5,088,901)		
Net Premium	127,752	10,370	-	7,763,635	7,901,757	76,538	12,304	-	5,080,457	5,169,299		
Adjustment for change in reserve for unexpired risk												
Change in unexpired risk reserve	46,597	1,014	-	1,014	818,787	14,568	909	-	1,304,358	1,319,835		
Total premium earned (Net)	81,155	9,356	-	6,992,459	7,082,970	61,970	11,395	-	3,776,099	3,849,464		

* Refer to Schedule - 1(A)

SCHEDULE – 1 (A) PREMIUM EARNED [NET]

MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI- NEERING	PUBLIC/ PRODUCT LIABILITY	WORK- MEN'S COMPEN- SATION	HEALTH INSUR- ANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Premium from direct business written - net of GST / Service tax	2,901,257	7,390,023	10,291,280	60,166	410	12,601	476,301	43,907	318,118	49,124	11,251,907
Add: Premium on reinsurance accepted	-	-	-	14,205	-	-	51	2,655	818	-	17,729
Less: Premium on reinsurance ceded	(2,192,888)	(713,952)	(2,906,840)	(59,041)	(316)	(769)	(178,480)	(5,548)	(311,461)	(43,546)	(3,506,001)
Net Premium	708,369	6,676,071	7,384,440	15,330	94	11,832	297,872	41,014	7,475	5,578	7,763,635
Adjustment for change in reserve for unexpired risk											
Change in unexpired risk reserve	(54,470)	820,674	766,204	(1,280)	(40)	(1,066)	10,955	(1,546)	955	(3,006)	771,176
Total premium earned (Net)	762,839	5,855,397	6,618,236	16,610	134	12,898	286,917	42,560	6,520	8,584	6,992,459

MISCELLANEOUS PREMIUM EARNED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2019

(Rs. in '000)

Particulars	MISCELLANEOUS										
	MOTOR			ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORK-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS		
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Premium from direct business written - net of GST / Service tax	2,199,250	5,266,223	7,465,473	85,330	410	16,176	812,876	38,509	283,140	56,795	8,758,709
Add: Premium on reinsurance accepted	-	-	-	14,072	514	-	50,441	46,733	2,362	579	114,701
Less: Premium on reinsurance ceded	(1,243,860)	(1,950,787)	(3,194,647)	(83,686)	(629)	(3,849)	(155,288)	(25,195)	(277,592)	(52,067)	(3,792,953)
Net Premium	955,390	3,315,436	4,270,826	15,716	295	12,327	708,029	60,047	7,910	5,307	5,080,457
Adjustment for change in reserve for unexpired risk											
Change in unexpired risk reserve	(132,024)	1,218,518	1,086,494	745	65	(2,129)	217,088	3,008	439	(1,352)	1,304,358
Total premium earned (Net)	1,087,414	2,096,918	3,184,332	14,971	230	14,456	490,941	57,039	7,471	6,659	3,776,099



SCHEDULE – 2 CLAIMS INCURRED [NET]

(Rs. in '000)

Particulars	YEAR ENDED 31 MARCH 2020					YEAR ENDED 31 MARCH 2019				
	FIRE	MARINE			*MISCELLANEOUS	TOTAL	MARINE			*MISCELLANEOUS
		MARINE CARGO	MARINE HULL	MARINE TOTAL			MARINE CARGO	MARINE HULL	MARINE TOTAL	
Claims paid										
Direct	205,892	121,190	-	121,190	2,851,533	3,178,615	131,057	-	131,057	2,042,830
Add: Reinsurance accepted	41,728	76,215	-	76,215	93,769	211,712	5,716	-	5,716	6,742
Less: Reinsurance ceded	(221,807)	(179,853)	-	(179,853)	(917,065)	(1,318,725)	(125,207)	-	(125,207)	(359,994)
Net Claims paid	25,813	17,552	-	17,552	2,028,237	2,071,602	11,566	-	11,566	1,689,578
Add: Claims outstanding at the end of the year	157,483	45,737	-	45,737	11,651,246	11,854,466	46,980	-	46,980	7,779,076
Less: Claims outstanding at the beginning	(125,794)	(46,980)	-	(46,980)	(7,779,076)	(7,951,850)	(36,576)	-	(36,576)	(6,826,030)
Total claims incurred (Net)	57,502	16,309	-	16,309	5,900,407	5,974,218	21,970	-	21,970	2,642,624

* Refer to Schedule - 2(A)

SCHEDULE – 2 (A) CLAIMS INCURRED [NET]

MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in '000)

Particulars	MISCELLANEOUS									
	MOTOR			ENGINEERING	PUBLIC/PRODUCT LIABILITY	WORKMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS	
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS
Claims paid										
Direct	1,180,604	1,224,548	2,405,152	12,550	-	4,298	407,263	17,077	1,120	4,073
Add: Reinsurance accepted	-	-	-	-	-	-	51,497	42,272	-	-
Less: Reinsurance ceded	(779,988)	(90,926)	(870,914)	(8,006)	-	(215)	(33,320)	(1,685)	(1,109)	(1,816)
Net Claims paid	400,616	1,133,622	1,534,238	4,544	-	4,083	425,440	57,664	11	2,257
Add: Claims outstanding at the end of the year	364,426	10,943,626	11,308,052	28,922	695	5,692	55,923	26,429	13,667	211,866
Less: Claims outstanding at the beginning	(359,694)	(6,848,191)	(7,207,885)	(18,956)	(588)	(6,080)	(272,589)	(52,792)	(9,326)	(210,860)
Total claims incurred (Net)	405,348	5,229,057	5,634,405	14,510	107	3,695	208,774	31,301	4,352	3,263
										5,900,407

MISCELLANEOUS CLAIMS INCURRED [NET] BREAKUP FOR THE YEAR ENDED 31 MARCH 2019

(Rs. in '000)

Particulars	MISCELLANEOUS									
	MOTOR			ENGINEERING	PUBLIC/PRODUCT LIABILITY	WORKMEN'S COMPENSATION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS	
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS
Claims paid										
Direct	628,479	1,124,838	1,753,317	12,311	-	4,905	200,676	9,579	138	61,904
Add: Reinsurance accepted	-	-	-	-	-	-	-	5,330	-	1,412
Less: Reinsurance ceded	(213,874)	(58,120)	(271,994)	(6,414)	-	(245)	(20,951)	(1,542)	(117)	(58,731)
Net Claims paid	414,605	1,066,718	1,481,323	5,897	-	4,660	179,725	13,367	21	4,585
Add: Claims outstanding at the end of the year	359,694	6,848,191	7,207,885	18,956	588	6,080	272,589	52,792	9,326	210,860
Less: Claims outstanding at the beginning	(302,746)	(6,305,704)	(6,608,450)	(20,568)	(648)	(17,465)	(4,534)	(18,217)	(8,772)	(147,376)
Total claims incurred (Net)	471,553	1,609,205	2,080,758	4,285	(60)	(6,725)	447,780	47,942	575	68,069
										2,642,624



(Rs. in '000)

Particulars	YEAR ENDED 31 MARCH 2020					YEAR ENDED 31 MARCH 2019				
	FIRE	MARINE			TOTAL	FIRE	MARINE			TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL			MARINE CARGO	MARINE HULL	MARINE TOTAL	
Commission paid										
Direct	48,416	17,155	-	17,155	645,170	49,228	12,513	-	12,513	547,933
TOTAL (A)	48,416	17,155	-	17,155	645,170	49,228	12,513	-	12,513	609,674
Add: Commission on reinsurance accepted	38,929	3,457	-	3,457	1,889	17,200	5,458	-	5,458	7,787
Less: Commission on reinsurance ceded	(142,465)	(29,870)	-	(29,870)	(1,211,720)	(108,086)	(31,235)	-	(31,235)	(929,543)
Net commission	(55,120)	(9,258)	-	(9,258)	(564,661)	(41,658)	(13,264)	-	(13,264)	(289,424)

* Refer to Schedule - 3(A)

COMMISSION PAID - DIRECT

(Rs. in '000)

Particulars	YEAR ENDED 31 MARCH 2020					YEAR ENDED 31 MARCH 2019				
	FIRE	MARINE			TOTAL	FIRE	MARINE			TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL			MARINE CARGO	MARINE HULL	MARINE TOTAL	
Agents	943	441	-	441	55,865	842	468	-	468	79,877
Brokers	40,239	16,144	-	16,144	244,930	44,046	11,446	-	11,446	187,316
Corporate agency	7,234	570	-	570	140,061	4,340	599	-	599	145,237
Motor Insurance Service Providers	-	-	-	-	41,392	-	-	-	-	32,904
Point of Sale	-	-	-	-	152,483	-	-	-	-	100,015
Insurance Marketing Firm	-	-	-	-	223	-	-	-	-	77
Web aggregators	-	-	-	-	10,216	-	-	-	-	2,507
TOTAL (B)	48,416	17,155	-	17,155	645,170	49,228	12,513	-	12,513	609,674



MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2020

Particulars	MISCELLANEOUS										
	MOTOR			ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSA- TION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Commission paid											
Direct	486,251	73,239	559,490	7,231	54	1,628	54,825	3,313	12,851	5,778	645,170
TOTAL (A)	486,251	73,239	559,490	7,231	54	1,628	54,825	3,313	12,851	5,778	645,170
Add : Commission on reinsurance accepted	-	-	-	1,464	-	-	-	332	93	-	1,889
Less : Commission on reinsurance ceded	(837,970)	(205,900)	(1,043,870)	(11,010)	(73)	(94)	(109,508)	(874)	(39,019)	(7,272)	(1,211,720)
Net commission	(351,719)	(132,661)	(484,380)	(2,315)	(19)	1,534	(54,683)	2,771	(26,075)	(1,494)	(564,661)

MISCELLANEOUS COMMISSION BREAKUP FOR THE YEAR ENDED 31 MARCH 2019

Particulars	MISCELLANEOUS										
	MOTOR			ENGINEERING	PUBLIC/ PRODUCT LIABILITY	WORKSMEN'S COMPENSA- TION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS		TOTAL
	MOTOR - OD	MOTOR - TP	MOTOR TOTAL						OTHER LIABILITY	OTHERS	
Commission paid											
Direct	374,265	60,038	434,303	9,547	102	2,160	74,794	5,810	13,900	7,317	547,933
TOTAL (A)	374,265	60,038	434,303	9,547	102	2,160	74,794	5,810	13,900	7,317	547,933
Add : Commission on reinsurance accepted	-	-	-	1,475	64	-	-	5,747	414	87	7,787
Less : Commission on reinsurance ceded	(519,275)	(127,378)	(646,653)	(11,322)	(156)	(121)	(79,633)	(6,895)	(38,049)	(7,393)	(790,222)
Net commission	(145,010)	(67,340)	(212,350)	(300)	10	2,039	(4,839)	4,662	(23,735)	11	(234,502)

**SCHEDULE – 4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

(Rs. in '000)

Particulars	YEAR ENDED 31 MARCH 2020					YEAR ENDED 31 MARCH 2019						
	FIRE	MARINE			*MISCELLANEOUS	TOTAL	FIRE	MARINE			*MISCELLANEOUS	TOTAL
		MARINE CARGO	MARINE HULL	MARINE TOTAL				MARINE CARGO	MARINE HULL	MARINE TOTAL		
Employees' remuneration and welfare benefits	118,108	19,796	-	19,796	914,108	1,052,012	91,537	21,721	-	21,721	725,735	838,993
Travel, conveyance and vehicle running expenses	7,172	1,204	-	1,204	56,534	64,910	6,883	1,634	-	1,634	54,574	63,091
Training expenses	591	100	-	100	4,657	5,348	840	199	-	199	6,656	7,695
Rents, rates and taxes	7,010	1,175	-	1,175	59,756	67,941	5,059	1,210	-	1,210	42,303	48,572
Repairs and maintenance	1,774	296	-	296	13,982	16,052	2,852	678	-	678	22,611	26,141
Printing and stationery	1,335	225	-	225	10,526	12,086	1,320	313	-	313	10,470	12,103
Communication	1,648	275	-	275	12,994	14,917	1,781	423	-	423	14,121	16,325
Legal and professional charges	5,774	968	-	968	56,876	63,618	7,497	1,780	-	1,780	71,292	80,569
Auditors' fees, expenses etc.												
(a) as auditor	492	81	-	81	3,877	4,450	486	115	-	115	3,849	4,450
(b) as adviser or in any other capacity, in respect of												
(i) Taxation matters	166	29	-	29	1,310	1,505	60	15	-	15	475	550
(ii) Insurance matters	65	10	-	10	516	591	51	11	-	11	404	466
(iii) Management services; and	22	4	-	4	174	200	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	-
(d) out of pocket expenses	37	7	-	7	289	333	46	12	-	12	363	421
Advertisement and publicity	193,864	32,514	-	32,514	1,528,076	1,754,454	98,941	23,477	-	23,477	784,435	906,853
Interest and bank charges	4,939	827	-	827	38,931	44,697	2,974	707	-	707	23,579	27,260
Others												
Manpower hire charges	26,023	4,367	-	4,367	205,119	235,509	24,969	5,924	-	5,924	197,961	228,854
Information technology expenses	6,470	1,084	-	1,084	50,998	58,552	6,532	1,552	-	1,552	51,786	59,870
Membership fees and subscription expenses	834	142	-	142	6,576	7,552	497	120	-	120	3,942	4,559
Business promotion expenses	831	139	-	139	6,548	7,518	141	32	-	32	1,118	1,291
Miscellaneous expenses	3,868	620	-	620	23,426	27,914	8,205	1,457	-	1,457	52,093	61,755
Depreciation	7,206	1,207	-	1,207	56,802	65,215	6,115	1,452	-	1,452	48,482	56,049
TOTAL	388,229	65,070	-	65,070	3,052,075	3,505,374	266,786	62,832	-	62,832	2,116,249	2,445,867

* Refer to Schedule - 4(A)



SCHEDULE – 4 (A)

MISCELLANEOUS OPERATING EXPENSES RELATED TO INSURANCE BUSINESS BREAK UP FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in '000)

Particulars	MISCELLANEOUS											GRAND TOTAL
	MOTOR			ENGINEER- ING	PUBLIC/ PRODUCT LIABILITY	WORK- MEN'S COMPENSA- TION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS			
	MOTOR - OD	MOTOR - TP	MOTOR - TOTAL						OTHER LIABILITY	OTHERS		
Employees' remuneration and welfare benefits	258,407	534,167	792,574	6,184	34	1,070	76,440	7,433	26,302	4,071	914,108	
Travel, conveyance and vehicle running expenses	14,554	37,072	51,626	373	2	63	2,390	234	1,600	246	56,534	
Training expenses	1,199	3,054	4,253	31	-	5	197	19	132	20	4,657	
Rents, rates and taxes	14,613	37,224	51,837	365	2	70	4,299	1,375	1,563	245	59,756	
Repairs and maintenance	3,599	9,168	12,767	92	1	16	591	58	396	61	13,982	
Printing and stationery	2,710	6,903	9,613	69	-	12	445	43	298	46	10,526	
Communication	3,345	8,520	11,865	86	-	15	549	54	368	57	12,994	
Legal and professional charges	22,453	29,843	52,296	300	2	51	2,553	188	1,288	198	56,876	
Auditors' fees, expenses etc.												
(a) as auditor	998	2,542	3,540	26	-	4	164	16	110	17	3,877	
(b) as adviser or in any other capacity, in respect of												
(i) Taxation matters	337	860	1,197	9	-	1	55	5	37	6	1,310	
(ii) Insurance matters	133	338	471	3	-	1	22	2	15	2	516	
(iii) Management services; and	45	114	159	1	-	-	7	1	5	1	174	
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	
(d) out of pocket expenses	75	190	265	2	-	-	12	1	8	1	289	
Advertisement and publicity	393,388	1,002,030	1,395,418	10,084	56	1,709	64,590	6,313	43,245	6,661	1,528,076	
Interest and bank charges	10,022	25,528	35,550	257	1	44	1,646	161	1,102	170	38,931	
Others												
Manpower hire charges	52,806	134,507	187,313	1,354	7	229	8,670	847	5,805	894	205,119	
Information technology expenses	13,129	33,441	46,570	337	2	57	2,156	211	1,443	222	50,998	
Membership fees and Subscription expenses	1,693	4,313	6,006	43	-	7	278	27	186	29	6,576	
Business promotion expenses	1,686	4,294	5,980	43	-	7	277	27	185	29	6,548	
Miscellaneous expenses	5,485	14,803	20,288	255	1	24	1,094	89	606	1,069	23,426	
Depreciation	14,623	37,247	51,870	375	2	64	2,401	235	1,607	248	56,802	
TOTAL	815,300	1,926,158	2,741,458	20,289	110	3,449	168,836	17,339	86,301	14,293	3,052,075	





Particulars	MISCELLANEOUS									
	MOTOR			ENGINEER- ING	PUBLIC/ PRODUCT LIABILITY	WORK- MEN'S COMPENSA- TION	HEALTH INSURANCE	PERSONAL ACCIDENT	OTHERS	
	MOTOR - OD	MOTOR - TP	MOTOR - TOTAL						OTHER LIABILITY	OTHERS
Employees' remuneration and welfare benefits	179,871	430,712	610,583	8,129	75	1,323	70,608	6,972	23,351	4,694
Travel, conveyance and vehicle running expenses	13,526	32,389	45,915	611	6	99	5,310	524	1,756	353
Training expenses	1,650	3,950	5,600	75	1	12	648	64	214	42
Rents, rates and taxes	10,192	24,406	34,598	449	4	91	3,962	1,646	1,288	265
Repairs and maintenance	5,604	13,420	19,024	253	2	41	2,200	217	728	146
Printing and stationery	2,595	6,213	8,808	117	1	19	1,019	101	337	68
Communication	3,500	8,381	11,881	158	1	26	1,374	136	454	91
Legal and professional charges	24,822	35,277	60,099	666	6	108	7,545	571	1,913	384
Auditors' fees, expenses etc										
(a) as auditor	954	2,284	3,238	43	-	7	375	37	124	25
(b) as adviser or in any other capacity, in respect of										
(i) Taxation matters	118	282	400	5	-	1	46	5	15	3
(ii) Insurance matters	100	239	339	5	-	1	39	4	13	3
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-
(d) out of pocket expenses	90	216	306	4	-	1	35	3	12	2
Advertisement and publicity	194,420	465,549	659,969	8,787	82	1,430	76,320	7,536	25,239	5,072
Interest and bank charges	5,844	13,994	19,838	264	2	43	2,294	227	759	152
Others										
Manpower hire charges	49,064	117,486	166,550	2,218	21	361	19,260	1,902	6,369	1,280
Information technology expenses	12,835	30,735	43,570	580	5	94	5,039	497	1,666	335
Membership fees and Subscription expenses	977	2,340	3,317	44	-	7	384	38	127	25
Business promotion expenses	277	663	940	13	-	2	109	11	36	7
Miscellaneous expenses	10,756	24,339	35,095	690	4	75	14,167	420	1,360	282
Depreciation	12,016	28,774	40,790	543	5	88	4,717	466	1,560	313
TOTAL	529,211	1,241,649	1,770,860	23,654	215	3,829	215,451	21,377	67,321	13,542
										2,116,249



SCHEDULE – 5 SHARE CAPITAL

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised Capital		
20,00,00,000 (Previous Year - 20,00,00,000) Equity Shares of Rs. 10/- each fully paid-up	2,000,000	2,000,000
Issued Capital		
14,37,50,000 (Previous Year - 12,50,00,000) Equity Shares of Rs. 10/- each fully paid-up	1,437,500	1,250,000
Subscribed Capital		
14,37,50,000 (Previous Year - 12,50,00,000) Equity Shares of Rs. 10/- each fully paid-up	1,437,500	1,250,000
Called-up- Capital		
14,37,50,000 (Previous Year - 12,50,00,000) Equity Shares of Rs. 10/- each fully paid-up	1,437,500	1,250,000
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	-	-
TOTAL	1,437,500	1,250,000

SCHEDULE – 5A PATTERN OF SHAREHOLDING

(As certified by the management)

Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian				
Magma Fincorp Limited	39,898,281	27.76%	39,898,281	31.92%
Celica Developers Private Limited*	35,966,231	25.02%	29,716,231	23.77%
Jaguar Advisory Services Private Limited	22,500,000	15.65%	22,500,000	18.00%
Foreign				
HDI Global SE	32,000,000	22.26%	32,000,000	25.60%
Others				
Serum Institute of India Pvt. Ltd.	12,500,000	8.70%	-	-
Magma HDI General Insurance Company ESOP Trust#	885,488	0.61%	885,488	0.71%
TOTAL	143,750,000	100%	125,000,000	100%

* 444 (Previous Year 444) equity shares jointly held with Sanjay Chamria, Vanita Chamria and Harshvardhan Chamria.

Out of 8,85,488 shares held by Magma HDI General Insurance Company ESOP Trust, 8 employees of the Company are beneficial owners of 2,19,784 equity shares (Previous Year - Nil) in aggregate pursuant to the exercise of options under MHDH ESOP Plan.

SCHEDULE – 6 RESERVES AND SURPLUS

(Rs. in '000)

Particulars	As at 31 March 2020		As at 31 March 2019	
Capital reserve		-		-
Capital redemption reserve		-		-
Share premium				
Balance brought forward from Previous Year	1,830,000		1,455,000	
Add: Addition during the year	562,500		375,000	
Less: Share Issue Expenses	(11,133)	2,381,367	-	1,830,000
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		-		-
TOTAL		2,381,367		1,830,000



SCHEDULE - 7 BORROWINGS

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
Debentures/ Bonds	-	-
Banks (Refer Note below)		
– Due within 12 months	2,174	830
– Due after 12 months	4,659	3,018
Financial institutions (Refer Note below)		
– Due within 12 months	818	736
– Due after 12 months	772	1,578
Others	-	-
TOTAL	8,423	6,162

Note:-

Borrowing is secured by hypothecation of vehicles, the WDV of which is Rs. 6,208 thousands as on March 31, 2020 (Previous Year Rs. 4,678 thousands)

SCHEDULE – 8 INVESTMENTS - SHAREHOLDERS (Refer Note 16.11 & 16.32)

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including treasury bills	986,293	520,524
Other approved securities	204,272	69,828
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	2,513	3,772
(b) Mutual funds	-	-
(c) Debentures/ Bonds	538,665	339,551
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	-	20,951
Investments in infrastructure and housing	1,021,750	383,997
Other than approved investments	119,962	33,887
TOTAL LONG TERM INVESTMENTS	2,873,455	1,372,510
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	2,513	1,886
(b) Mutual funds	59,380	17,329
(c) Debentures/ Bonds	75,498	68,197
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	121,471	17,986
Investments in infrastructure and housing	-	31,438
Other than approved investments	6,870	22,439
TOTAL SHORT TERM INVESTMENTS	265,732	159,275
TOTAL	3,139,187	1,531,785

NOTES:

- The Company does not have any investments in equity instruments
- Aggregate value of the investments other than Mutual funds

(Rs. in '000)

Long Term Investments	– Book Value	2,873,455	1,372,510
	– Market Value	2,922,095	1,378,302
Short Term Investments	– Book Value	206,352	141,946
	– Market Value	206,326	142,148
Total	– Book Value	3,079,807	1,514,456
	– Market Value	3,128,421	1,520,450

- Aggregate value of the investments in Mutual funds.

Long Term Investments	- Historical Cost	-	-
Short Term Investments	- Historical Cost	59,262	17,315



- 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. 118 thousands (Previous Year Rs. 14 thousands) being the change in their fair value as at March 31 2020, which is classified under Fair Value Change Account.
- 6) All the above investments are performing assets, except for details as mentioned below:-
The Company has investments of Rs.3,738 Lakhs in Secured Redeemable Non-Convertible Debentures of Dewan Housing Finance Corporation Limited (DHFL) which was downgraded to junk grade 'D' by CARE and Brickworks Rating agencies in Q1 FY20 after DHFL had defaulted on its debt repayments. Provision has been created at 50% of book value during the year. The unrealized income has been reversed and further income recognition has been stopped.
Apart from the investments shown above, the Company had an investment of Rs.1,032 Lakhs in '9.50% ILFS NCD 28-07-2024' (Secured NCDs). The Investment was downgraded to junk grade 'D' by ICRA in FY19. The management of the Company has identified the same as a Loss Asset and the full value of the Investment was written off in FY19.
- 7) Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars / notifications issued by the IRDAI in this context from time to time.
- 8) There are no Investments outside India.
- 9) Investment assets have been allocated in the ratio of Policyholders and Shareholders Funds (Refer Note 16.32)

SCHEDULE – 8A

INVESTMENTS - POLICYHOLDERS (Refer Note 16.11 & 16.32)

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including treasury bills	6,192,282	4,448,542
Other approved securities	1,282,487	596,767
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	15,780	32,238
(b) Mutual funds	-	-
(c) Debentures/ Bonds	3,381,918	2,901,901
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	-	179,049
Investments in infrastructure and housing	6,414,891	3,281,744
Other than approved investments	753,163	289,611
TOTAL LONG TERM INVESTMENTS	18,040,521	11,729,852
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including treasury bills	-	-
Other approved securities	-	-
Other investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	15,780	16,119
(b) Mutual funds	372,810	148,099
(c) Debentures/ Bonds	474,005	582,832
(d) Investment properties-real estate	-	-
(e) Other securities (Bank deposits)	762,635	153,714
Investments in infrastructure and housing	-	268,678
Other than approved investments	43,130	191,772
TOTAL SHORT TERM INVESTMENTS	1,668,360	1,361,214
TOTAL	19,708,881	13,091,066

NOTES:

- 1) The Company does not have any investments in equity instruments
- 2) Aggregate value of the investments other than Mutual funds

(Rs. in '000)

Long Term Investments	– Book Value	18,040,521	11,729,852
	– Market Value	18,345,890	11,779,353
Short Term Investments	– Book Value	1,295,550	1,213,115
	– Market Value	1,295,388	1,214,840
Total	– Book Value	19,336,071	12,942,967
	– Market Value	19,641,278	12,994,193



3) Aggregate value of the investments in Mutual funds.

Long Term Investments	– Book Value	-	-
Short Term Investments	– Book Value	371,737	147,980

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. 1,073 thousands (Previous Year Rs. 119 thousands) being the change in their fair value as at March 31 2020, which is classified under Fair Value Change Account.

6) All the above investments are performing assets, except for details as mentioned below:-

The Company has investments of Rs.3,738 Lakhs in Secured Redeemable Non-Convertible Debentures of Dewan Housing Finance Corporation Limited (DHFL) which was downgraded to junk grade 'D' by CARE and Brickworks Rating agencies in Q1 FY20 after DHFL had defaulted on its debt repayments. Provision has been created at 50% of book value during the year. The unrealized income has been reversed and further income recognition has been stopped.

Apart from the investments shown above, the Company had an investment of Rs.1,032 Lakhs in '9.50% ILFS NCD 28-07-2024' (Secured NCDs). The Investment was downgraded to junk grade 'D' by ICRA in FY19. The management of the Company has identified the same as a Loss Asset and the full value of the Investment was written off in FY19.

7) Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars / notifications issued by the IRDAI in this context from time to time.

8) There are no Investments outside India.

9) Investment assets have been allocated in the ratio of Policyholders and Shareholders Funds (Refer Note 16.32)

SCHEDULE - 9 LOANS

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	44,987	59,840
TOTAL	44,987	59,840
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others (Employee Benefit Trust)	44,987	59,840
TOTAL	44,987	59,840
PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	44,987	59,840
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
TOTAL	44,987	59,840
MATURITY-WISE CLASSIFICATION		
(a) Short Term	-	-
(b) Long Term	44,987	59,840
TOTAL	44,987	59,840

SCHEDULE – 10 FIXED ASSETS

(Rs. in '000)

Particulars	Gross Block			Depreciation/Amortisation			Net Block	
	Opening as at 01 Apr 2019	Additions / Transfer	Deductions / Transfer	Closing as at 31 Mar 2020	As at 01 Apr 2019	For the year ended 31 Mar 2020	As at 31 Mar 2020	As at 31 Mar 2020
Computer Software*	279,045	38,408	13,118	304,335	81,586	39,867	113,194	191,141
Leasehold improvements	26,509	2,548	1,223	27,834	7,476	3,839	10,393	17,441
Furniture & Fittings	2,894	135	138	2,891	2,149	101	2,112	779
Information Technology Equipment	71,501	13,070	5,474	79,097	33,627	17,089	45,274	33,823
Vehicles	9,952	3,701	-	13,653	3,881	3,141	7,022	6,631
Office Equipment	2,900	593	745	2,748	1,873	479	1,607	1,141
Electronic Equipment	5,732	797	226	6,303	1,460	699	2,034	4,269
TOTAL	398,533	59,252	20,924	436,861	132,052	65,215	181,636	255,225
Capital Work in Progress	3,379	10,969	-	14,348	-	-	-	14,348
Grand Total	401,912	70,221	20,924	451,209	132,052	65,215	181,636	269,573

* useful life of software is ranging between 6 to 13 years

Particulars	Gross Block			Depreciation/Amortisation			Net Block	
	Opening as at 01 Apr 2018	Additions / Transfer	Deductions / Transfer	Closing as at 31 Mar 2019	As at 01 Apr 2018	For the year ended 31 Mar 2019	As at 31 Mar 2019	As at 31 Mar 2019
Computer Software*	162,216	118,207	1,378	279,045	44,910	37,515	81,586	197,459
Leasehold improvements	16,794	11,843	2,128	26,509	5,569	2,718	7,476	19,033
Furniture & Fittings	1,542	1,431	79	2,894	1,074	1,154	2,149	745
Information Technology Equipment	41,823	29,924	246	71,501	22,082	11,791	33,627	37,874
Vehicles	6,654	3,298	-	9,952	2,048	1,833	3,881	6,071
Office Equipment	2,577	323	-	2,900	1,381	492	1,873	1,027
Electronic Equipment	2,427	3,462	157	5,732	982	546	1,460	4,272
TOTAL	234,033	168,488	3,988	398,533	78,046	56,049	132,052	266,481
Capital Work in Progress	14,375	65,104	76,100	3,379	-	-	-	3,379
Grand Total	248,408	233,592	80,088	401,912	78,046	56,049	132,052	269,860

* useful life of software is ranging between 6 to 10 years.





SCHEDULE – 11 CASH AND BANK BALANCES

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash (including cheques, drafts and stamps)	14,803	89,324
Bank balances		
(a) Deposit accounts	-	-
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current accounts	122,026	1,052,916
(c) Others	-	-
Money at call and short notice		
(a) With banks	-	-
(b) With other institutions	-	-
Others	-	-
TOTAL	136,829	1,142,240

SCHEDULE – 12 ADVANCES AND OTHER ASSETS

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
ADVANCES		
Reserve deposits with ceding companies	-	-
Application money for investments	-	-
Prepayments	35,491	21,959
Advances to directors/officers	-	-
Advance tax paid and taxes deducted at source (Net of provision for taxation)	47	-
MAT Credit Entitlement	-	-
Others		
Advance recoverable in cash or in kind	7,996	21,010
Advance to employees	695	5,286
Gratuity (excess of plan assets over obligation)	3,683	5,393
TOTAL (A)	47,912	53,648
OTHER ASSETS		
Income accrued on investments	741,946	620,897
Outstanding premiums	-	-
Agents' balances	-	-
Foreign agencies balances	-	-
Due from other insurance companies, including reinsurers (net)	263,430	557,768
Due from subsidiaries/ holding company	-	-
Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
Others		
Unutilised GST Credit / Service Tax Credit	278,110	189,504
Unsettled investment contract receivable	261,751	380,389
Unclaimed amount of policyholders (Investments)	24,648	28,400
Deposits for premises, telephone etc.	20,326	15,770
TOTAL (B)	1,590,211	1,792,728
TOTAL (A + B)	1,638,123	1,846,376



SCHEDULE – 13 CURRENT LIABILITIES

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
Agents' balances	12,625	29,802
Balances due to other insurance companies (net)	566,610	792,778
Deposits held on reinsurance ceded	906,784	527,584
Premium received in advance	2,301,051	813,606
Unallocated premium	42,665	47,590
Sundry creditors	325,956	338,980
Due to subsidiaries/ holding company	-	-
Claims outstanding (net)	11,854,466	7,951,850
Due to directors/ officers	-	-
Unclaimed amount of policyholders (Refer Note 17.34)	23,819	28,373
Others -		
Due to policyholders/insured	2,628	4,499
GST Liability / Service Tax Liability	13,570	6,587
TDS payable	41,211	40,120
Other statutory dues	8,590	6,810
Book Overdraft	154,633	279,710
Employee Payables	21,826	18,607
Other payable	180,052	127,478
TOTAL	16,456,486	11,014,374

SCHEDULE – 14 PROVISIONS

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
Reserve for Unearned Premium	4,293,528	3,474,741
Reserve for Premium Deficiency	1,724	1,385
For taxation (net of advance tax and tax deducted at source)	-	34,868
For proposed dividends	-	-
For dividend distribution tax	-	-
Provision for employee benefits	139,245	104,696
Provision for diminution in value of Investments	186,915	-
Others	2,102	1,447
TOTAL	4,623,514	3,617,137

SCHEDULE – 15 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at 31 March 2020	As at 31 March 2019
Discount allowed in issue of shares/ debentures	-	-
Others	-	-
TOTAL	-	-



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 2020

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.

16 SIGNIFICANT ACCOUNTING POLICIES

16.1 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 (to the extent applicable), 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. Accounting policies applied have been consistent with previous year except otherwise stated in the notes and except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

16.2 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 recognised prospectively in current and future periods.

16.3 Revenue recognition

(i) Premium income

Premium (net of goods and service tax), on direct business is recognised 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 premium as and when they occur are recognised over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which it is cancelled.

(ii) Interest/ dividend income

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

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

Profit/loss on sale/redemption of securities is recognised on trade date basis. The net realised gains or losses on the debt securities is the difference between the net sale consideration and the amortized book value, which is computed on a weighted average basis, as on the date of sale. Further, in case of listed shares and mutual funds the profit and loss also includes accumulated changes in the fair value previously recognised in the fair value change account, 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.

The difference between the acquisition price and the maturity value of treasury bills is recognised as income in the revenue accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on Effective Interest Rate basis.

(iv) Commission income on reinsurance ceded

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

Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits as confirmed by reinsurers.

16.4 Reinsurance accepted

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



16.5 Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and recognised 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.

16.6 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.

16.7 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.

In case of Long Term policies, premium is collected for the entire term i.e. (three years or five years as the case may be) at the time of sale of insurance but premium for the year is only recognised as income and the remaining premium is treated as "Premium received in advance".

16.8 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.

16.9 Reserve for Premium deficiency

In accordance with IRDAI circular IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July, 2013 (Corrigendum to Master Circular IRDA / F&I / CIR / F&A / 231 / 10 / 2012, dated 5th Oct, 2012), Premium deficiency is recognised at segmental revenue account level when the sum of expected net claim costs and related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. In computing the overall Premium deficiency in Miscellaneous revenue account level, the Premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The premium deficiency is calculated and duly certified by the Appointed Actuary.

16.10 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 Appointed Actuary of the Company in accordance with guidelines issued by IRDAI and Actuarial Practice Standards issued by the Institute of Actuaries of India.

16.11 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 considered as 'held to maturity' and are valued at historical cost subject to amortisation 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. Unrealised gains/losses are credited / debited to fair value change account.

Fair Value Change Account

In accordance with the Regulations, any unrealised 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 is impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognised in the profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

16.12 Allocation of Income and Expenses

Allocation of Investment Income

Investment Income has been allocated between revenue accounts and profit and loss account on the basis of the ratio of average policyholder's investments assets to average shareholder's investments assets, average being the balance at the beginning of the year and balance at the end of the reporting year.

Allocation of Expenses

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.

In accordance with the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses in excess of segmental limits are to be borne by the shareholder's.

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

16.13 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.

16.14 Depreciation and amortisation

Depreciation on fixed assets is provided using the straight-line method based on the economic useful life as estimated by the management / limits 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 on straight-line basis, commencing from the date the asset is available to the Company for its use. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial period and the amortisation period is revised to reflect the changed pattern, if any.

Nature of Fixed Asset	Management Estimate of Useful Life	Useful Life as per the Limits prescribed in Schedule II of the Companies Act, 2013
	Life in Years	Life in Years
Furniture & Fixtures	10	10
IT Equipment - Servers and networks	6	6
IT Equipment - Others	3	3
Vehicles	4	8
Office Equipment	5	5
Electronic Equipment	10	10

16.15 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 recognised in the profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

16.16 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 recognised 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 recognised in the year in which the absences occur.

16.17 Foreign Currency Transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the revenue(s) / profit and loss account. Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the revenue(s) / profit and loss account and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

16.18 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 provisions of Income Tax Act, 1961) 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) **Minimum alternative tax**

In accordance with the recommendations contained in guidance note issued by Institute of Chartered Accountants of India and, under the provisions of the Income Tax Act, 1961, Minimum alternative tax ('MAT') is recognised as current tax in the profit and loss account. 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.

(iii) **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.

16.19 Provisions and Contingent liabilities

A provision is recognised 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.

16.20 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.

16.21 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.

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

16.22 Share Issue Expenses

Share issue expenses towards shares issued during the year are adjusted against Share Premium Account.

16.23 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.

16.24 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 provides for contribution to Solatium Fund established by the Central Government. Further, General Insurance Council in its meeting held on April 1, 2010 recommended that the contribution should be a percentage of gross written third party premiums.

16.25 Transfer of amounts to Senior Citizen Welfare fund

In accordance with the requirement of the Notification no G.S.R 380(E), issued by the Ministry of Finance, dated April 11, 2017 read with IRDAI Circular No IRDA/F&A/CIR/MISC/173/07/2017 dated July 25, 2017 the Company transfers amounts outstanding for a period of more than 10 years in Unclaimed amount of Policyholders to the Senior Citizen Welfare Fund (SCWF) on or before March 1st of each financial year.

16.26 Contribution to Environment Relief Fund

In accordance with the notification no G.S.R 768(E), issued by Ministry of Environment and Forests, dated November 4, 2008, the Company provides for contribution to the Environment Relief Fund established by the Central Government, an amount equal to the premium received in relation to Public Liability policies issued by the company, as per the rules specified by Public Liability Insurance Rules 1992.

16.27 Employee Stock Option Plan (ESOP)

The Employees Stock Option Scheme (the Scheme) provides for grant of the equity shares of the Company to employees. The scheme provides that employees are granted an option to purchase/subscribe to the equity shares of the Company that vest in a graded manner. The options may be exercised within the specified period.

The Company follows Fair Value accounting in accordance with the Guidance note on Accounting for Employee Share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the Fair value is spread over the vesting period of the options.

16.28 Borrowing Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and rate applicable on the borrowings. They are charged to Profit & Loss Account in the period in which they are incurred.

16.29 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.

16.30 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.

16.31 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 account.

16.32 Allocation of Investment Assets

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

16.33 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 2020

- 17.1** a. The World Health Organization announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and classified its outbreak as a pandemic on March 11, 2020. On March 22, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been further extended. The pandemic is creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global economic slowdown. The management has made an assessment of the impact of COVID-19 on the Company’s operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.
- b. IRDAI vide circular no. IRDAI/NL/CIR/MOT/079/04/2020 dated April 02, 2020 and IRDAI/NL/CIR/MOT/090/04/2020 dated April 16, 2020 has stipulated that, the Policyholders whose motor vehicle third party insurance policies fell due for renewal during the period on and from March 25, 2020 upto May 03, 2020 and who are unable to make payment of their renewal premium on time in view of the prevailing situation in the country as a result of COVID-19 are allowed to make premium payment for renewal of policies to their insurers on or before May 15, 2020. Further in accordance with Circular IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020, the motor third party premium for such policies received till April 21, 2020 was less than Rs. 100 thousands and the consequent impact on UPR, claims provisioning etc. is not material.

17.2 Contingent Liabilities

(Rs. in ‘000)

Particulars	As at 31 March 2020	As at 31 March 2019
1 Partly paid up investments	-	-
2 Underwriting commitments outstanding (in respect of shares and securities)	-	-
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	13	-
6 Reinsurance obligations to the extent not provided for in accounts	-	-
7 Senior Citizens’ Welfare Fund	-	-
8 Others	-	-

17.3 Micro & Small Scale Business Entities

There is no Micro, Small & Medium enterprise to which the Company owes dues, which are outstanding for more than 45 days as at March 31, 2020 (Previous Year: Nil). 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.

17.4 Encumbrances on Assets

The assets of the Company are free from any encumbrances except in case of security deposit of Rs. 19,766 thousands (Previous year - Rs. 15,331 thousands) provided by the Company to the lessor under the operating lease agreement and fixed assets (vehicles) of Rs. 6,208 thousands (Previous year - Rs. 4,678 thousands) which is hypothecated under finance arrangement with bank.

17.5 Capital Commitments

- a. There are no commitments made and outstanding for loans and Investments as at March 31, 2020 (Previous year - Rs. Nil).
- b. Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 22,080 thousands as at March 31, 2020 (Previous year - Rs. 11,298 thousands).

17.6 Premium

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

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

Business Sector	Year ended 31 March 2020				Year ended 31 March 2019			
	GDP (Rs. in ‘000)	No. of Policies	% of GDP	% of Policy	GDP (Rs. in ‘000)	No. of Policies	% of GDP	% of Policy
Rural	7,992,116	1,148,791	65.3	70.8	5,649,726	797,866	58.2	67.9
Urban	4,255,594	474,088	34.7	29.2	4,051,389	376,666	41.8	32.1
Total	12,247,710	1,622,879	100.0	100.0	9,701,115	1,174,532	100.0	100.0

Business Sector	Year ended 31 March 2020			Year ended 31 March 2019		
	GDP (Rs. in ‘000)	No. of Lives	% of GDP	GDP (Rs. in ‘000)	No. of Lives	% of GDP
Social	12,601	33,074	0.1	16,176	42,165	0.2



17.8 Premium Retention & Reinsurance

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

For the year ended on March 31, 2020

(Rs. in '000)

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
					%	%
Fire	Total Sum Insured	1,429,755	143,555	1,286,200	10.0%	90.0%
Marine Cargo	Value at Risk	239,796	15,943	223,853	6.6%	93.4%
Marine Hull	NA	-	-	-	-	-
Miscellaneous						
Motor	Total Sum Insured	10,291,280	7,425,231	2,866,049	72.2%	27.8%
Engineering	Total Sum Insured	74,371	18,435	55,936	24.8%	75.2%
Public/ Product Liability	Value at Risk	410	143	267	34.9%	65.1%
Workmen's Compensation	Value at Risk	12,601	11,971	630	95.0%	5.0%
Health Insurance	Value at Risk	476,352	297,872	178,480	62.5%	37.5%
Personal Accident	Value at Risk	46,562	42,599	3,963	91.5%	8.5%
Other Liability	Value at Risk	318,936	11,407	307,529	3.6%	96.4%
Others	Value at Risk	49,124	5,794	43,330	11.8%	88.2%
Total		12,939,187	7,972,950	4,966,237	61.6%	38.4%

For the year ended on March 31, 2019

(Rs. in '000)

Particulars	Basis	Gross Premium	Retention	Cession	Retention	Cession
					%	%
Fire	Total Sum Insured	1,119,206	95,846	1,023,360	8.6%	91.4%
Marine Cargo	Value at Risk	265,584	19,726	245,858	7.4%	92.6%
Marine Hull	NA	-	-	-	-	-
Miscellaneous						
Motor	Total Sum Insured	7,465,473	5,792,161	1,673,312	77.6%	22.4%
Engineering	Total Sum Insured	99,402	20,336	79,066	20.5%	79.5%
Public/ Product Liability	Value at Risk	924	367	557	39.7%	60.3%
Workmen's Compensation	Value at Risk	16,176	15,367	809	95.0%	5.0%
Health Insurance	Value at Risk	863,317	708,029	155,288	82.0%	18.0%
Personal Accident	Value at Risk	85,242	72,786	12,456	85.4%	14.6%
Other Liability	Value at Risk	285,502	9,861	275,641	3.5%	96.5%
Others	Value at Risk	57,374	6,620	50,754	11.5%	88.5%
Total		10,258,200	6,741,099	3,517,101	65.7%	34.3%

17.9 Reinsurance Regulations

As per Insurance Regulatory and Development Authority (General Insurance - Reinsurance) Regulation, 2018, prior approval from IRDAI is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 15% of total reinsurance ceded. In terms of the aforesaid regulations, the company has submitted to IRDAI the details in respects of its reinsurance treaties including those where the reinsurance support exceeds 15% from overseas reinsurer.

17.10 Premium Deficiency Reserve

The Company has recognised Premium Deficiency Reserve on segment level basis amounting to Rs. 1,724 thousands as at March 31, 2020 (Previous year Rs. 1,385 thousands).

17.11 Claims

- a. All claims, net of reinsurance incurred and paid to claimants in/ outside India are as under.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
In India	2,071,602	1,726,075
Outside India	-	2

- b. There are no claims which are settled and unpaid for a period of more than six months as on the balance sheet date (Previous Year- Nil).
- c. Claims where the claim payment period exceeds four years is Nil (Previous Year - Nil).
- d. Ageing of Gross Claims outstanding is set out in table below:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
More than 6 months	3,825,601	3,284,123
Others	1,355,431	958,640



17.12 Change in Accounting Policies & Accounting estimates

Change in Accounting Policy (EoM Policy)

During the current year, the Company has reviewed and revised its Board approved methodology on the allocation and apportionment of expenses as required by IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016. There is no impact on profit before tax of the Company. Had the Company followed the previous method of allocation, operating profit of Fire segment would have been higher by Rs. 892 thousands, Marine segment would have been higher by Rs. 107 thousands and Miscellaneous segment would have been lower by Rs. 999 thousands.

Change in Accounting estimates

Based on technical evaluation carried out by the Company's IT Team, the management has reassessed the useful life of the core insurance IT software during the current year from 10 years to 13 years (upto September 2025). The Company has amortized the opening WDV as at April 01, 2019 and additions made during the period over the remaining useful life. Had the Company continued with the previously assessed useful life, the profit before tax for the year ended March 31, 2020 would have been lower by Rs. 16,364 thousands.

17.13 Expenses directly identifiable with investment activity amounting to Rs. 1,558 thousands (Previous Year - Rs. 1,456 thousands) are included under "Investment Expenses" in the Profit and Loss Account.

17.14 Employee Benefit Plans

Defined Contribution Plan

(Rs. in '000)

Expenses on defined contribution plan	Year ended 31 March 2020	Year ended 31 March 2019
Contribution to Staff Provident Fund	44,526	33,675
Contribution to National Pension Scheme	2,603	920

Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc. as defined below. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. 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 2020	Year ended 31 March 2019
	Gratuity	Gratuity
Opening defined benefit obligation	28,521	22,481
Current service cost	9,608	7,940
Interest cost	2,153	1,581
Actuarial losses/(gains)	6,982	511
Benefit paid	(747)	(3,992)
Closing defined benefit obligation	46,517	28,521

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

(Rs. in '000)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	Gratuity	Gratuity
Opening fair value of the plan assets	33,914	27,082
Interest Income on plan assets	3,099	2,267
Contributions by employer	13,934	8,557
Actuarial losses/(gains)	-	-
Benefit paid	(747)	(3,992)
Closing fair value of the plan assets	50,200	33,914

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

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
	Gratuity	Gratuity
Present value of the defined benefit obligations	(46,517)	(28,521)
Fair value of plan assets	50,200	33,914
Net asset/(liability)	3,683	5,393



(d) **Expense recognized in the Revenue Account**

(Rs. in '000)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	Gratuity	Gratuity
Current service cost	9,608	7,940
Interest on defined benefit obligation	2,153	1,581
Net actuarial losses/(gains) recognized	6,982	511
Interest income on plan assets	(3,099)	(2,267)
Total included in "Employee benefit expenses"	15,644	7,765

(e) **Summary of actuarial assumptions**

(Rs. in '000)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	Gratuity	Gratuity
Discount rate	5.66%	7.65%
Salary increase	8.00%	5.00%
Expected rate of return on plan assets	7.65%	7.72%

(f) **Experience adjustments**

(Rs. in '000)

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
	Gratuity	Gratuity	Gratuity	Gratuity	Gratuity
Present value of defined benefit obligation	(46,517)	(28,521)	(22,481)	(15,051)	(11,150)
Fair value of plan assets	50,200	33,914	27,082	13,853	14,302
Funded Status	3,683	5,393	4,601	(1,198)	3,152
Experience (gain)/loss adjustment on plan liabilities	(708)	244	1,913	(6)	(778)
Experience gain/(loss) adjustment on plan assets	-	-	3,589	(3,400)	-
Experience (gain)/loss adjustment on plan liabilities due to change in assumption	7,690	267	(1,276)	1,122	41

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

The contribution expected to be made by the Company during the financial year 2020-21, amounts to Rs. 5,771 thousand (Previous year Rs. 2,221 thousand).

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 2020	Year ended 31 March 2019
Opening Balance	16,196	12,271
Add: Provision made during the year	21,052	3,925
Closing Balance	37,248	16,196

17.15 During the year, there is no restructuring pertaining to Loans given by the Company (Previous Year - Nil).

17.16 Details of outsourcing, business development and marketing expenses:

(Rs. in '000)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Outsourcing expenses	277,673	302,116
Business development	7,518	1,291
Marketing Expenses	1,754,454	906,853

17.17 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:

(Rs. in '000)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Payable not later than one year	11,129	1,577
Payable later than one year but not later than five years	12,091	394
Payable later than five years	-	-

- Rent expense charged to Revenue account include lease rent paid during the year for non-cancellable leases Rs. 10,937 thousands (Previous year Rs. 8,285 thousands)
- The period of agreements generally ranges between one to nine years and generally renewable thereafter at the option of the lessee.



17.18 Computation of managerial remuneration (Rs. in '000)

In terms of disclosure requirements of para 9 of IRDAI Corporate Governance Guidelines for insurers in India, 2016, the elements of remuneration paid to Managing Director and Chief Executive Officer (MD & CEO) and the Executive Directors, all other directors and Key Management Persons are as follows:

- a. The Managing Director and Chief Executive Officer (MD & CEO) is remunerated in terms of the approval granted by IRDAI as required under section 34A of the Insurance Act, 1938.

Details of the remuneration is as follows:-

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salary, perquisites & allowances (including incentives)	31,258	21,122
Contribution to Provident and other Funds	1,475	1,266
TOTAL	32,733	22,388

Out of the above Rs. 15,000 thousands has been charged to Revenue account and amount in excess of Rs. 15,000 thousands has been charged to Profit & Loss Account.

- b. The details of remuneration of Key Management Persons (KMPs) as defined under IRDAI Corporate Governance Guidelines for insurers in India, 2016 are as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salary, perquisites & allowances (including incentives)	103,941	88,080
Contribution to Provident Fund	4,207	3,435
TOTAL	108,148	91,515

Expenses towards gratuity and leave provision are determined actuarially on overall Company basis and accordingly have not been considered in the above information.

- c. In addition to above, MD & CEO and KMPs are entitled to Employee Stock Option Plan (ESOP) under the Company's ESOP Scheme.
- d. Fees paid to Non Executive Directors for attending Board / Committee meetings amounted to Rs. 7,020 thousand (Previous Year Rs. 7,190 thousand)

17.19 In terms of disclosure requirements of IRDAI Corporate Governance Guidelines for insurers in India, 2016, details of additional work done by Statutory Auditors is given below:-

Name of the Auditor	Services Rendered	Year ended 31 March 2020	Year ended 31 March 2019
Haribhakti & Co. LLP	Management Services	-	-
	Certification	120	132
	Taxation Matters	800	200
MSKA & Associates	Management Services	200	-
	Certification	471	334
	Taxation Matters	705	350

- 17.20 During the previous year, the Company had entered into an Excess of Loss (XoL) reinsurance agreement with regard to Motor Third Party liability. As per the terms of the XoL agreement, the Company ceded a part of the future claims liability to the reinsurer. As a result, the profit for the year ended 31 March, 2019 was higher by Rs. 246,743 thousands.

- 17.21 In accordance with the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses in excess of segmental limits are to be borne by the shareholders. During the current financial year, expenses of management are within the allowable limit on overall basis. However, operating expenses of Rs. 81,383 thousand (Previous Year - Rs. 8,992 thousand) in excess of segmental limits pertaining to Marine, Engineering, Workmen's Compensation, Health, Personal Accident & Others segments are charged to Profit and loss account and are borne by the shareholders.

17.22 a. Share Capital

During the year, the Company has allotted 1,87,50,000 equity shares under the preferential issue (Previous Year - 1,25,00,000 equity shares under rights issue). The allotment during the year was against Share application money pending allotment as at March 31, 2019.

b. Share Application

The Company has received Rs. 531,948 thousands (Previous Year - Rs. 750,000 thousands) towards share application money under private placement on preferential basis, which is pending allotment as at March 31, 2020.

Out of the above, equity share capital amounting to Rs. 394,669 thousands has been allotted on April 28, 2020 and has been included in computation of available solvency margin as on March 31, 2020 as per IRDAI approval.

17.23 Employee Stock Option Plan (ESOP)

The Company had introduced an Employee Stock Option Scheme, 2018 ('ESOP Plan') in financial year 2018-19. ESOP Plan provides that eligible employees are granted options to acquire equity shares of the Company that vest in graded manner. The vested options may be exercised within a specified period.

Under ESOP Plan, during the year 896,000 options (Previous Year - 885,488 options) were granted at an exercise price of Rs. 42.08 per option (Previous Year - Rs. 44.10 per option). The options will vest over a period of one to three years from the date of grant as given below and are exercisable over a period of four years from the respective date of vesting.

Accordingly, during the year 531,264 options (Previous Year - Nil) were vested out of Tranche I and Nil Options (Previous Year - Nil) from Tranche -II.



Tranche - I (Granted in FY 18-19)

Vesting (%)	Vesting Period
30%	12 months from date of grant
30%	18 months from date of grant
40%	30 months from date of grant

Tranche - II (Granted in FY 19-20)

Vesting (%)	Vesting Period
30%	12 months from date of grant
30%	15 months from date of grant
40%	27 months from date of grant

A summary of status of Company's Employee Stock Option Scheme in terms of option granted, forfeited and exercised by the employees is given below:

Tranche - I

Particulars	31 March 2020	31 March 2019
Outstanding at the beginning of the year	874,491	-
Add: Granted during the year	-	885,488
Less: Forfeited/lapsed during the year	17,213	10,997
Less: Exercised during the year	219,784	-
Outstanding at the end of the year	637,494	874,491

Tranche - II

Particulars	31 March 2020	31 March 2019
Outstanding at the beginning of the year	-	-
Add: Granted during the year	896,000	-
Less: Forfeited/lapsed during the year	-	-
Less: Exercised during the year	-	-
Outstanding at the end of the year	896,000	-

Method used for accounting

The Company has adopted fair value method for computing the compensation cost for the options granted. The estimated fair value of each stock option granted in the stock option plan is Rs. 33.34 for Tranche - I & Rs. 14.52 for Tranche - II.

Fair Value Methodology

The fair value of options on date of grant has been estimated using Black Scholes Model. The key assumptions used in Black Scholes model for calculating fair value under ESOP Plan Tranche I & Tranche II as on the date of grant viz. 7th May 2018 and 15th January 2020 are as follows:-

Particulars	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Tranche I	6.56% to 7.23%	2 to 4 Years	28.03%	Nil
Tranche II	6.30% to 6.45%	3 to 4 Years	34.65%	Nil

Information in respect of options outstanding as on 31 March 2020

Particulars	Exercise Price	No. of Options	Weighted Average Remaining Life
Tranche I	44.10	637,494	23 months
Tranche II	42.08	896,000	41 months

17.24 Earning per Share ('EPS')

Particulars		Units	As at 31 March 2020	As at 31 March 2019
Profit/(Loss) after Tax	(A)	Rs. '000	(60,108)	14,344
Weighted average number of equity shares (Basic)	(B)	Nos.	141,137,295	115,616,438
Weighted average number of equity shares (Diluted) *	(C)	Nos.	141,137,295	115,616,438
Basic earnings per share	(A/B)	Rs.	(0.43)	0.12
Diluted earnings per share *	(A/C)	Rs.	(0.43)	0.12
Face Value per share		Rs.	10.00	10.00

* The Company has share application money pending allotment as on March 31, 2020 which is considered as Potential equity shares. In view of losses during the current year, potential equity shares are anti-dilutive. Accordingly effect of potential equity shares has not been considered while calculating dilutive earnings per share.

17.25 Pursuant to IRDAI (Appointed Actuary) Regulations, 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, 2020 have been certified by the Appointed Actuary and the Mentor to the Appointed Actuary. As per the Certificate, the assumptions considered by them for valuation of liabilities as at March 31, 2020 are in accordance with the guidelines issued by IRDAI and the Actuarial Practice Standards issued by the Institute of Actuaries of India.

Pursuant to Actuarial Practice Standards (APS) 33 issued by Institute of Actuaries of India (IAI), the peer review of statutory valuation of liabilities for March 31, 2020 has been carried out by an independent actuary.

17.26 Corporate Social Responsibility (CSR)

As per the Section 135 and Section 198 of the Companies Act, 2013 read with Companies (Amendment) Act, 2017, the Company does not have any obligation under CSR for the current year (Previous Year - Nil).



17.27 Senior Citizens' Welfare Fund

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, 2020 (Previous Year - Nil).

17.28 Investor Education and Protection Fund

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, 2020 (Previous Year - Nil).

17.29 The Company does not have any long term contracts including derivative contracts wherein the Company is required to make provision towards any foreseeable losses (Previous Year - Nil).

17.30 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 0.10% of gross written premium on all motor third party policies (excluding reinsurance premium accepted on motor third party, if any) towards contribution to the Solatium fund. During the year, the Company has provided Rs. 7,390 thousands (Previous year - Rs. 5,266 thousands) as a charge to revenue account and disclosed under claims outstanding in current liabilities.

b. Terrorism Pool

The Company, in accordance with the requirements of IRDAI, has participated in contributing to the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium are ceded at 100% to the Terrorism Pool, subject to certain conditions.

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 up to December 31, 2019 (Previous year: upto December 31, 2018).

c. Environment Relief Fund

During the year, an amount of Rs. 305 thousand (Previous year Rs. 358 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of Rs. 348 thousand (Previous year Rs. 348 thousand) has been transferred to "United India Insurance Company Limited, Environment Fund Account" as per Notification of Environment Relief Fund (ERF) scheme under the public liability Insurance Act, 1991 as amended. The balance amount of Rs. 15 thousand (Previous year Rs. 58 thousand) is included under Current Liabilities in Schedule 13.

17.31 Solvency Margin

Particulars		Units	As at 31 March 2020	As at 31 March 2019
Required Solvency Margin under IRDAI Regulations	(A)	Rs. '000	2,045,419	1,526,329
Available Solvency Margin	(B)	Rs. '000	3,490,401	2,413,620
Solvency ratio actual	(B/A)	Times	1.71	1.58
Solvency ratio prescribed by Regulation		Times	1.50	1.50

An amount of Rs. 531,948 thousands received in Q4 FY20 is lying in the share application money account as at March 31, 2020. Out of this, equity share capital amounting to Rs. 394,669 thousands has been allotted on April 28, 2020 and has been included in computation of available solvency margin as on March 31, 2020 pursuant to IRDAI approval dated April 6, 2020 stating effective date of approval deemed to be considered as March 31, 2020.

17.32 Taxation

a. As required by Accounting Standard 22 (Accounting for Taxes on Income), the Company performs reassessment of the deferred tax assets (DTA)/ deferred tax liabilities (DTL) at each reporting date. The Company has carried DTA on eligible temporary timing differences to the extent the Management of the Company is virtually / reasonably certain (as the case may be) about availability of sufficient future taxable income against which such DTA can be realised.

The components of DTA are as under:

(Rs. in '000)

Timing difference on account of	As at 31 March 2020		As at 31 March 2019	
	DTA	DTL	DTA	DTL
Unexpired risk reserve (Rule 6E of Income Tax Rules, 1962)	82,892	-	302,504	-
WDV of Fixed assets	-	(21,785)	-	(26,024)
Expenses disallowed	7,114	-	4,009	-
Provision for diminution in value of Investments and doubtful debts	47,491	-	415	-
Carry forward losses	87,117	-	-	-
Contribution to Solatium Fund	1,406	-	1,952	-
Total deferred tax asset / (liability)	226,020	(21,785)	308,880	(26,024)
Net deferred tax asset	204,235	-	282,856	-

The Taxation Laws (Amendment) Act, 2019 has amended the Income Tax Act 1961, and the Finance (No. 2) Act, 2019 by inserting Section 115BAA which provides domestic companies with an option to opt for lower tax rate, provided certain deductions are not claimed. The Company has opted to exercise the option in the current year.



17.33 Related Party Disclosures

Related Party disclosure as at and for the year ended 31st March 2020.

Names of the related parties and description of relationship

Joint Venture

Magma Fincorp Limited

HDI Global SE

Celica Developers Private Limited

Jaguar Advisory Services Private Limited

Subsidiary of Joint Venture

Magma Housing Finance Limited (formerly Magma Housing Finance)

HDI Global Network AG (formerly HDI-Gerling Welt Service AG)

Private Company in which Director is a Director (with whom Company has transactions):

Devsar Vyapaar Private Limited

Speed Auto Service Private Limited

CLP Business LLP

Celica Automobiles Private Limited

Magma Consumer Finance Private Limited

Caspian Impact Investments Private Limited

Celica Properties Private Limited

Columbine Decorative & Marketing Private Limited (Amalgamated with Magma Consumer Finance Private Limited w.e.f 15.02.2019)

Key Management Personnel

Rajive Kumaraswami, MD & CEO

Gaurav Parasrampur, CFO

Kavita Modi, CS

Relatives of Key Management Personnel (with whom Company has transactions):

Subramania Kumaraswami, Father of MD & CEO

Directors

Mayank Poddar

Sanjay Chamria

Jens Holger Wohlthat

Kailash Nath Bhandari

V.K.Viswanathan

Sunil Mitra

Suvalaxmi Chakraborty

Relatives of Directors (with whom company has transactions):

Mansi Poddar Tulshan

Ashita Poddar Khaitan

Shaili Poddar

Mayank Poddar HUF

(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2020	Outstand- ing amount as at 31 March 2020	Transaction value for the year ended 31 March 2019	Outstand- ing amount as at 31 March 2019
Joint Venture					
Magma Fincorp Limited	Equity Share Capital	-	398,983	51,389	398,983
	Share premium	-	431,667	154,167	431,667
	Share Application money pending allotment	265,004	265,004	-	-
	Cash deposit received	1,997,462	83,389	2,124,751	84,288
	Cash deposit adjusted for policy issued	1,998,300	-	2,096,250	-
	Cash deposit refunded	61	-	550	-
	Corporate agent commission	144,937	6,781	146,663	12,500
	Investment in Non Convertible Debentures (NCD)	750,000	750,000	-	-
	Interest Accrued But not due on NCDs	71,219	71,219	-	-
	Premium for policy underwritten	1,092	-	1,115	-
	Payment of Claims	166	-	1,042	-
HDI Global SE	Equity Share Capital	-	320,000	32,500	320,000
	Share premium	-	1,275,000	97,500	1,275,000
	Premium Ceded	1,760	-	343	-
	Commission income on premium ceded	378	-	86	-
	Payments of reinsurance balances	1,255	384	-	257
Celica Developers Private Limited	Equity Share Capital	62,500	359,662	41,111	297,162
	Share premium	187,500	310,833	123,333	123,333
	Share Application Money pending allotment	-	-	250,000	250,000
	Premium for policy underwritten	116	-	284	-
Jaguar Advisory Services Private Limited	Equity Share Capital	-	225,000	-	225,000
Fellow Subsidiary					
Magma Housing Finance Limited	Cash deposit received	137,548	29,946	56,173	11,748
	Cash deposit adjusted for policy issued	119,349	-	49,300	-
HDI Global Network AG	Premium on reinsurance ceded	330,569	-	266,375	-
	Claims on reinsurance ceded	36,426	-	118,783	-
	Commission income on premium ceded	42,378	-	36,411	-
	Receipts of reinsurance balances	84,309	-	113,905	-
	Payments of reinsurance balances	322,052	123,539	133,499	109,518



(Rs. in '000)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2020	Outstanding amount as at 31 March 2020	Transaction value for the year ended 31 March 2019	Outstanding amount as at 31 March 2019
Private Company in which Director is a Director					
Devsar Vyapaar Private Limited	Premium for policy underwritten	1	-	1	-
CLP Business LLP	Premium for policy underwritten	-	-	40	-
	Payment of Rent	1,577	-	1,576	-
Magma Consumer Finance Private Limited	Premium for policy underwritten	39	-	77	-
	Claims Payment	-	-	-	-
Celica Properties Private Limited	Premium for policy underwritten	158	-	-	-
Columbine Decorative & Marketing Private Limited	Premium for policy underwritten	23	-	-	-
Speed Auto Service Private Limited	Premium for policy underwritten	-	-	22	-
Celica Automobiles Private Limited	Premium for policy underwritten	13	-	151	-
	Claims Payment	76	-	-	-
Caspian Impact Investments Private Limited	Premium for policy underwritten	73	-	20	-
Key Management Personnel					
Rajive Kumaraswami	Share Application Money Pending Allotment	43,650	43,650	-	-
	Premium for policy underwritten	12	-	22	-
	Key managerial remuneration	32,733	-	22,388	-
Gaurav Parasrampur	Key managerial remuneration	11,740	-	9,998	-
Kavita Modi	Key managerial remuneration	1,896	-	1,501	-
Directors					
Mayank Poddar	Premium for policy underwritten	-	-	11	-
Kailash Nath Bhandari	Payment of sitting fess	2,270	-	2,270	-
Sunil Mitra	Payment of sitting fess	1,450	-	1,750	-
V K Viswanathan	Payment of sitting fess	2,150	-	2,150	-
Suvalaxmi Chakraborty	Payment of sitting fess	1,150	-	1,020	-
Relatives of Directors					
Subramania Kumaraswami	Premium for policy underwritten	2	-	2	-
Mayank Poddar HUF	Premium for policy underwritten	5	-	-	-
	Claims Payment	184	-	-	-
Mansi Poddar Tulshan	Premium for policy underwritten	45	-	-	-
Ashita Poddar Khaitan	Premium for policy underwritten	32	-	-	-
Shaili Poddar	Payment of Rent	948	-	-	-

Note:- Transaction amount considered above are excluding taxes.

17.34 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended 31 March, 2020

As per the circular issued by IRDAI vide reference number IRDA/F&A/CIR/Misc/173/07/2017 dated 25 July 2017, below table mentions the age-wise analysis of unclaimed amount of the policyholders as on 31 March 2020:

As on 31 March 2020

(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.	7,055	795	525	258	1,959	206	420	2,891
4	Cheques issued but not encashed by the policyholder/insured.	16,764	2,664	3,330	3,390	694	604	421	5,661
	Total	23,819	3,459	3,856	3,648	2,653	810	842	8,551



As on 31 March 2019

(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.	10,304	1,317	2,596	1,106	1,716	439	435	2,696
4	Cheques issued but not encashed by the policyholder/insured.	18,069	7,159	2,591	1,185	1,024	947	1,771	3,393
	Total	28,373	8,476	5,187	2,291	2,740	1,385	2,205	6,089

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

(Rs. in '000)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening Balance	28,373	12,231
Add: Amount transferred to unclaimed amount	20,576	26,940
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	782	460
Less: Amount of claims paid during the year	25,912	11,258
Less: Amount transferred to Senior Citizens' Welfare Fund (net of claims paid in respect of amounts transferred earlier)	-	-
Closing balance of Unclaimed amount fund	23,819	28,373

17.35 Previous year figures have been regrouped / reclassified in respect of following items, for better presentation, understanding and comparison with those of the current year.

(Rs. in '000)

Previous Year Grouping		Current Year Grouping		Previous Year Amount
Description	Schedule	Description	Schedule	
'Contribution to Solatium Fund' was presented on the face of Revenue A/c	Revenue A/c	Now presented as part of 'Claims Incurred (Net)'	Revenue A/c	5,266
'Employee Stock Option Reserve' was part of 'Other Payable'	13	Now presented on face of Balance Sheet	Balance Sheet	17,266
Provision towards employee incentives and bonus was part of 'Employee Payables' in schedule for 'Current Liabilities'	13	Now presented as part of 'Provision for Employee Benefits' in schedule for 'Provisions'	14	88,500
Investments in Housing was part of 'Debentures/Bonds'	8 & 8A	Now presented as part of 'Investments in infrastructure and housing'	8 & 8A	1,218,431
'Expenses Transferred to Shareholders Account' was netted off in schedule for 'Operating Expenses related to Insurance Business'	4 & 4A	Now presented on the face of Revenue A/c	Revenue A/c	8,992
'Solatium Fund' was presented as a separate line item in schedule for 'Current Liabilities'	13	Now included as part of 'Claims Outstanding (Net)' in schedule for 'Current Liabilities'	13	15,389
'Training Expenses' was part of 'Employees' remuneration and welfare benefits' in schedule for 'Operating Expenses related to Insurance Business'	4 & 4A	Now presented on the face of 'Operating Expenses related to Insurance Business'	4 & 4A	7,695
'Cheques in Hand' was presented as a separate line item in schedule for 'Cash and Bank Balances'	11	Now included as part of 'Cash (including cheques, drafts and stamps)' in schedule for 'Cash and Bank Balances'	11	67,207

17.36 a. Segment Reporting

The statement of segment reporting is included in **Annexure 1**.

b. Accounting Ratios

The statement of accounting ratios is provided in **Annexure 2**.

c. Summary of Financial Statements

The summary of financial statements is provided in **Annexure 3**.



17.37 Details of Penal actions taken by various Government Authorities

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.

For the Year ended March 31, 2020

(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 / GST Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	-	-	-	-
6	Registrar of Companies / NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013 / 1956	-	-	-	-
7	Penalty awarded by Court/Tribunal for any matter including claim settlement but excluding compensation	-	-	-	-
8	Securities Exchange Board of India	-	-	-	-
9	Competition Commission of India	-	-	-	-
10	Any other Central / State /Local Government /Statutory Authority	-	-	-	-

For the Year ended March 31, 2019

(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 / GST Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	-	-	-	-
6	Registrar of Companies / NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013 / 1956	-	-	-	-
7	Penalty awarded by Court/Tribunal for any matter including claim settlement but excluding compensation	-	-	-	-
8	Securities Exchange Board of India	-	-	-	-
9	Competition Commission of India	-	-	-	-
10	Any other Central / State /Local Government /Statutory Authority	-	-	-	-

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

For and on behalf of the Board of Directors

Sanjay Chamria

Chairman

DIN No. - 00009894

Rajive Kumaraswami

Managing Director &

Chief Executive Officer

DIN No. - 07501971

Purushottam Nyati

Partner

Membership No. 118970

Swapnil Kale

Partner

Membership No. 117812

Mayank Poddar

Director

DIN No. - 00009409

Gaurav Parasarmpuria

Chief Financial Officer

Sunil Mitra

Director

DIN No. - 00113473

Kavita Modi

Company Secretary

Membership No. - A21108

Mumbai, 30 April 2020

SCHEDULE – 17

Notes to Accounts forming part of the Financial Statements for the year ended 31 March 2020

Segment Reporting

Primary reportable segments

Segment Information for the year ended on 31 March 2020

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	FIRE	MARINE	MISCELLANEOUS								TOTAL	
			MOTOR	ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORK-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS			
									OTHER LIABILITY	WEATHER		OTHERS
Premium received in advance	-	26,712	2,270,435	257	-	91	617	2,939	-	-	-	2,301,051
Claims outstanding at the end of the year	157,483	45,737	11,308,052	28,922	695	5,692	55,923	26,429	13,667	-	211,866	11,854,466
Reserve for unexpired risk at the end of the year	155,934	6,586	3,802,816	11,035	180	4,108	286,913	17,057	6,646	-	2,253	4,293,528
Reserve for premium deficiency	-	1,724	-	-	-	-	-	-	-	-	-	1,724

Segment Information for the year ended on 31 March 2019

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	FIRE	MARINE	MISCELLANEOUS								TOTAL	
			MOTOR	ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORK-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS			
									OTHER LIABILITY	WEATHER		OTHERS
Premium received in advance	41	963	809,933	400	-	581	78	482	1,125	-	2	813,606
Claims outstanding at the end of the year	125,794	46,980	7,207,885	18,956	588	6,080	272,589	52,792	9,326	-	210,860	7,951,850
Reserve for unexpired risk at the end of the year	109,337	5,572	3,036,612	12,315	220	5,174	275,958	18,603	5,691	-	5,259	3,474,741
Reserve for premium deficiency	-	1,385	-	-	-	-	-	-	-	-	-	1,385

Annexure 1



Secondary reportable segments

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

Segment Reporting for the year ended March 31, 2020

(Rs. in '000)

Particulars	FIRE	MARINE	MISCELLANEOUS										TOTAL
			MOTOR	ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORK-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS				
									OTHER LIABILITY	WEATHER	OTHERS		
Premiums earned (Net) (Refer Schedule 1)	81,155	9,356	6,618,236	16,610	134	12,898	286,917	42,560	6,520	-	8,584	7,082,970	
Profit/(Loss) on sale/redemption of investments (Net)	8,230	668	475,725	988	6	762	19,190	2,642	483	-	358	509,052	
Others:-													
Investment Income from Terrorism Pool	3,700	-	-	444	-	-	-	-	-	-	-	4,144	
Miscellaneous Income	90	12	590	6	-	1	27	3	18	-	264	1,011	
Contribution from Shareholders Funds towards excess Expenses of Management (EOM)	-	19,738	-	2,704	-	45	53,491	5,229	-	-	176	81,383	
Interest, dividend and rent (Gross)	20,213	1,641	1,168,362	2,426	15	1,872	47,129	6,489	1,181	-	883	1,250,211	
TOTAL SEGMENTAL REVENUE (A)	113,388	31,415	8,262,913	23,178	155	15,578	406,754	56,923	8,202	-	10,265	8,928,771	
Claims incurred (Net) (Refer Schedule 2)	57,502	16,309	5,634,405	14,510	107	3,695	208,774	31,301	4,352	-	3,263	5,974,218	
Commission (Net) (Refer Schedule 3)	(55,120)	(9,258)	(484,380)	(2,315)	(19)	1,534	(54,683)	2,771	(26,075)	-	(1,494)	(629,039)	
Operating expenses related to insurance business (Refer Schedule 4)	388,229	65,070	2,741,458	20,289	110	3,449	168,836	17,339	86,301	-	14,293	3,505,374	
Premium Deficiency Reserve	-	338	-	-	-	-	-	-	-	-	-	338	
TOTAL SEGMENTAL EXPENDITURE (B)	390,611	72,459	7,891,483	32,484	198	8,678	322,927	51,411	64,578	-	16,062	8,850,891	
SEGMENTAL PROFIT/(LOSS) (C) = (A - B)	(277,223)	(41,044)	371,430	(9,306)	(43)	6,900	83,827	5,512	(56,376)	-	(5,797)	77,880	





Particulars	FIRE	MARINE	MISCELLANEOUS										TOTAL
			MOTOR	ENGI-NEERING	PUBLIC/PRODUCT LIABILITY	WORK-MEN'S COMPEN-SATION	HEALTH INSUR-ANCE	PERSONAL ACCIDENT	OTHERS				
									OTHER LIABILITY	WEATHER	OTHERS		
Premiums earned (Net) (Refer Schedule 1)	61,970	11,395	3,184,332	14,971	230	14,456	490,941	57,039	7,471	-	6,659	3,849,464	
Profit/(Loss) on sale/redemption of investments (Net)	894	144	67,397	184	3	144	8,272	702	92	-	62	77,894	
Others:-													
Investment Income from Terrorism Pool	8,098	-	-	1,663	-	-	-	-	-	-	-	9,761	
Miscellaneous Income	165	13	321	4	-	-	36	3	12	-	161	715	
Contribution from Shareholders Funds towards excess Expenses of Management (EOM)	-	7,762	-	177	-	-	814	80	159	-	-	8,992	
Interest, dividend and rent (Gross)	9,664	1,554	728,397	1,984	37	1,556	89,399	7,582	999	-	670	841,842	
TOTAL SEGMENTAL REVENUE (A)	80,791	20,868	3,980,447	18,983	270	16,156	589,462	65,406	8,733	-	7,552	4,788,668	
Claims incurred (Net) (Refer Schedule 2)	57,523	21,970	2,080,758	4,285	(60)	(6,725)	447,780	47,942	575	-	68,069	2,722,117	
Commission (Net) (Refer Schedule 3)	(41,658)	(13,264)	(212,350)	(300)	10	2,039	(4,839)	4,662	(23,735)	-	11	(289,424)	
Operating expenses related to insurance business (Refer Schedule 4)	266,786	62,832	1,770,860	23,654	215	3,829	215,451	21,377	67,321	-	13,542	2,445,867	
Premium Deficiency Reserve	(3,129)	772	-	-	-	-	-	-	-	-	-	(2,357)	
TOTAL SEGMENTAL EXPENDITURE (B)	279,522	72,310	3,639,268	27,639	165	(857)	658,392	73,981	44,161	-	81,622	4,876,203	
SEGMENTAL PROFIT/(LOSS) (C) = (A - B)	(198,731)	(51,442)	341,179	(8,656)	105	17,013	(68,930)	(8,575)	(35,428)	-	(74,070)	(87,535)	

Ratios for the year ended 31 March, 2020

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 2020											
		Fire	Marine	Miscellaneous	Motor	Engineering	Public/Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Other Liability	Others	Total
1	Gross Direct Premium Growth rate (GDPI (CY)- GDPI(PY))/ GDPI (PY)	8.06%	(2.34%)	28.47%	37.85%	(29.49%)	-	(22.10%)	(41.41%)	14.02%	12.35%	(13.51%)	26.25%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth						NA						3.48
3	Growth Rate of Net Worth						NA						24.12%
4	[(Net worth of CY – Net worth of PY)] / Net Worth - PY												
4	Net Retention Ratio	8.94%	4.32%	68.89%	71.75%	20.61%	22.93%	93.90%	62.53%	88.08%	2.34%	11.35%	61.07%
	Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)												
5	Net Commission Ratio	(43.15%)	(89.28%)	(7.27%)	(6.56%)	(15.10%)	(20.21%)	12.96%	(18.36%)	6.76%	(348.83%)	(26.78%)	(7.96%)
6	Net Commission / Net Written premium												
6	Expenses of Management to Gross direct Premium Ratio	55.68%	38.86%	32.86%	32.08%	45.74%	40.00%	40.29%	46.96%	47.04%	31.17%	40.86%	34.42%
	Expenses of Management/ GDPI												
7	Expenses of Management to Net written Premium Ratio	341.79%	792.91%	47.62%	44.70%	179.52%	174.47%	42.91%	75.09%	50.35%	1326.45%	359.82%	53.36%
	Expenses of Management/ NWPI												
8	Net Incurred claims to Net Earned Premium	70.85%	177.93%	84.38%	85.13%	87.36%	79.85%	28.65%	72.76%	73.55%	66.75%	38.01%	84.35%
9	Net Incurred Claims / Net Earned Premium												
	Combined Ratio						NA						120.75%
	(Claims, commission plus expenses of management)/ NWPI												
10	Technical Reserves to Net Premium Ratio						NA						2.04
	(UPR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium												
11	Underwriting Balance Ratio						NA						(0.25)
	(Underwriting profit/ loss)/ Net earned premium												
12	Operating Profit Ratio						NA						1.10%
	(Underwriting Profit/ loss + Investment Income)/ Net Earned Premium												
13	Liquid Assets to Liabilities Ratio						NA						0.13
	Liquid Assets / Policyholders liabilities												
14	Net Earning Ratio						NA						(0.76%)
	Profit after tax/ net premium												
15	Return on Net Worth						NA						(1.71%)
	Profit after tax/ Net Worth												
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio						NA						1.71
	ASM/RSM												
17	NPA Ratio												
	Gross NPA Ratio						NA						1.64%
	Net NPA Ratio						NA						0.82%

Ratios for the year ended 31 March, 2019

For the year ended 31 March 2019													
Sl. No.	Performance Ratio	Fire	Marine	Miscellaneous	Motor	Engineering	Public/Product Liability	Workmen's Compensation	Health Insurance	Personal Accident	Others		Total
											Other Liability		
1	Gross Direct Premium Growth rate (GDPI (CY)- GDPI(PY))/ GDPI (PY)	66.95%	13.39%	88.72%	80.58%	55.74%	25.38%	(22.72%)	385.20%	21.67%	33.91%	180.36%	84.19%
2	Gross Direct Premium to Net Worth Ratio GDPI / Net worth						NA						3.44
3	Growth Rate of Net Worth						NA						22.32%
4	[(Net worth of CY – Net worth of PY) / Net Worth - PY]	6.84%	4.63%	57.25%	57.21%	15.81%	31.93%	76.21%	82.01%	70.44%	2.77%	9.25%	50.39%
5	Net Premium / (Gross Direct Premium Income + Reinsurance Accepted)	(54.43%)	(107.80%)	(4.62%)	(4.97%)	(1.91%)	3.39%	16.54%	(0.68%)	7.76%	(300.06%)	0.21%	(5.60%)
6	Net Commission / Net Written premium	43.55%	31.19%	30.40%	29.54%	38.70%	77.32%	37.02%	35.61%	70.39%	28.69%	36.45%	31.40%
7	Expenses of Management to Gross direct Premium Ratio	412.89%	549.28%	52.42%	51.63%	210.13%	107.46%	48.58%	40.88%	45.14%	1026.81%	390.05%	58.94%
8	Expenses of Management/ GDPI	92.82%	192.80%	69.84%	65.18%	28.62%	(26.09%)	(46.52%)	91.21%	84.05%	7.70%	1,022.21%	70.58%
9	Net Incurred claims to Net Earned Premium						NA						112.12%
	Net Incurred Claims / Net Earned Premium												
	Combined Ratio												
	(Claims, commission plus expenses of management)/ NWPI												
10	Technical Reserves to Net Premium Ratio						NA						2.21
	(UPR + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER) / Net Written Premium												
11	Underwriting Balance Ratio						NA						(0.26)
	(Underwriting profit/ loss)/ Net earned premium												
12	Operating Profit Ratio						NA						(2.27%)
	(Underwriting Profit/ loss + Investment Income)/ Net Earned Premium												
13	Liquid Assets to Liabilities Ratio						NA						0.23
	Liquid Assets / Policyholders liabilities												
14	Net Earning Ratio						NA						0.28%
	Profit after tax/ net premium												
15	Return on Net Worth						NA						0.51%
	Profit after tax/ Net Worth												
16	Available Solvency Margin Ratio to Required Solvency Margin Ratio						NA						1.58
	ASM/RSM												
17	NPA Ratio												
	Gross NPA Ratio						NA						NIL
	Net NPA Ratio						NA						NIL



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 2020

Annexure 3

(Rs. in '000)

Summary of Financial Statements

Sl. No.	Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
	OPERATING RESULTS					
1	Gross Direct Premium	12,247,710	9,701,115	5,266,943	4,194,917	4,039,421
2	Net Premium Income*	7,901,757	5,169,299	3,756,050	3,266,321	3,319,470
3	Income from Investments**	1,759,263	919,736	712,490	642,475	596,417
4	Investment Income from Terrorism Pool	4,144	9,761	6,101	3,552	4,053
5	Contribution from Shareholders Funds towards excess EOM	81,383	8,992	-	-	-
6	Other Income	1,011	715	344	4,529	-
7	Total Income	9,747,558	6,108,503	4,474,985	3,916,877	3,919,940
8	Commissions (Net) (Including Brokerage)	(629,039)	(289,424)	(118,530)	38,342	115,089
9	Operating Expenses	3,505,374	2,445,867	1,517,783	1,415,701	1,258,323
10	Net Incurred Claims	5,974,218	2,722,117	2,776,834	2,589,263	3,189,887
11	Premium deficiency Reserve	338	(2,357)	1,767	(13,447)	15,422
12	Change in Unexpired Risk Reserve	818,787	1,319,835	410,293	(4,573)	(412,775)
13	Operating Profit / Loss	77,880	(87,535)	(113,162)	(108,409)	(246,006)
	NON OPERATING RESULTS					
14	Total income under Shareholder's Account (Net of expenses)	(60,469)	5,490	173,809	180,106	180,192
15	Profit/(Loss) before Tax	17,411	(82,045)	60,647	71,697	(65,814)
16	Provision for Income Tax	-	106,642	11,689	8,670	-
17	Provision for Deferred Tax	78,621	(183,374)	-	-	52,707
18	Tax adjustment of earlier years	(1,102)	-	(110)	-	-
19	MAT Credit adjustment of earlier years	-	(19,657)	-	-	-
20	Profit/(Loss) after Tax	(60,108)	14,344	49,068	63,027	(118,521)
	MISCELLANEOUS					
21	Policyholder's Account					
	Total Funds	19,708,881	13,091,066	9,505,153	6,947,094	6,640,348
	Total Investments	19,708,881	13,091,066	9,505,153	6,947,094	6,640,348
	Yield on Investments (annualised)	7.40%	8.37%	8.21%	8.46%	8.69%
22	Shareholder's Account					
	Total Funds	3,520,253	2,836,217	2,304,607	2,255,539	2,192,512
	Total Investments	3,139,187	1,531,785	1,866,030	2,056,978	2,023,428
	Yield on Investments (annualised)	7.40%	8.37%	8.21%	8.46%	8.69%
23	Paid up Equity Capital	1,437,500	1,250,000	1,125,000	1,125,000	1,125,000
24	Net Worth #	3,520,253	2,836,217	2,304,607	2,255,539	2,192,512
25	Total Assets (Gross of Current Liabilities and Provisions)	25,141,815	18,224,023	12,724,943	10,505,663	9,578,728
26	Yield on Total Investments (annualised)	7.40%	8.37%	8.21%	8.46%	8.69%
27	Earning Per Share (Rs.)	(0.43)	0.12	0.44	0.56	(1.08)
28	Book value per share (Rs.)	24	23	20	20	19
29	Total Dividend	-	-	-	-	-
30	Dividend per share (Rs.)	-	-	-	-	-

* Net of reinsurance

** Net of loss on sale / redemption of investments

Shareholders' funds/ Net worth = (Share capital + Reserve & Surplus + Employee Stock Option Reserve) - (Miscellaneous expenditure + Debit balance in profit & loss account)

Explanation of key financial terms used or any ratios calculated in Annual Report

Sr. No.	Terms	Description
1	Accretion of discount / amortisation of premium	Premium/ discount refers to the price paid for a bond as against the par value of the bond. This discount or premium is spread over the remaining life of the bond and is called accretion or amortisation, respectively.
2	Available Solvency Margin / ASM	Available solvency margin means the excess of value of assets of an insurance company over the value of its liabilities, with certain further prescribed adjustments by the IRDAI.
3	Bad debts	Bad debt expense is the amount of an account receivable that is considered to be not collectible.
4	Book Value Per Share	This is computed as net worth divided by number of outstanding shares.
5	Catastrophic loss	One or more related losses whose consequences are extremely harsh in their severity. The loss is usually of such magnitude as to be difficult to predict.
6	Certificate of registration	Certificate granted by Insurance Regulatory and Development Authority of India under the IRDA (Registration of Indian Insurance Companies) Regulations, 2000, registering an insurance company to transact the classes of business specified therein.
7	Claim Incurred (net)	Claim incurred (net) are gross incurred claims less all claims recovered from reinsurers related to those gross incurred claims. The gross claims incurred comprise of claims paid, settlement costs, wherever applicable and change in the outstanding provision for claims at the period end.
8	Co-insurance	Sharing of the same risk by multiple insurance companies.
9	Combined ratio	The combined ratio is a measure of profitability of a non- life insurance company's underwriting business. The combined ratio is the sum of the loss ratio and the net expense ratio
10	Commission	It is the incentive received by the insurance agent or salesperson for the sales achieved in a given period and includes brokerage, rewards and distribution fees
11	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period.
12	Deferred Tax Liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in a later tax period.
13	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14	Excess of loss reinsurance / XOL (also known as non- proportional reinsurance)	A type of reinsurance transaction pursuant to which the reinsurer, subject to a specified limit, indemnifies the ceding insurer against the amount of loss in excess of a specified retention amount
15	Expenses of Management (EOM)	All expenses in the nature of operating expenses including commission, brokerage / remuneration to the insurance agents, intermediaries and insurance intermediaries which are charged to the revenue account, but does not include the charges against profits such as income tax and other charges, as defined in the Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health insurance business) Regulations, 2016
16	Fair value change account	Unrealised gains/ losses arising due to changes in the fair value of listed equity shares and mutual funds



Explanation of key financial terms used or any ratios calculated in Annual Report

Sr. No.	Terms	Description
17	FIMMDA	Fixed Income Money Market and Derivatives Association of India
18	Gross Direct Premium Income / GDPI	GDPI is the total premium received before taking into account reinsurance assumed and ceded
19	Gross Written Premium / GWP	GWP is the sum of GDPI and reinsurance inward premium accepted
20	GST	Goods and Service Tax
21	ICRA & Brickwork Rating	Credit Rating Agencies
22	Incurred but not enough reported / IBNER	IBNER is a reserve reflecting expected changes (increases and decreases) in the estimates of reported claims as on the accounting date
23	Incurred But Not Reported Claim Reserves / IBNR	Includes IBNER, estimate for reopened claims, provision for incurred but not reported claims, provision for claims in transit as on the accounting date
24	Investment Income	Investment income will include, income taken to revenue account and profit and loss account (interest, profit/loss on sale, accretion of discount, amortization of premium, dividend earned during the period) and taken to financial statements pertaining to all the securities held under that category during that period
25	KMP	Key Managerial Personnel
26	Loss ratio	Loss ratio is the ratio of claims incurred (net) to NEP
27	MAT	Minimum Alternate Tax
28	NCD	Non-Convertible debentures
29	Net written premium / NWP	GWP less premium on reinsurance ceded
30	Net earned premiums / NEP	Net written premium adjusted by the change in UPR for the period
31	Net expense ratio	Net expense ratio is the ratio of the sum of operating expenses related to insurance business and commission paid (net) to the NWP
32	Net retention ratio	Premium retained by the Company and is calculated as Net Written Premium divided by Gross Written Premium
33	Net worth	Net worth represents the shareholders' funds and is computed as sum of share capital plus all reserves and surplus (except revaluation reserve and fair value change account but including ESOP Reserve), net of miscellaneous expenditure and debit balance in the profit and loss account
34	NPA	Non Performing Asset
35	Policyholders' Funds	The policyholders funds shall be the sum of (a) estimated liability for outstanding claims including IBNR and IBNER (b) unexpired risk reserve ("URR") (c) catastrophe reserve (d) premium deficiency (e) other liabilities net off other assets. "Other liabilities" comprise of (i) premium received in advance (ii) unallocated premium (iii) balance due to other insurance companies and (v) Sundry creditors (due to policyholders). Other assets comprise of (I) outstanding premium (ii) due from other entities carrying on insurance business including re-insurers, and (iii) balance with terrorism pool (if applicable)
36	Premium ceded	Premium on reinsurance ceded is the premium in relation to the risk that we cede to our reinsurers
37	Premium Deficiency Reserve	The reserve held in excess of the UPR, which allows for any expectation that the unearned premium reserve will be insufficient to cover the cost of claims and related expenses incurred during the period of unexpired risk

Explanation of key financial terms used or any ratios calculated in Annual Report

Sr. No.	Terms	Description
38	Reinsurance	Reinsurance is a transaction whereby one company, the reinsurer, agrees to indemnify another insurance company, the reinsured against all or part of the loss that the latter sustains under a policy or policies that it has issued, in return for a premium
39	Reinsurance ceded / accepted	Reinsurance means an insurance contract between one insurance company (cedant) and another insurance company (reinsurer) to indemnify against losses on one or more contracts issued by the cedant in exchange for consideration. The consideration paid/ received is termed as reinsurance ceded/accepted. The intent of reinsurance is for an insurance company to reduce the risks associated with underwritten policies by spreading risks across alternative institutions
40	Required Solvency Margin / RSM	Shall be the higher of the amounts of RSM 1 and RSM 2 for each line of business ("LOB") separately. RSM 1 means required solvency margin based on net premiums, and shall be determined as 20% of the amount which is the higher of (a) the gross premiums multiplied by factor specified for each LOB and (b) the net premiums. RSM 2 means required solvency margin based on net incurred claims and shall be determined as 30% of the amount which is the higher of (a) the gross incurred claims multiplied by a factor specified for each LOB and (b) the net incurred claims
41	Retained risk	The amount of liability for which an insurance company will remain responsible after accounting for its reinsurance arrangements
42	Retention limit	The maximum amount of risk retained by an insurer, beyond which the insurer cedes the risk to reinsurers
43	Retrocession	Retrocession is the ceding of reinsurance accepted to another reinsurer
44	Senior Citizen Welfare Fund / SCWF	As part of the Finance Act 2015, the government has brought in the Senior Citizens' Welfare Fund Act, 2015 (SCWF). This mandates the transfer of unclaimed amounts of policyholders to the fund (SCWF) after a period of 10 years
45	Share Issue expenses	Expenses incurred towards issuing of shares
46	Shareholders' Funds	Shareholders' funds comprise of share capital plus all reserves and surplus (except revaluation reserve and fair value change account but including ESOP Reserve) net of accumulated losses and Miscellaneous expenditure to the extent not written off as at the balance sheet date
47	Solatium fund	In 'Hit & Run' cases, accident victims are eligible for compensation through a Special Fund constituted in terms of Section 163 of the Motor Vehicles Act, 1988 called Solatium Fund.
48	Solvency Ratio (Solvency)	The ratio of ASM to the RSM
49	Technical reserves	Technical reserves means reserve for unearned premium plus premium deficiency reserve plus reserve for outstanding claims (including IBNR and IBNER)
50	Third Party Administrators / TPA	A company registered with IRDAI, and engaged by an insurer, for a fee or remuneration, by whatever name called and as may be mentioned in the agreement, for providing health services as mentioned under the Insurance Regulatory and Development Authority of India (Third Party Administrators - Health Services) Regulations, 2016



Explanation of key financial terms used or any ratios calculated in Annual Report

Sr. No.	Terms	Description
51	Third-party loss / TP loss	A loss suffered by a person(s) other than the insured or insurer who has incurred losses or is entitled to receive payment due to acts or omissions of the insured
52	Treaty	A reinsurance contract in which a reinsurance company agrees to accept all of a particular type of risk from the ceding insurance company. Reinsurers in a treaty contract are obliged to accept all risks outlined in the contract
53	Underwriting Balance Ratio	Computed as underwriting profit or loss divided by net earned premium for the respective class of business
54	Underwriting Results	Underwriting profit or loss which is computed as net premium earned less net claims incurred less premium deficiency reserve less net commission less operating expenses related to insurance business
55	Unearned Premium Reserve / UPR	An amount representing that part of the premium written which is attributable and to be allocated to the succeeding accounting periods
56	Unexpired Risk Reserve / URR	Reserves in respect of the liabilities for unexpired risks and determined as the aggregate of unearned premium reserve and premium deficiency reserve



The Company's 200+ insurance products and add-on covers are backed by one single promise. Our customers get what they had signed for at the time of policy purchase.

The Company's insurance covers help individuals and corporates manage their risks. Individuals can cover their assets such as private car, motorcycle, house and contents of their homes etc. Personal accident, Health and critical illness insurance take care of the expenses due to accidents and sickness. Our products are available for all life stages. Similarly, businesses have the option to cover financial losses due to damage to their property, vehicle, plant and machinery, or various scenarios such as third party liability, loss of profit etc.

The list below gives a glimpse of our product range. For complete list kindly visit our website www.magmahdi.com

Individual

Motor

Third-party and own damage covers for



Private Car



Commercial Vehicle



Tractor



Two Wheeler

A range of add-on covers for private car include NCB Protection, Engine Protection, Zero Depreciation, Road Side Assistance, etc

Health



**Hospitalization
& OPD**



**Critical
Illness**



**Hospital Daily
Cash for individuals
& their families**

Corporates



Health

Critical Illness; Personal
Accident; Health
Indemnity etc



Property

Fire; Business Protect;
Financial Loss Of Profit
etc



Engineering

Industrial All Risk;
Constriction All Risk etc



Marine

Open; Specific Transit
etc



Liability

Director & Officers;
Public Liability; Errors &
Omissions etc



Miscellaneous

All Risk; Shopkeepers
Package; Burglary; etc


Pramod Paswan, Varanasi

सेवा में,
मैग्मा एच. डी. आई
जनरल इंश्योरेंस, क० लि०.
वाराणसी (उ०प्र०)
विषय - क्लेम का पैसा मिलने के सके सम्बन्ध में/
महोदय,
मैं प्रार्थी प्रमोद कुमार पासवान मेरी गाड़ी संख्या
UP-65-GT-1716 है जिसका दुर्घटना दिनांक- 15/04/2020 को
हो-गया जिसका बीमा मैग्मा एच डी आई से था। हमने दिनांक
16/04/2020 को क्लेम फिना और क्लेम की आपकी कम्पनी से
एक फोन किया और हमको बीमा की बात अपने मोबाइल में
एक अप्लिकेशन डाउनलोड कर लिखिए और उससे आपकी
गाड़ी का सर्वे हो जाएगा और आप को दोगले दिन पैसा
मिल जायेगा। इस ऑफिस में कम्पनी ने हमारा बहुत
मदद किया। इसके लिए कम्पनी का हम बहुत आभार व्यक्त
कराई।

प्रार्थी
प्रमोद, कुमार पासवान

Motor Customer

Thank you I was tensed that how I will renew the policy but you guided me and am able to do renewal of both policy thank u so much

Karan Merchant

Hi Magma team,

Would really want to appreciate you for your quick response and support.

I'm very happy as a customer by the service provided by your customer care team.

Thanks once again!

Sasidharan CP, Mallapuram, Kerela

Please refer to my requests registered by you as per above subject.

I thank you for making me a member of Magma HDI by extending Policy No. P0021200002/4102/101649 for my Honda two wheeler KL-10-AX-8128.

I was unable to go out for renewing my policy due to my ill health and especially due to present scenario.

I like to express my special thanks to your executive who dedicatedly worked after it and made the online renewal a great success.

Thank you a lot

Sincerely
Saseendran CP



Registered Office: Development House, 24, Park Street, Kolkata-700016.

Website: www.magmahdi.com | Email: customercare@magma-hdi.co.in

Telephone: +91 22 67284800 | CIN: U66000WB2009PLC136327

IRDAI Regn No: 149 dated 22nd May 2012

Head Office & Customer Service Address: Office No. 516 and 517, 5th Floor, Neelkanth Corporate Park, Plot no. 240, 2401/1-8, Kiroli Road, Vidya vihar (West) Mumbai, Maharashtra 400 086

Toll free no: 1800 266 3202



General Insurance Company Ltd.