

**BHARTI AXA GENERAL INSURANCE**  
**COMPANY LIMITED**

11<sup>TH</sup> ANNUAL REPORT  
FINANCIAL YEAR 2017-18

CIN: U66030KA2007PLC043362  
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SURVEY NO. 28,  
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OFF OUTER RING ROAD,  
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## **BOARD OF DIRECTORS**

1. Mr. Rakesh Bharti Mittal
2. Mr. Akhil Gupta
3. Mr. Harjeet Kohli
4. Mr. Soumen Ghosh
5. Mr. Sanjeev Srinivasan
6. Ms. Amelie Marie Breitburd nee Belge
7. Mr. Jean-Louis Laurent Josi
8. Mr. Jean,Paul,Dominique, Louis Drouffe
9. Mr. Kuldeep Kaushik
10. Mr. Jean-Baptiste Bois
11. Mr. Bharat S Raut
12. Mr. Jitender Balakrishnan
13. Ms. Uma Relan

Chairman and Director  
Director  
Director  
Director  
CEO and Managing Director  
Director (till March 7, 2018)  
Director (till March 7, 2018)  
Director  
Additional Director  
Additional Director  
Independent Director  
Independent Director  
Independent Director

## **STATUTORY AUDITORS**

1. Singhi and Co., Chartered Accountants (Regn no.302049E)
2. M. P. Chitale and Co., Chartered Accountants (Regn No. 101851W)

## **REGISTRARS AND SHARE TRANSFER (R&T) AGENTS**

BGSE Financials Ltd 'Stock Exchange Tower', No. 51, 1<sup>st</sup> Cross, J. C. Road, Bangalore - 560027  
Ph: 080-41329661

## **CONCURRENT AUDITOR**

M. M. Chitale and Co. Concurrent Auditors (FY 2017-18)

## **REGISTERED OFFICE**

Ferns Icon, First Floor, Survey no. 28, Next to Akme Ballet, Doddanekundi, Off Outer Ring Road, Bangalore- 560037  
PH: +91-80-4026 0100  
FAX: +91-80-4026 0101  
Web: [www.bharti-axa.co.in](http://www.bharti-axa.co.in)

## Our Vision

*"To be the **Preferred General Insurance Company** for our **Customers, Employees, Shareholders, Business Partners & Society**"*

At Bharti AXA GI, we live by the simple truth; insurance plays an important role in protecting organizations and individual aspirations. Through comprehensive and innovative insurance solutions, we seek to redefine industry standards by offering unparalleled and empathetic service to every Indian. This ropes in our collective vision "to be the preferred General Insurance Company for our Customers, Employees, Shareholders, Business partners & Society".

Backed by our constant endeavor to find new and improved ways to add value to our customers through our innovative product and service offerings, we always seek to make a difference through our professional and pragmatic approach. Working as a team with utmost integrity we strive to maintain best in class standards.

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## Our Core Values

### **Innovation**

*Constantly striving to find new and improved ways to add value to all our stake holders. Our innovative spirit has driven us to launch revolutionary products.*

### **Integrity**

*Always being responsible and doing the right thing. We have settled over 8 lakh claims in six years, a testimony to our focus on customer centricity.*

### **Professionalism**

*Always seeking to make a difference. With sheer professionalism we have managed to surpass targets and increase our growth in leaps and bounds.*

### **Pragmatism**

*Facing reality with courage and focusing on outcomes. Our pragmatic, realistic approach to insurance has made us amongst the fastest growing insurers in India.*

### **Team Work**

*Being one company, one diverse team. Our dedicated team of employees, agents, partners and associates has enabled us to reach our milestone.*

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## Our Purpose

*Bharti AXA General Insurance believes that insurance plays an important role in protecting organizations and individual aspirations. Through our comprehensive and innovative insurance solutions, we seek to redefine industry standards by offering unparalleled and empathetic service to every Indian.*

Bharti AXA General Insurance Company Ltd is a joint venture between Bharti Enterprises, a leading Indian business group and AXA, a world leader in financial protection. The organization commenced its operations in August 2008. The joint venture company has a 51% stake from Bharti and 49% stake of the AXA Group.

Bharti Enterprises is one of India's leading business groups with interests in telecom, agri business, financial services, retail and manufacturing. Bharti has been a pioneering force in the Indian telecom sector with many firsts and innovations to its credit including Bharti Airtel Limited, the group's flagship company.

The AXA Group is a worldwide leader in insurance and asset management serving 103 million clients in 64 countries and offers insurance, savings and investment products and services which also encourage and reward environmentally responsible behaviors, as well as help reduce social exclusion.

Bharti AXA General Insurance offers its products and services in the following lines of business:

- 🚦 **Motor Insurance** which includes both *Commercial* and *Private Motor*
- 🚦 **Health & Personal Accident Insurance** which includes *Individual Health, Group Health* and *Personal Accident*
- 🚦 **Marine Insurance** which consists of *Marine Cargo* and *Marine Hull*
- 🚦 **Property Insurance** which includes *Commercial, Industry* and *SME Property*
- 🚦 **Construction & Engineering Insurance**
- 🚦 **Liability Insurance** which includes *Bond, Commercial Liability, Employees Compensation* and *Professional Liability*
- 🚦 **Lifestyle Insurance** which includes *Travel, Private Liability* and *Private Property*
- 🚦 **Crop Insurance** which includes both *Kharif* and *Rabi Season crops*

## DIRECTORS' REPORT FOR FINANCIAL YEAR 2017-18

To  
Dear Members,

Your Directors have immense pleasure in presenting the 11<sup>th</sup> (Eleventh) Annual Report, together with the Audited Statement of Accounts of Bharti AXA General Insurance Company Limited ("the Company") for the year ended March 31, 2018.

### 1. FINANCIAL RESULTS

INR Crores

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Gross Written Premium (Including Pool Retrocessions)	1,772	1,326
Net Written Premium	1,268	1,165
Net Earned Premium	1,213	1,139
Net Incurred Claims	1,007	989
Net Commission (Income/Expenses)	61	38
Expenses of Management	363	395
General Insurance Result	(218)	(283)
Investment Income- Policyholders	224	250
Investment Income-Shareholders	45	0
Terrorism and Motor Pool Expenses (Net of Investment Income)	(2)	(2)
Expenses directly debited to Profit and Loss Account	145	103
Solatium Fund and Premium Deficiency	1	(4)
Provision for wealth tax/Fringe Benefit Tax	-	-
Profit / (Loss) After taxation	(93)	(129)

### 2. COMPANY PERFORMANCE

Your Company's market share in Financial Year ("FY") 2017-18, amongst private multi-line general insurance players, was 2.7%. Your Company recorded a Gross Direct Premium of INR 1,753 Crore in FY 2018 as compared to INR 1,314 Crore in FY 2017. The Net Earned Premium INR 1,213 Crore as compared to last year (INR 1,139 Crore)

Motor Business continued to be the major contributor at 61% of the total business underwritten in FY 2018, compared to 84% in FY 2017. Health, crop and other lines contributed to 6%, 21% and 12% of the total written business in FY 2018.

Loss for FY 2018 was INR 93 Crore as against loss of INR 129 Crore in the previous year. Your Company's operating at loss ratio of 83% as against 86% in the last year.

Your Company has achieved an Investment Income (net of interest on sub debt) of INR 258 Crore in FY 2018 as against INR 251 Crore in previous year. Total capital infused in Your Company as at March 31, 2018 was INR 1,793 Crore. The

Company had raised debt of INR 220 crore through issuance of debentures. The capital solvency ratio is maintained at 1.86 times.

Your Company met its Rural and Social Sector obligation for the FY 2018. Your Company achieved a rural business of INR 505 Crore more than the regulatory requirement. Your Company covered 980,385 lives in the social sector significantly higher than the regulatory requirement.

### **3. SHARE CAPITAL**

During the year, there was no change in your Company's issued, subscribed and paid up capital of the Company.

During the FY 2018 there were no transfer/transmission of equity shares of the Company.

Further, the Company is in compliance with Guidelines on "Indian Owned and Controlled".

### **4. DEBENTURES**

During the year, the Company has allotted 2,200 Unsecured Unlisted Redeemable Non-Convertible Debentures at INR 10,00,000/- each aggregating to Rs. 220 Crores, in accordance with the provisions of the IRDAI (Other Forms of Capital) Regulations, 2015.

### **5. DIVIDEND**

Since there is a cumulative deficit for the year under review, the Directors do not recommend any dividend for the year.

### **6. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

The Management's Discussion and Analysis on Company's performance, Company's operations, industry trends and other material changes, if any are enclosed as an '**Annexure A**' to this Annual Report.

### **7. DEMAT**

The shares of Your Company are dematerialised with Central Depositories Services Limited. The International Securities Identification Number (ISIN) allocated to your Company's equity shares is INE513L01011. As on March 31, 2018, 100% of the equity shares are held in dematerialization form, except the four equity shares which are beneficially held by individuals on behalf of Bharti General Private Limited. The details of the shares in Demat and Physical mode, as on March 31, 2018 are as below:

Sl. No.	Particulars	No. of Shareholders	No. of Shares	% to the Paid up capital
1	Shares in Demat Mode (CDSL)	3	1,621,445,318	100
2	Shares in Physical Mode	4	4	-
	<b>Total</b>	<b>7</b>	<b>1,621,445,322</b>	<b>100</b>

The address of the Registrar and Transfer Agent (R&T) of Your Company is:

BGSE Financials Ltd  
 'Stock Exchange Tower, No.51,  
 1<sup>st</sup> Cross, J. C. Road,  
 Bangalore 560027  
 Phone: 080-41329661

## 8. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Company has eleven (11) Directors, Out of whom 3 are Independent Directors, 4 are Bharti representatives and 3 are AXA representatives and a Chief Executive Officer and Managing Director ("CEO and MD").

The Board is responsible for overall corporate strategy and other responsibilities as laid down by IRDAI under the Corporate Governance guidelines. The CEO and MD oversees implementation of strategy, achievement of the business plan and day-to-day operations. There is an appropriate mix of executive, non-executive and independent Directors. None of the Directors are related to any other Director or employee of the Company.

The routine affairs of Your Company are managed by the CEO and MD under the supervision of the Board of Directors of Your Company. The Board approves reviews and oversees the actions and results of the management to ensure that the long-term objective of maximizing profits and enhancing stakeholders' value is met with.

### **CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The following changes have taken place in the Board of Directors and Key managerial personnel ("KMP") of your Company during the FY 2017-18.

Sl. No.	Name of the Director	Cessation / Appointment
1.	Mr. Kuldeep Kaushik	Appointed as a Director effective March 07, 2018
2.	Mr. Jean-Baptiste Bois	Appointed as a Director effective March 07, 2018
3.	Mr. Jean Louis Christian M Laurent Josi	Ceased to be Director effective March 07, 2018
4.	Ms. Amelie Breitburd	Ceased to be Director effective March, 07, 2018
5.	Ms. Doina Palici	Ceased to be an Alternate Director to Ms. Amelie Breitburd, effective March 07, 2018

6.	Mr. Mukesh Bhavnani	Ceased to be Director effective May 11, 2017
7.	Mr. Soumen Ghosh	Appointed as a Director effective May 11, 2017 and further appointed from September 26, 2017 as director liable to retire by rotation.
Sl. No.	Name of the KMP	Cessation / Appointment
1.	Mr. Nilesh Kambli	Appointed as CFO effective September 21, 2017
2.	Mr. Ashish Sharma	Ceased to be Company Secretary effective February 9, 2018
3.	Mr. Matheiu Verillaud	Ceased to be CFO effective July, 31 2017
4.	Mrs. Tania Chakraborty	Ceased to be Appointed Actuary effective December, 31 2017

In accordance with the provisions of Companies Act, 2013, Mr. Rakesh Bharti Mittal (DIN 00042494), and Mr. Akhil Gupta (DIN 00028728), Directors are liable to retire from the Board by rotation at the ensuing Annual General meeting ("AGM"), and being eligible, offer themselves for re-appointment.

During the year Mr. Mukesh Bhavnani (DIN 03595080) resigned as a Director and Mr. Soumen Ghosh (DIN 01262099) was appointed as Additional Director of the Company on May 11, 2017. Further, Mr. Soumen Ghosh was appointed in the AGM held on September 26, 2017 as a Director liable to retire by rotation.

Mr. Jean Louis Laurent Josi (DIN 07101738), Ms. Doina Palici Chehab (DIN: 03264889) Alternate Director to Mr. Jean-Louis Laurent Josi, and Ms. Amelie Breitburd (DIN: 06609124) resigned as Directors of the Company w.e.f. March 7, 2018. Mr. Kuldeep Kaushik (DIN: 08079078) and Mr. Jean-Baptiste Bois (DIN: 08076682) were appointed as Additional Directors w.e.f. March 7, 2018.

Further, Mr. Bharat S. Raut and Mr. Jitendra Balakrishnan were appointed as Independent Director(s) of the Company to hold the office from the conclusion of 7<sup>th</sup> AGM till the ensuing 11<sup>th</sup> AGM. The Board of Directors have recommended their appointment to the Member as Independent directors under Section 149 of the Companies Act, 2013 at ensuing 11<sup>th</sup> AGM for a second term of five consecutive years.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Kuldeep Kaushik (DIN: 08079078) and Mr. Jean-Baptiste Bois (DIN 08076682) will hold the office up to the date of the ensuing AGM. The Company has received letter from shareholders' nominating them for the post of Directors of the Company.

The Board would like to place on record its sincere appreciation for the services rendered by Mr. Mukesh Bhavnani, Mr. Jean Louis Laurent Josi, Ms. Doina Palici Chehab and Ms. Amelie Breitburd, during their tenure on the Board.

There have been no other changes in the Board of Directors or KMP(s) during the FY 2017-18.

The details of the Board and Committee Meetings held during the year ended March 31, 2018, are provided as part of this report on Corporate Governance.



## **ANNUAL DECLARATION FROM INDEPENDENT DIRECTORS**

The Company has received the declaration from each of the Independent Directors of the Company in accordance with Section 149(7) of Companies Act, 2013 providing confirmation of meeting the criteria of independence laid down under Section 149(6) of the said Act.

The Company has also received declarations from all Directors confirming that they are not disqualified from being appointed as Director under the provisions of the Section 164 of the Companies Act 2013. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI).

## **BOARD AUDIT AND COMPLIANCE COMMITTEE**

The Board Audit and Compliance Committee of the Company comprises of Mr. Bharat S. Raut, Mr. Jitender Balakrishnan, Mrs. Uma Relan, Mr. Jean Drouffe and Mr. Harjeet Kohli with Independent Directors forming a majority. Mr. Bharat S. Raut is the Chairman of the Committee.

All members of the committee possess adequate qualifications to fulfill their duties as stipulated under the Act and under the Corporate Governance Guidelines issued by the IRDAI.

The details about the Board Audit Committee, Board Nomination and Remuneration Committee, Board Investment Committee, Policyholders Protection Committee and Risk Management Committee, are provided under section on Corporate Governance forming part of this Report.

## **9. BOARD POLICY RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

Your Company has a well-defined process for remuneration relating to employees, Key managerial personnel as well as for CEO and MD, where the said remuneration is approved by the Nomination and Remuneration Committee. The remuneration of CEO and MD is subject to prior approval of IRDAI in compliance with the requirement of Insurance Act, 1938. The salary increments and incentives (short term or long term) as paid to the employees are driven by the guidelines laid down by the Nomination and Remuneration Committee. A comprehensive policy, as per the requirement of Companies Act, 2013 and IRDAI Guidelines on Corporate Governance for Insurers with regard to remuneration for employees, Non- executive Directors, Managing Director/whole-time Director/Executive Director/CEO and KMP(s) has been duly approved by the Board. The policy is enclosed as 'Annexure B' to this Report.

The non-executive Directors didn't draw any remuneration from Company during the year under review. The Independent directors were paid sitting fees for attending the Board and Committee meeting of the Company.

The details of Managerial Remuneration paid during the year are disclosed and form part of the Notes to accounts and therefore, no separate disclosure is made herein.

## **10. VIGIL MECHANISM**

As per the provisions of Companies Act, 2013, your Company doesn't fall under the class of Companies which is required to establish a vigil mechanism. However, your Company has implemented a comprehensive vigil mechanism for their employees as well as Directors. The Company has implemented a Whistleblower Policy and Fraud Risk Management policy as part of the Enterprise Risk Management framework. The Company has also put together a dedicated Fraud Control Unit, to prevent and investigate occurrence of fraud or malpractices. The Company has a well-documented process for fraud investigations and internal inquiry against alleged frauds as well as any whistleblower complaints. While the company ensures that genuine Whistleblowers are accorded complete protection from any kind of unfair treatment, any abuse of the whistleblower policy with malafide intention is subject to disciplinary action. The policies and processes are reviewed on a periodic basis to ensure compliance with regulations. Training programs are also conducted to increase employee awareness to prevent and detect fraud, malpractices and unethical behavior.

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate Accounting Policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of Your Company as at March 31, 2018 and of the profit & loss of Your Company for the said period;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of Your Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis; and
- (v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **12. ANNUAL RETURN**

Pursuant to the provisions of Section 92(3), 134 (3)(a) of the Companies Act 2013 read with Rule 11 of the Companies (Management and Administration) Rules, 2014 the copy of Annual Return shall be available at <https://www.bharti-axagi.co.in/public-disclosure>.

## **13. STATUTORY AUDITORS**

M. P. Chitale and Company, Chartered Accountants (Regn No. 101851W) were appointed as Joint Statutory Auditors of the Company to hold office from 9<sup>th</sup> AGM to 14<sup>th</sup> AGM of the Company, subject to ratification of appointment by Shareholders at every AGM and Singhi and Co., Chartered Accountants, (Regn. No. 302049E) were appointed as Joint Statutory Auditors of the Company to hold office from 10<sup>th</sup> AGM to 15<sup>th</sup> AGM of the Company, subject to ratification of appointment by Shareholders at every AGM.

Your Company has received letters from both the Auditors to the effect that their appointment, if made, shall be in accordance with the conditions as laid down under the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and they do not attract any disqualification u/s. 141 of the Companies Act, 2013 and IRDAI Corporate Governance Guidelines. Accordingly the said appointment of Auditors can be ratified at the ensuing Annual General Meeting.

The Joint Statutory Auditors Singhi and Co., Chartered Accountants and M. P. Chitale and Company, Chartered Accountants have carried out the Audit of the financial statements of the Company for the financial year ended March 31, 2018. The Audit report is forming part of the financial statement annexed to this Board report.

The Statutory Audit report does not have any qualification, reservation or adverse remark requiring explanation from the Board.

## **Management Report**

Pursuant to the provisions of regulation 3 of the IRDA (Preparation of financial statements and auditors' report of insurance companies) regulations, 2000, the Management Report forms part of the financial statements.

## **14. SECRETARIAL AUDITORS**

The Board of Directors at their meeting held on 7<sup>th</sup> March, 2018 appointed GMJ and Associates, Company Secretaries as the Secretarial Auditor under Section 204 of the Companies Act, 2013 to carry out the Secretarial Audit of the Company for the FY 2017-18.

GMJ and Associates, Company Secretaries, has carried out the Secretarial Audit of the Company for the FY 2017-18 and has issued the Secretarial Audit report. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of various laws as mentioned in the audit report and doesn't have any qualification, reservation or adverse remark.

The Secretarial Audit Report furnished by GMJ and Associates, Company Secretaries is enclosed to this Report as 'Annexure C'.

## 15. STATUTORY INFORMATION

### A) PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013.

Since your Company does not carry out any manufacturing activity, the particulars relating to conservation of energy and technology absorption stipulated under Companies Act, 2013 not applicable to your Company.

However, your Company uses electric energy for its equipment such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken for economic consumption and to conserve the same.

During the period under review, Your Company had Foreign Exchange earnings or outgo which is detailed as below:

		(In Rupees)
	Current Year	Previous Year
<b>Expenditure in foreign currency</b>	<b>968,613,356</b>	<b>697,586,485</b>
<b>Earnings in foreign currency</b>	<b>232,059,230</b>	<b>2,621,225,536</b>

### B) BOARD EVALUATION AND MEETING OF INDEPENDENT DIRECTORS

Pursuant to and in line with the requirements prescribed under the Companies Act, 2013 ('Act'), the Board of Directors carried out an annual evaluation of its performance, and that of its Committees and Individual Directors. Further, the Independent Directors met separately, without the attendance of non-Independent Directors and Members of the Management, and inter alia reviewed the performance of non-independent directors, and Board as a whole; and performance of the Chairman. They further assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

In addition to the above, Independent Directors were evaluated on parameters such as bringing in objectivity and independent judgment in decision making process, support and contributions to implement best governance practices, protecting the legitimate interest of various stakeholders etc.

The Nomination and Remuneration Committee also undertook an evaluation of Individual Director's performance and expressed its satisfaction on performance of each Director.

The Board conducted the review of each Director's performance, Board as a whole and performance of Committees of the Board, and expressed its satisfaction.

There has been no material adverse observation or conclusion, consequent to such evaluation and review.

In addition, the Independent Directors have met on yearly basis, without the presence of executive Director, Non-executive Directors and Management personnel, to discuss their issues and concerns, if any. Further, the Independent Directors placed their recommendations and discussion points arising out of their independent meeting before the Board and Management.

### **C) PARTICULARS OF EMPLOYEES**

Pursuant to the provisions of Section 197 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement of particulars of the top ten employees in terms of remuneration drawn and name of every employee who have been paid remuneration exceeding INR 1.02 Crore per annum or INR 8.50 Lakh per month is given in an Annexure that forms part of this Report. In terms of provisions of Section 136 of the Companies Act, 2013 the Directors' Report is being sent to the shareholders of the Company excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the registered office of the Company.

#### **16. PUBLIC DEPOSITS**

During the period under review, Your Company has not accepted any deposits from public.

#### **17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the FY 2017-18, Your Company has not obtained any Loans (secured or unsecured) or provided any security. Further, as per the Companies (Removal of Difficulties) Order, 2015 dated February 13, 2015 the provisions of Section 186 of the Companies Act, 2013, except sub-section 1, is not applicable to your Company.

#### **18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

During the FY 2017-18, there were no significant and material orders passed by any Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

#### **19. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company's internal controls including process embedded controls over financial reporting and their periodic monitoring enable the Company to demonstrate that entries in its financial records are accurate, complete, timely, reliable and made in accordance with applicable regulations, statutes and generally accepted accounting principles. The process related controls ensure that the Company's books, records, accounts and financial statements are maintained in reasonable detail and appropriately reflect the Company's transactions. The Company deploys required resources and exercises management oversight to ensure that accounting policies are applied properly and consistently so as to ensure that the financial statements provide a true and fair view of the financial affairs of the Company. The Company adopts appropriate levels of automation for transmission of data amongst various systems. The authorization of transactions recorded in various systems follows a defined delegation and segregation

of duties. Further, the Company has dedicated resources for identification and investigation of possible frauds. These operate to minimize possibility of frauds or errors in preparation of financial statements.

## **20. RISK MANAGEMENT POLICY**

Your company uses Risk Management as a strategic tool to protect itself from various potential and existing risks pertaining to all the stakeholders in its business operations, while it plans for its projected growth.

Your Company has a Local Risk Management Committee consisting of Chief Risk Officer (CRO), Chief Innovation and Marketing Officer (CIMO), CEO, CFO, functional heads and Appointed Actuary (AA). This committee reports to the Board Risk Management Committee every quarter, where the top risks and controls are reviewed. The company has a dedicated team to review and monitor the following risk and controls:

- Strategic Risk
- Insurance Risk
- Financial Risk
- Operational Risks:
  - o Information Security Risk
  - o Process related risk
  - o Crisis Management & Business Continuity Risk
- Fraud Risk
- People Risk
- Reputation Risk
- Emerging Risks

The Risk Management Team in the Company works in close coordination with the other functions / business lines. Risks such as financial risk and underwriting risk are reviewed by the CFO and the Underwriting Team respectively, along with constant supervision and guidance of the Board. The Company is also ISO 27001:2013 certified for information security. Organisation has Enterprise Risk Management Policy and detailed procedures.

## **21. CORPORATE SOCIAL RESPONSIBILITY POLICY**

The provisions of Section 135 of the Companies Act 2013, requires every Company to spend at least 2% of its average net profit made during three immediately preceding financial years under Corporate Social Responsibility ("CSR"). Since your Company is not yet profitable, as per the provisions of Companies Act, 2013 and IRDAI Guidelines on Corporate Governance, the compliances with respect to CSR is not applicable to it.

However, during the FY 2018, Your Company channelized CSR efforts towards projects focused on Risk Prevention – Financial, Climate & Health.

- Your Company participated in the Joy of Giving Week ("CSR Week 2018") wherein employees contributed their time and skills to collaborate on various initiatives including Blood donation drive, donation of old clothes to orphanage,



old age homes and/or NGO's, donation of books, notebooks, story books and stationery to orphanage or local schools.

- Your Company's had also carried out eye check up for 1500 children.



## **22. RELATED PARTY TRANSACTIONS**

As per the requirement under IRDAI Guidelines on Corporate Governance, the Company has formulated a Board approved policy on Related Party transactions.

Transactions / arrangements by the Company in its ordinary course of business with related parties primarily include availing various services from the related party, sale / purchase of insurance products, lease of properties, wherein premium / brokerage / commission / service fees is received / paid from / to related parties. Audit Committee of Board has given its in-principle approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

Related party transactions that were entered into during the year were in the ordinary course of business and on an arm's length basis. The details of transactions with related parties are placed before the Audit Committee at its quarterly meetings for approval / ratification. During the year under review, the Company did not enter into any transaction or arrangement with related parties, which were material or not at arm's length.

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

## **23. COMPANY POLICIES**

### **Whistle Blower Policy**

The Company has in place Whistle blower Policy to encourage employees to report matters without the risk of subsequent victimisation, discrimination or disadvantage. As per the Policy, employees can raise concerns related to breach of any law, statute or regulation, issues related to accounting policies and procedures, acts resulting in financial loss or loss of reputation, misuse of office, suspected/actual fraud and criminal offences, non-compliance to anti-bribery & anti-corruption policy by the Company or its employees to the Board Audit Committee through specified channels. This mechanism has been communicated to the employees.

### **Code of Conduct for Prevention of Insider Trading**

The Company has a Code of Conduct for Prevention of Insider Trading. The objective of the Code is to prohibit insider trading in any manner by the Designated Persons and to maintain confidentiality of unpublished price sensitive information and access to information on a "need to know" basis. The Code is applicable to all "Designated Persons" and their "Immediate Relatives" as defined in the Code.



**Policy on allocation of Direct expenses and apportionment of Indirect expenses to various Business segments for preparation of Segmental financial statements**

As per the Regulations issued by the Insurance Regulatory Development Authority (IRDAI), insurance companies are required to prepare financial statements (Revenue account and Balance sheet) separately for different line of businesses. The Company has thus, established a methodology for attributing or allocating costs to Company has thus, established a methodology for attributing or allocating costs to various business segments for the preparation of segmental financial statements and the same shall be used for preparation of return of expenses of management for the FY 2018 as required by the Regulator as per the notification dated May 9, 2016 (ref. F.No. IRDAI/Reg/14/126/2016)

**24. DISCLOSURE AS REQUIRED UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and has communicated to all its employees about same. The Company believes in providing a safe working environment at the workplace. On an ongoing basis, the Company creates education and awareness amongst employees through training program/ seminars, e-mail campaigns.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. There were no complaints received by any employees of the Company.

**25. INSURANCE**

Adequate Insurance cover has been taken for properties of Your Company including Buildings, Computers, Office Equipment, Vehicles, etc.

**26. SOLVENCY MARGIN**

The Company is adequately capitalised and has, at all times during the year, complied with the required solvency norms.

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

There were no material changes or commitments affecting the financial position of the company which have occurred between the end of the Financial Year of the company to which the financial statements relate and the date of the report.

## **28. HOLDING COMPANY**

During the year under review, name of Bharti General Private Limited ('BGPL') has been changed to Bharti General Ventures Private Limited, which is holding Company of the Company.

## **29. ACKNOWLEDGEMENTS**

Your Directors wish to place on record its gratitude to all the stakeholders – policyholders, channel partners, reinsurers and shareholders for their continued support and cooperation. Your Directors' wish to thank the Insurance Regulatory and Development Authority of India, General Insurance Council, the Reserve Bank of India, various ministries of the Government of India for extending their cooperation in the endeavors pursued by the Company. Your Directors also place on record their appreciation for the services rendered by the employees at all levels.

### **Registered Office:**

First Floor, Ferns Icon, Survey No. 28,  
Next to Akme Ballet, Doddanekundi,  
Off Outer Ring Road  
Bangalore- 560 037

**By Order of the Board of Directors**

**Sd/-**

**RAKESH BHARTI MITTAL  
CHAIRMAN**

Date: 17.05.2018

Place: Mumbai

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Developments of the Year

#### New Products

The Company intending to further expand its product portfolio, had filed in all 47 products including add-ons as on FY 2018 with the Authority. There were 41 add-ons relating to Fire Line of Business, 3 Health, 2 Travel related products and 1 Crop Insurance product. The Health Insurance products were *Smart Super Health Insurance Policy (Super SHIP)*, *Club Foot Insurance (Group)* and *Group Hospital Cash*. The Travel Related products were *Group Domestic Traveller Insurance Policy* and *Smart Traveller Insurance Policy*.

#### New Partnerships

Your Company's continued efforts had enabled it to enter into corporate agency tie-up with Indian Banks, NBFC and Foreign Banks.

### 2. Industry Overview

#### GDPI Growth

The overall industry clocked a **17.5% year-on-year (yoy) growth** in GDPI in the current financial year. Private sector players reported a 21.6% yoy growth rate as against 12.6% yoy growth for the PSU players. Health and Personal Accident segment grew at 22.2%, Crop at 19% and Motor segment was a close next with 18%, driving the overall growth of the industry.

#### Penetration and Density

The penetration of general insurance as a percentage of GDP remains small in relation to other emerging and developed markets. However, over the last 10 years, the penetration of this sector in the country has been steady in the range of 0.5-0.8%. General insurance density levels have been rising, albeit, at very low growth rates (Compounded Annual Gross Rate of 8.3% during FY 2006-FY 2015). The Government of India has, over the years, announced various initiatives aimed at improving the penetration and density levels. The challenge before insurers is to find ways of reaching out to the uninsured and under insured in a profitable manner.

### 3. Economic Scenario

India continues to be one of the fastest growing major economies in the world with an expected GDP growth rate of 7.3% in FY 2018. Implementation of GST and Insolvency and Bankruptcy law has further boosted the economic profile of the country. These measures helped to propel the country into the Top 100 in the ease of doing business rankings issued by The World Bank. The robust economic growth helped the insurance sector to grow @ 17.5% in FY 2018 and cross INR 1.5 lac crore in terms of Gross

Direct Premium Income (GDPI). With a CAGR growth rate of approx. 16.9% between FY 2013–FY 2018, the General insurance sector continues to be one of the fastest growing sectors in the Indian economy. With a penetration rate of 0.77% against the global average of 2.81% in 2016-17 there is huge potential for growth in the Indian General insurance sector in the coming years.

Two general insurance companies have come out with their IPOs in FY 2018. With more companies expected to follow suit, the transparency and attractiveness of the industry is set to improve going forward.

### **Micro environment**

Motor insurance continued to be the largest segment in Indian General insurance sector and showed a robust growth of 18% in FY 2018 from INR 50,250 crores in FY 2017 to INR 59,314 crores in FY 2018. This was a result of strong growth in automobile sales and hike in Motor Third Party Premium by IRDAI. Improved penetration and steady rise in disposable incomes helped the Health insurance segment to grow @ 22% in FY 2018. The size of the Health insurance industry increased from INR 34,602 crores in FY 2017 to INR 42,300 crores in FY 2018. The Government in its Budget for FY 2019 has proposed to launch the National Health Protection Scheme (NHPS) which will help in market expansion and penetration of Health insurance in the coming years.

With more states implementing the Pradhan Mantri Fasal Bima Yojana (PMFBY), crop insurance segment grew @ 19% in FY 2018 from INR 21,051 crores in FY 2017 to INR 25,034 crores in FY 2018. The size of the crop insurance industry is expected to increase further with increase in penetration levels.

Growth in fire insurance and emerging products like liability insurance also contributed to the overall growth of the industry.

### **4. Investments**

The Investment portfolio of Your Company as on March 31, 2018 stood at INR 3205.65 crores. The portfolio has earned a return of 8.69% for FY 2018 despite an extremely challenging market environment. The investment portfolio of Your Company predominantly, comprises fixed income investments. Your company made its first equity investment during FY 2018 with the aim to enhance long term risk adjusted returns.

Your company gives paramount importance towards maintaining best credit quality portfolio and has invested in high quality securities. Your Company's investment portfolio has complied with all Investment Regulations presently applicable to it. None of the securities held in the portfolio has become non performing asset during the financial year.

The new Fiscal year saw the markets continue to witness the buoyancy observed in FY 2017 on the back of policy reforms and ample liquidity in the global financial system, including that of India. However, the optimism was short-lived as concerns on Fiscal slippages amidst policy normalization by global central banks and uptick in consumer prices, fuelled by a combination of strong global growth and surge in commodity prices, bruised investor confidence. The selloff accelerated in H2 FY

2018 as the concerns manifested into higher government borrowings and subsequently deviation, though marginally, from the path of fiscal consolidation with a comparatively tighter domestic and global monetary policy adding to the risk aversion. Consequently, the yield curve underwent flattening and the bond yields surged across tenors, amidst heightened volatility, eventually culminating in a correction of more than 20%. We are pleased to inform that your Company was able to anticipate and capitalize on the correction basis its interest rate decisions which contributed immensely to the outperformance. Equity exposure, though small, has yielded strong returns during H2 FY 2018.

On the global front, reversal and timing of accommodative monetary policy dominated the discussions of policymakers. US Federal Reserve hiked interest rates multiple times in the past year to 1.5% - 1.75% at present on the back of strong US as well as global economic activity and underlying inflationary trends. The Eurozone and Japanese central banks continued to stimulate their economies while occasionally being less dovish, especially the Eurozone, by resorting to partial stimulus withdrawal.

In the course of FY 2019, commodity price trends alongwith domestic GST collections

and global monetary policy shall be the key market trend determinants, whereas the election cycle and it's perceived outcome shall dominate the sentiment in H2 FY 2019. While a slew of supportive measures by policy makers has helped revive sentiment in FY 2019 after a seven-month selloff, the reprieve was short-lived in the face of challenges such as higher oil prices. With the U.S Fed indicating further rate hikes and the RBI MPC members increasingly exhibiting a hawkish bias any rally is perceived to be short-lived as is evident from climbing Emerging Market and Developed Market yields.

The prevailing uncertainty has sent yields and volatility soaring. In light of the above developments, your company shall adopt a cautious approach and continue to focus on higher accrual, while looking to capitalize on tactical opportunities across the curve.

## **5. Distribution Network**

As on March 31, 2018, Your Company has a PAN India network of 104 branch offices (including satellite and shared offices).

## **6. Underwriting**

### **Motor Underwriting**

Motor insurance continues to be the largest segment in general insurance with 48% contribution to overall premiums. The overall motor insurance outlook continues to be positive with recovery seen in vehicle sales which grew by 14%. Motor insurance business for the company saw de-growth by 2.79% in terms of gross written premium by taking corrective measures. In Private motor Insurance and two wheeler Insurance, de growth by 5.05% and 3.02% respectively, by taking various corrective measures. Commercial vehicle insurance increased by 15.26% as started to insure three wheeler and GVW less than 3500 vehicle which is profitable business. The year

also saw changes in underwriting guidelines to improve the bottom-line performance of motor insurance portfolio. Your company has started tie ups with new channel partners to increase top line and bottom line.

## **Health and Lifestyle**

In FY 2018 Bharti AXA General registered growth in all segments of Health and Lifestyle business, this was primarily fueled by introduction of new products and new partnerships. The Company has grown by 44% on the group health line of business and focus continues to be on SME business covering less than 300 lives. On the retail health line of business the Company has launched two new products in the hospitalization and mortgage space which has contributed to a yoy growth of more than two times the previous financial year. With more retail products in the pipeline the outlook continues to be positive for the next financial year. The highest growth in this segment is seen in the Travel line of business where growth has been amplified by 13 times compared to previous years' performance. Launch of the domestic and overseas travel product and partnership with a significant player in this domain has been the primary driver for this growth. The Company expects to continue driving growth in the Health and Lifestyle segment in the current financial year leveraging on the new partnerships on the bank and corporate agent side.

## **Commercial Lines**

The commercial lines segment again registered single digit growth of 7.2% as against the overall general insurance industry which grew by 17.4% during the same period. Aggressive pricing pressure and lower than expected project rollouts and infrastructure spending continues to be a challenge for the insurance space. The Company during the same period registered 22% growth in commercial lines outperforming the industry metrics. Marine insurance which witnessed degrowth in the industry saw 28.5% growth at Bharti AXA General. Few of the key areas which supported this growth was formation of profit centre concept to have a more dedicated approach towards large corporates and roll out of a separate agency channel dedicated towards roping in agents specifically dealing with SME players to cater their insurance needs. The Company has a large bouquet of add-on products which were launched in this year which further improved our product positioning.

## **7. Reinsurance**

The reinsurance program at Bharti AXA General has a set of proportional and non-proportional treaties, which provide reinsurance protection and capacity to underwrite small, mid and large / mega sized risks as per its' risk appetite. Your Company has structured the reinsurance programme, keeping in mind its philosophy of purchasing adequate cover to protect the value-at-risk. Your Company mitigate the exposure to catastrophe risk by a separate non-proportional reinsurance treaty, which limits exposure to any single covered event. In addition to treaties, Your Company also purchase where 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 Reinsurance is placed with the reputed and rated reinsurers.

## **8. Claims**

Bharti AXA successfully maintained high standards of customer service in the claims function and proved its ability to service to the satisfaction of both individual retail customers as well as large corporate clients through a committed and focused team of claims professionals with requisite claims settlement authority. The claims team acted on the 'Customer First' principle to provide a seamless service experience to its customer. Major thrust has been to improve settlement ratio and reducing the number of outstanding cases. Customer complaints showed a consistently declining trend through the year and in particular complaints relating to delay in claims servicing. The Complaints related to claims decision delay dropped by 64% which ensured greater customer satisfaction. The complaint resolution time for claims related areas was 3.49 days which continued to be significantly better than the industry average.

## **9. Human Resource**

During the financial year, the Human Resource function has continuously engaged with business to understand the changing business outlook and has carved out and executed key people imperatives, in the areas of Talent strategy, Capability Building, Succession Planning, redesigning people processes and enhancing employee engagement.

In line with the Talent Strategy agenda, your Company recruited two key leadership positions, namely the Chief Financial Officer and Head - Information Technology. Further, in its endeavor to build talent depth, your company hired 25 employees at levels of Associate Vice President and above, more specifically in the areas of Actuary, Agency and Corporate Sales, HR, Innovation and Marketing, Motor Bulk, IT, Agriculture and Rural Department, Distribution, Business Development and Partnerships, Product Development, Underwriting and Reinsurance, and Operations.

Your Company has adopted a Total Rewards approach to compensation and articulated a clear compensation philosophy with an aim to drive a stronger linkage between corporate strategy and compensation.

In 2018, Your Company launched Emerging Leaders Program, in collaboration with a Premium institute to groom and develop mid management Talents. This was a six months intervention focusing on key competencies required for a Talent to be successful in senior leadership role. This customized intervention is spread over 6 months and is a mix of psychometric assessment, classroom training, Individual/Group projects and leadership mentoring.



## **CORPORATE GOVERNANCE REPORT**

Corporate Governance is a commitment to conduct business in an ethical and transparent manner, by complying with the applicable laws, rules, regulations and guidelines in true spirit. Corporate Governance involves balancing the interest of various stake holders. The Companies Act, 2013 as well as IRDAI Guidelines on Corporate Governance recognize the importance of having good corporate governance structure and laid down the various initiatives which should be taken by the Corporates.

Your Company is fully committed to follow sound corporate governance practices and uphold the highest business standards in conducting business. The Company continues to focus on building trust with shareholders, policyholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz. integrity, equity, transparency, fairness, sound disclosure practices, accountability and commitment to values. It also aims to increase and sustain its corporate value through growth and innovation. The Company's governance framework encompasses not only regulatory and legal requirements but also several voluntary practices aimed at maximizing shareholders' value legally, ethically and on a sustainable basis.

The Company believes in the philosophy of conducting business through fair and ethical means. The true spirit of corporate governance emanates from the strong values that the Company believes and practices. A detailed report on Corporate Governance is as follows:

### **BOARD STRUCTURE**

The composition of Board of Directors is in compliance with provisions of the Companies Act, 2013, in accordance with Corporate Governance guidelines prescribed for insurance companies by IRDA as well as in conformity to the IRDAI guidelines on Indian owned and controlled.

### **CONSTITUTION OF THE BOARD**

Your Company has eleven (11) Directors, out of whom 3 are Independent Directors, 4 are Bharti representatives and 3 are AXA representatives and a CEO and MD.



## **BOARD PROCEDURES**

A detailed Agenda is sent to each Director in advance of Board and Committee meetings. A detailed functional report is also placed at Board Meetings when required. The Board also reviews:

- Strategic Plans and Business plans
- All the organizational policies such as Investment Policy, Agency Policy, Policy on Maintenance of Insurance Records etc. on an annual basis.
- The information on recruitment and remuneration of Key Managerial Persons
- Show cause, demand, prosecution notices and penalty notices which are materially important
- Any material point for financial obligation and discipline to and by Your Company
- Compliance with statutory/regulatory requirements and review of major legal issues
- The un-audited quarterly /half yearly results and audited annual accounts of Your Company for consideration and adoption in the format specified under Insurance Laws
- Delegation of powers to the management, as and when required
- Transaction pertaining to sale or purchase of material nature or Investments which is not in normal course of business.
- Major accounting provisions and write-offs
- Corporate restructuring
- Minutes of meeting of the Board Committees
- Share transfers

### **Number of Board Meetings held and attendance of directors during the Financial Year 2017-18**

During the FY 2017-18, seven Board meetings were held on May 11, 2017; July 26, 2017; August 18, 2017; September 25, 2017; November 7, 2017; January 22, 2018 and March 7, 2018.

The attendance of Directors during the Board meetings held in 2017-18 is given below:

The necessary quorum was present for all the meetings.

Name of the Director	No. of Board Meetings attended	May 11, 2017	July 26, 2017	August 18, 2017 (through Video – Conference)	September 25, 2017	Nov 7, 2017	Jan 22, 2018 (through Video Conference)	March 7, 2018
Akhil Gupta	1	Leave of absence	Leave of absence	Leave of absence	Leave of absence	✓	Leave of absence	Leave of absence
Rakesh Bharti Mittal (Chairman)	4	✓	✓	Leave of absence	Leave of absence	✓	Leave of absence	✓
Harjeet Kohli	7	✓	✓	✓ <sup>1</sup>	✓	✓	✓ <sup>1</sup>	✓
Soumen Ghosh <sup>*#</sup>	6	NA	✓	✓	✓	✓	✓	✓
Bharat S Raut	7	✓	✓	✓ <sup>1</sup>	✓	✓	✓	✓
Jitender Balakrishnan	6	✓	✓	✓	Leave of absence	✓	✓	✓
Uma Relan	7	✓	✓	✓ <sup>1</sup>	✓	✓	✓ <sup>1</sup>	✓
Amelie Breitburd <sup>**</sup>	4	Leave of absence	✓	Leave of absence	✓	✓	Leave of absence	✓
Jean Louis Laurent Josi <sup>***@</sup>	2	✓	Leave of absence	✓ <sup>1</sup>	Leave of absence	Leave of absence	Leave of absence	Leave of absence
Jean Drouffe	4	Leave of absence	✓	Leave of absence	Leave of absence	✓	✓ <sup>1</sup>	✓
Mukesh Bhavnani <sup>#</sup>	0	Leave of absence	NA	NA	NA	NA	NA	NA
Sanjeev S.	7	✓	✓	✓	✓	✓	✓	✓
Kuldeep Kaushik <sup>##</sup>	NA	NA	NA	NA	NA	NA	NA	NA
Jean-Baptiste Bois <sup>##</sup>	NA	NA	NA	NA	NA	NA	NA	NA

<sup>1</sup> Attended meeting through video conference

<sup>#</sup> Resigned as a Director of the Company with effect from May 11, 2017

<sup>\*#</sup> Appointed as Additional Director of the Company with effect from May 11, 2017

<sup>@</sup> Attended by Doina Palici Chenab as Alternate Director to Jean-Louis Laurent Josi w.e.f. August 17, 2017

<sup>\*\*</sup> Resigned as Directors w.e.f. March 07, 2018

<sup>##</sup> Appointed as Additional Director w.e.f. March 7, 2018

## Board Audit and Compliance Committee meetings

### Constitution of the Board Audit and Compliance Committee, number of meetings held and attendance of Members

During the FY 2017-18, six Board Audit and Compliance Committee meetings were held on May 10, 2017, July 26, 2017, September 25, 2017, November 7, 2017, January 22, 2018 and March 7, 2018.

The attendance of Members during the Board Audit and Compliance Committee meetings held in FY 2017-18 is given below:

Name of the Members	No. of Committee Meetings attended	May 10, 2017	July 26, 2017	September 25, 2017	November 7, 2017	January 22, 2018 (through Video – Conference)	March 7, 2018
Bharat S Raut (Chairman)	6	✓	✓	✓	✓	✓	✓
Jitender Balakrishnan	5	✓	✓	Leave of absence	✓	✓	✓
Uma Relan	6	✓	✓	✓	✓	✓ <sup>1</sup>	✓
Jean Drouffe <sup>@</sup>	5	✓	✓	✓	✓	✓ <sup>1</sup>	✓
Harjeet Kohli	6	✓	✓	✓	✓	✓ <sup>1</sup>	✓

<sup>1</sup> Attended meeting through video conference

<sup>@</sup> Attended by Amelie Brietburd as an Alternate Member to Jean Drouffe

## Board Investment Committee meetings

### Constitution of the Board Investment Committee, number of meetings held and attendance of Members

During the FY 2017-18, four Board Investment Committee meetings were held on May 10, 2017, July 26, 2017, November 7, 2017 and March 7, 2018.

The attendance of Members during the committee meetings held in FY 2017-18 is given below:

Name of the Member	No. of Committee Meetings attended	May 10, 2017	July 26, 2017	November 7, 2017	March 7, 2018
Harjeet Kohli (Chairman)	4	✓	✓	✓	✓
Amelie Breitburd <sup>@</sup>	3	Leave of absence	✓	✓	✓
Jean-Louis Laurent Josi <sup>@</sup>	1	✓	Leave of absence	Leave of absence	Leave of absence
Uma Relan	4	✓	✓	✓	✓
Sanjeev S.	4	✓	✓	✓	✓
Manoj Jaju	4	✓	✓	✓	✓
Nilesh Kambli <sup>*</sup>	2	NA	NA	✓	✓
Tania Chakrabarti <sup>**</sup>	2	✓	✓	✓	NA
Price Sethi <sup>**</sup>	2	✓	✓	NA	NA
Mathieu Verillaud <sup>#</sup>	2	✓	✓	NA	NA

<sup>@</sup> Ceased to be a member w.e.f. March 7, 2018.

<sup>#</sup> Ceased to be Chief Financial Officer w.e.f. July 31, 2017.

<sup>\*</sup> Appointed as Chief Financial Officer w.e.f. September 21, 2017.

<sup>\*\*</sup> Ceased to be a member w.e.f. December 31, 2017.

## Risk Management Committee

### Constitution of the Risk Management Committee, number of meetings held and attendance of Members

During the FY 2017-18, four Risk Management Committee meetings were held on May 10, 2017; July 26, 2017; November 7, 2017 and March 7, 2018.

The attendance of Members during the Committee meetings held in FY 2017-18 is given below:

Name of the Member	No. of Committee attended	May 10, 2017	July 26, 2017	November 7, 2017	March 7, 2018
Uma Relan (Chairperson)	4	✓	✓	✓	✓
Harjeet Kohli	4	✓	✓	✓	✓
Amelie Breitburd	3	Leave of absence	✓	✓	✓
Mukesh Bhavnani*	0	Leave of absence	NA	NA	NA
Jean-Louis Laurent Josi	1	✓	Leave of absence	Leave of absence	Leave of absence
Soumen Ghosh**	3	NA	✓	✓	✓
Jean-Baptiste Bois <sup>@</sup>	0	NA	NA	NA	NA
Kuldeep Kaushik <sup>@</sup>	0	NA	NA	NA	NA

\* Ceased to be a Member w.e.f. May 11, 2017

\*\* Appointed as a Member w.e.f. May 11, 2017

<sup>@</sup> Appointed as Member of the Committee in place of Amelie Breitburd and Jean-Louis Laurent Josi w.e.f. March 7, 2018.

### Policyholders Protection Committee meetings

#### Constitution of the Policyholders' Protection Committee, number of meetings held and attendance of Members

During the FY 2017-18, four Policyholders Protection Committee meetings were held on May 10, 2017; July 26, 2017; November 7, 2017 and March 7, 2018.

The attendance of Members during the Committee meetings held in FY 2017-18 is given below:

Name of the Member	No. of Committee Meetings attended	May 10, 2017	July 26, 2017	November 7, 2017	March 7, 2018
Jitender Balakrishnan	4	✓	✓	✓	✓
Bharat S. Raut	4	✓	✓	✓	✓
Jean Drouffe	4	✓	✓	✓	✓
Mukesh Bhavnani <sup>\$</sup>	1	✓*	N.A.	N.A.	N.A.
Soumen Ghosh <sup>&amp;</sup>	3	N.A.	✓	✓	✓
Kuldeep Kaushik <sup>@</sup>	0	N.A.	N.A.	N.A.	N.A.

*\*Rakesh Bharti Mittal attended meeting as Alternative Member to Mukesh Bhavnani*

*\$ Ceased to be a member w.e.f. May 11, 2017*

*& Appointed as a member w.e.f. May 11, 2017*

*© Appointed as a Member of the Committee in place of Jean Drouffe w.e.f. March 7, 2018*

## Board Nomination and Remuneration Committee meetings

### Constitution of the Board Nomination and Remuneration Committee, number of meetings held and attendance of Members

During the FY 2017-18, four Board Nomination and Remuneration meetings were held on May 10, 2017; July 26, 2017; November 7, 2017 and March 7, 2018.

The attendance of Members during the Committee meetings held in FY 2017-18 is given below:

Name of the Member	No. of Committee Meetings attended	May 10, 2017	July 26, 2017	November 7, 2017	March 7, 2018
Bharat S. Raut (Chairman)	4	✓	✓	✓	✓
Rakesh Bharti Mittal	4	✓	✓	✓	✓
Jitender Balakrishnan	4	✓	✓	✓	✓
Jean Drouffe	4	✓	✓	✓	✓

### Details of sitting fees paid to Directors during the FY 2017-18

Sr. No.	Name of the independent director	Nature of Directorship	Sitting fees per Meeting		Total sitting fees paid during the FY 2017-18	
			Committee Meetings	Board Meeting	Committee Meetings	Board Meetings
1.	Bharat S. Raut	Independent Director	15,000	45,000	210,000	315,000
2.	Jitender Balakrishnan	Independent Director	15,000	45,000	195,000	270,000
3.	Uma Relan	Independent Director	15,000	45,000	2,10,000	3,15,000
	<b>Total Remuneration</b>				<b>6,15,000</b>	<b>9,00,000</b>

**Details of Directors and their status of Directorship and qualifications:**

<b>Name</b>	<b>Status of Directorship</b>	<b>Area of Specialisation</b>	<b>Qualifications</b>
Rakesh Bharti Mittal	Chairman and Non-Executive Director	Financial Management	4 year Post Diploma in Electronics and Controls from the YMCA University of Science and Technology formerly known as Y.M.C.A. Institute of Engineering.
Sanjeev S.	CEO and Managing Director	Marketing and Finance	MDP, IIM Ahmedabad, General Management; MBA, Rohilkhand University, Bareilly; B.Sc., Rohilkhand University, Bareilly
Bharat S Raut	Independent Director	Tax advisory, tax compliance and tax litigation	B.Com, LLB, Chartered Accountant
Jitender Balakrishnan	Independent Director	Industrial Management and customer services	B.E.(Mech) NIT, Madras University & Post Graduate Diploma in Industrial Management, Bombay University
Uma Relan	Independent Director	Capital Markets	Bachelor of Commerce, Bachelor of Law (General)
Akhil Gupta	Non-Executive	Advanced Management Program	Chartered Accountant
Mukesh Bhavnani <sup>#</sup>	Non-Executive Director	Legal and Secretarial	Graduate in Law and Commerce from Bombay University and a Qualified Company Secretary
Harjeet Kohli	Non-Executive Director	Corporate finance, capital markets and international finance	BE (Mechanical) and MBA (Finance)
Amelie Breitburd <sup>**</sup>	Non-Executive Director	Audit and consulting, internal international strategic and	IAF Actuary, ESSEC Business School and French Baccalaureate
Jean-Louis Laurent Josi <sup>**</sup>	Non-Executive Director	Insurance Industry Professional	Master of Business Administration, Postgraduate degree in Actuarial Science, Degree and Master in Administration and Management and McGill University, Montreal
Doina Palici Chehab <sup>**</sup>	Alternate Director to Jean Louis	Insurance Industry Professional	Degree in Insurance Management

Name	Status of Directorship	Area of Specialisation	Qualifications
Soumen Ghosh	Non-Executive Director	Insurance Professional Industry	Member of the Institute of Chartered Accountants of England and Wales Member of the Institute of Chartered Accountants of Australia
Jean Paul Dominique Louis Drouffe	Non-Executive Director	Insurance Professional Industry	Ecole Polytechnique (Sep 1994-July 1997) Majored in Economics and Applied Mathematics ENSAE (Sep 1997-Aug 1999) Majored in Economics, Insurance, Finance and Statistics Qualified actuary - French Institute IAF (Dec 1999)
Kuldeep Kaushik <sup>@</sup>	Non-Executive Director	Insurance Professional Industry	Master in Business Administration from HEC Paris and Wharton Business School
Jean-Baptiste Bois <sup>@</sup>	Non-Executive Director	Insurance Professional Industry	Postgraduate Degree in Purchasing Management.

# Resigned as a Director with effect from May 11, 2017

\*\* Resigned as Directors w.e.f. March 7, 2018

@Appointed as Additional Directors w.e.f. March 7, 2018



**“CERTIFICATION FOR COMPLIANCE OF CORPORATE GOVERNANCE  
GUIDELINES FOR FINANCIAL YEAR 2017-18”**

I, Nilesh Kambli, hereby certify that the Company has complied with the Corporate Governance Guidelines issued by IRDAI for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

**Sd/-**

Nilesh Kambli  
Chief Financial Officer

Date: May 17, 2018

## **BHARTI AXA GENERAL INSURANCE COMPANY LIMITED** **NOMINATION & REMUNERATION POLICY**

### **1. SCOPE OF APPLICATION**

This policy shall come into force with effect from the date of approval by the Board of Directors of the Company and shall be applicable to:

- (a) Non-Executive Directors
- (b) Managing Director / Whole Time Director / Chief Executive Officer / Executive Director
- (c) Key Management Persons (KMP) of the Company

### **2. KEY OBJECTIVES**

This Nomination and Remuneration Policy Statement takes into account Bharti AXA General Insurance Company's business strategy, objectives, risk tolerance, and the long-term interests of its clients, shareholders and employees. In the document below we have sought to ensure that the nomination and remuneration policies and practices at Bharti AXA General Insurance attracts right talent and drives effective risk management and right behaviors that are in the long term interests of both the Company and its shareholders.

The key objectives of Policy are:

- 1.1. To provide the criteria for identification of persons who are qualified to become Directors, Key Management Persons (as defined in point 2.3)
- 1.2. To provide standards for appointment, remuneration and removal of Directors and Key Management Persons and other Senior Management personnel.
- 1.3. To set out the methodology for carrying out performance evaluation of Directors and Key Management Persons
- 1.4. To fix the fee structures and fee levels for Independent Directors.
- 1.5. To approve remuneration plan for employees of the Company;

The Remuneration Philosophy aims to:

- a) attract and retain the best skills and talents by offering competitive packages by differentiating employees on the basis of performance;
- b) foster employee engagement by rewarding fairly and consistently across businesses, teams and individuals;
- c) Strengthening leadership by rewarding performance as the combination of both results and behaviors.

### **3. DEFINITIONS**

- 3.1. **Act means Companies act 2013**
- 3.2. **Director** means a person appointed to the position of a Director on the Board of Director of the Company.
- 3.3. **Guidelines** means IRDAI (Remuneration of Non-executive Directors of Private Sector Insurers) Guidelines, 2016
- 3.4. **Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013.
- 3.5. **Managing director** means a director who, by virtue of the articles of a company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a director occupying the position of managing director, by whatever name called.

- 3.6. **Whole-time director**” includes a director in the whole-time employment of the Company
- 3.7. Key Management Person (KMP) means a person as defined under section 2(51) of the Companies Act 2013 and / or a person defined as a Key Management Person under IRDAI Guidelines on appointment and reporting of Key Management Persons, as amended from time to time.
- 3.8. **Senior Management Person** means persons of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Board, including the functional heads.

#### **4. POLICY**

Any proposal for remuneration or increase in remuneration must be submitted in adherence to the Board Nomination and Remuneration Committee (BNRC) and BNRC may recommend the proposal to Board of Directors for their consideration in accordance with this Policy.

Any changes in the Policy on account of regulatory requirements will be reviewed and approved by the Board Nomination and Remuneration Committee and the Board. The Board Nomination and Remuneration Committee / Board will give suitable directions / guidelines to implement in the Policy.

The Policy shall be reviewed yearly by the Board Nomination and Remuneration Committee and the Board of Directors of the Company.

#### **5. APPOINTMENT CRITERIA AND QUALIFICATIONS**

##### **5.1. Non-Independent Director and KMP**

- 5.1.1. The BNRC shall identify and ascertain the integrity, qualification, expertise, experience, past remuneration of the persons for appointment as Non-Independent Director and KMP or at Senior Management level and recommend to the Board of Directors for their consideration.
- 5.1.2. The BNRC shall exercise due diligence and ensure that the candidate who is proposed to be appointed is ‘fit and proper’ for the position. For all Directors and KMP a ‘fit and proper declaration’ shall be taken from the candidate before appointment.
- 5.1.3. No appointment, re-appointment or termination of appointment of MD/CEO/WTED shall have effect unless such appointment, re-appointment or termination is made with the previous approval of the IRDAI and approval of Board of Directors is obtained.
- 5.1.4. No appointment of Appointed Actuary shall have effect unless such appointment is made with the previous approval of the IRDAI and approval of the Board of Directors is obtained.

##### **5.2. Independent Directors**

- 5.2.1. The Committee shall ascertain the qualification, positive attributes and independence of the person for appointment as Independent Director.
- 5.2.2. Independent Directors shall be appointed for their professional expertise in their individual capacity as independent professionals.
- 5.2.3. The candidates shortlisted for the position of Independent directors shall fulfill the criteria laid down by regulatory authorities under the IRDAI’s Corporate Governance Guidelines and Companies Act 2013.
- 5.2.4. An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operation, or other disciplines related to the Company’s business.
- 5.2.5. The Committee shall consider the criteria mentioned in section 149(6) of the Companies Act, 2013 as may be amended from time to time, for determining the Independence of Independent Directors.

## **6. PERFORMANCE EVALUATION OF DIRECTORS**

- 6.1. The Committee should consider the following criteria while evaluating the performance of the Directors:
  - a) Attendance of the Board and Committee meetings
  - b) Contribution of the Directors at the Board and Committee meetings
  - c) Quality of interaction at the meetings
  - d) Governance on compliance and risk areas
- 6.2. Such other criteria as may be decided by the Committee
- 6.3. The Committee shall evaluate the performance of directors before considering their re- appointment and shall accordingly recommend the Board for their re-appointment.
- 6.4. The Director whose performance is subject to evaluation and discussion at a particular Committee / Board meeting shall not participate in such meeting.
- 6.5. Separate meeting of Independent Directors shall be held for evaluation of the performance of Board of Directors at least once every financial year.

## **7. REMOVAL/VACATION OF OFFICE/SUPERANNUATION/RESIGNATION**

- 7.1. The Committee shall be taking utmost care and diligence while recommending the appointment of Directors, KMPs and Senior Management Person. However due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Person subject to the provisions and compliance of the said Act, rules and regulations.
- 7.2. The Committee at its discretion may also recommend to the Board for removal of Director, KMPs and Senior Management person due to misconduct, unsatisfactory performance and for such other reasons as the committee deems fit.
- 7.3. Grounds for Removal according to Companies Act, 2013
  - a) If he/she incurs any of the disqualifications specified in section 164
  - b) If he/she absents himself for all the meetings of the Board of Directors held during 12 weeks
  - c) If he/she contravenes provisions of Section 184
  - d) If he/she fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested
  - e) If he/she is disqualified by a court of any offence involving moral turpitude and is sentenced to imprisonment for a period of not less than 6 months
- 7.4. The Director KMPs and Senior Management person, unless re-appointed, shall vacate their office on retirement / expiry of their term as per the terms

and conditions of their appointment / employment and the applicable provisions, rules and regulations of the Companies Act, 2013 and other applicable laws.

- 7.5. KMPs shall lay down their office on the date of attainment of the age of superannuation as per their Employment Contract or upon the expiry of the term of their appointment.
- 7.6. An Independent Director shall lay down his/her office, unless re-appointed for another term as per the applicable provisions of Companies Act, 2013 and rules thereunder.
- 7.7. A director may resign from his office by giving a notice in writing to the Company and the Board and such resignation of a director shall take effect from the date on which the notice is received or such further date as may be mentioned.

## **8. TERM AND TENURE**

- 8.1. The Managing Director / Whole-time Director / Executive Director may be appointed for a term not exceeding five years at a time.
- 8.2. Independent Directors may be appointed for a term not exceeding five years and shall not be re-appointed for more than 2 consecutive terms of 5 years. The Independent Directors who has completed 2 consecutive terms may be considered for re-appointment after the cooling off period of three years.
- 8.3. Other Directors, KMPs or Senior Management Person(s) may be appointed for such term as the Board may deem fit from time to time.

## **9. REMUNERATION PRINCIPLES**

The remuneration Policy is based on the following key principles:

- 9.1. Simple, consistent and transparent.
- 9.2. Achieving a balance between pay and performance, such that:
  - 9.2.1. fixed pay remains at an appropriate level when considered against the highly competitive market place, ensuring we are able to attract and retain high caliber staff;
  - 9.2.2. and variable pay and incentives provide a strong and demonstrable link between the performance of the Company and/ or other parameters as may be approved by the Nomination & Remuneration Committee.
- 9.3. Total Remuneration is adjusted for all types of risks such as cash, credit and liquidity risks , such that:
  - Remuneration outcomes are symmetric with risk outcomes and sensitive to time horizon of risk
  - Use mix of cash, equity and deferred compensation to be consistent with risk alignment

In setting remuneration levels, the Committee is mindful of the fact that our business operates in a highly competitive market. The Committee takes into account appropriate remuneration data from the relevant market.

## **10. REMUNERATION OF DIRECTORS**

### **10.1. Independent Directors:**

- 10.1.1. As per Section 197 (5) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company can decide on the

remuneration to be paid to Directors by way of fee for attending meetings of the Board or Committee thereof.

- 10.1.2. The sitting fees payable to Independent Directors of the Company for attending the Board and Committee meetings will be approved by the Board of Directors of the Company from time to time on the recommendation of Board Nomination and Remuneration Committee.
- 10.1.3. In addition to above, they are entitled to reimbursement of travel and accommodation expenses incurred in connection with attending the Board, Committee and General meetings of the Company.
- 10.1.4. The Independent Directors may, be paid profit related commission, as prescribed under the Guidelines, after Nomination & Remuneration Committees and Board

## 10.2. **Non-Executive Directors:**

- 10.2.1. None of the director representing the shareholders of the Company shall be paid any remuneration for attending the Board / Committee meetings of the Company.
- 10.2.2. In compliance with Guidelines, the Board of Directors may approve the remuneration in the form of profit related Commission to the Non-Executive Director's, excluding the Chairman of the Board.

## **11. REMUNERATION FRAMEWORK**

The key elements of our remuneration framework for KMPs and other Senior Management Persons are as below:

### 11.1. **Total Fixed Pay:**

- 11.1.1. The Total Fixed Pay for all its employees shall be based, inter alia, the competitive market benchmarking to attract and retain talent
- 11.1.2. It shall be periodically benchmarked to ensure that the pay remains competitive and adequate to attract and retain high caliber talent.

### 11.2. **Variable Pay:**

- 11.2.1. There should be proper balance between fixed pay and variable pay. The proportion of variable pay to fixed pay increases with increase in level of responsibility, skill and specialty of function / role.
- 11.2.2. The variable pay can be in the form of cash, deferred cash, stock linked instruments or a mix of these. Appropriate balance between will be maintained between cash and stock/share linked components in the variable pay.
- 11.2.3. The payout against the variable pay opportunity will be calculated based on Company Performance (including group and / or regional performance, as the case may be) as well as Individual performance. Deterioration in financial performance of the company will generally lead to contraction in the variable remuneration paid. Conversely, if there is an improvement in financial performance of the Company, it may lead to an increase in the variable pay.
- 11.2.4. Wherever applicable, the variable pay will be adjusted for all types of business risks which are an integral part of the KPIs of Senior Management and KMPs. While calculating the variable pay of CEO & MD, due consideration shall be given to the parameters as laid down by IRDAI in the Guidelines.

The variable pay-out to the MD & CEO will be as per the structure approved by the Board on recommendation of Nomination & Remuneration Committee, subject to in conformity with the extant regulatory provisions.

**11.3. Total Remuneration:**

- 11.3.1. Total Remuneration may comprise of total fixed pay, actual variable pay, perquisites, guaranteed pay, sign on bonus, deferred bonus, one-time payouts, pension plans, gratuity, benefits and superannuation.
- 11.3.2. Total Remuneration does not include ESOPs.
- 11.3.3. If the annual compensation of the CEO is more than 1.50 crore (including all perquisites and bonuses etc.), such excess shall be debited to by the Shareholders' account
- 11.3.4. Any of the following types of compensation may be provided to an MD/WTD/ED/CEO after the approval of Board of Directors subject to the prior approval of IRDAI.
- 11.3.5. The MD/ WTDs / CEO of the Company shall not be paid remuneration by any promoter/investor or group companies of the promoters'/investors'.

**11.4. ESOP:**

- 11.4.1. ESOP is a widely used instrument to provide employees with stock ownership and align them to long term interest of the company. While ESOP is not part of total remuneration, the extent of ESOPs issued should be reasonable and decided based on affordability of the company.
- 11.4.2. In accordance with the disclosure requirements laid out for financial statements of the company, details of the ESOP granted to the MD & CEO will be disclosed to the regulator.
- 11.4.3. If the ESOPs of Bharti AXA General Insurance are offered to CEO & MD or a WTD, such offer shall be in compliance of the applicable regulatory requirements and the manner of pricing of shares shall be disclosed upfront to the IRDAI.

**11.5. Sweat Equity:**

If the shares of Bharti AXA General Insurance Co. Ltd. are issued in form of Sweat Equity, then it will be governed by the provisions of the Sweat Equity Regulations issued by SEBI.

**11.6. Guaranteed Bonus:**

- 11.6.1. In compliance with IRDAI guidelines, guaranteed bonuses will not be part of the compensation structure for MD/CEO/WTD. Hence, the joining or sign on bonus will only form part of the first year compensation package, which may be paid beyond the year of joining.
- 11.6.2. Sign on / Joining Bonus, Retention Bonus, Deferred bonus, other one-time payouts, may be offered with appropriate claw backs.

**11.7. Deferral Pay:**

- 11.7.1. In case of deferral arrangement of variable pay for MD/CEO/WTD, the deferral period should not be less than 3 years.
- 11.7.2. Remuneration paid under deferral arrangements should vest no faster than on pro rata basis.
- 11.7.3. In event of any negative trend in the parameters on the basis of which the variable pay has been structured in any year during the vesting period, any



unvested/unpaid portions will be clawed back appropriately basis actual/realized performance of the company.

- 11.7.4. The claw back norms will be driven by observable and verifiable measures of risk outcomes defined for calculation of variable pay

## **12. SEVERANCE PAY**

- 12.1.1. Without the prior approval of the Board, the Company will not grant any severance pay to MD & CEO other than accrued benefits (gratuity, pension, etc.)

- 12.1.2. Severance Pay does not include notice period pay.



Annexure C

**Form No.MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**  
(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the  
Companies (Appointment and Remuneration Personnel) Rules, 2014)

**To,**  
**The Members,**  
**Bharti AXA General Insurance Company Limited**  
6<sup>th</sup> Floor, Raheja Titanium,  
Off. Western Express Highway,  
Goregaon (East),  
Mumbai: 400 063.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BHARTI AXA 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 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 audit period covering the financial year ended on **March 31, 2018** complied with the statutory provisions of the applicable Acts 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 **BHARTI AXA GENERAL INSURANCE COMPANY LIMITED** for the financial year ended on **March 31, 2018** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Company, being a general insurance company, the following Acts are applicable
  - The Insurance Act, 1938 including amendments and part thereof;
  - The Regulations, Guidelines and Directions issued by the Insurance Regulatory & Development Authority of India (IRDAI);
  - The Company has its own robust compliance system and the Company is also subject to monitoring by and reporting of compliances to IRDAI.
- iii. The Depositories Act, 1996 and the Regulations framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- v. We have also examined compliance with the applicable clauses of the Secretarial Standards I & II issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We report that the Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

We report during the conduct of the audit, in our opinion, adequate systems exist in the Company to monitor and ensure compliance with general laws.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period,:

1. The Company has issued and allotted 2200 8.98% Unsecured Unlisted Redeemable Non-Convertible Debentures of Rs. 10,00,000/- on Private Placement basis in accordance with the provisions of the Act and applicable IRDAI Regulations and Guidelines.

As informed, the Company has responded appropriately to notices received from the statutory / regulatory authorities including by taking corrective measures wherever found necessary.

For **GMJ & ASSOCIATES**  
**Company Secretaries**

Sd/-  
**[SONIA CHETTIAR]**  
**PARTNER**  
**ACS: 27582 COP: 10130**  
**PLACE: MUMBAI**

**DATE: May 17, 2018**

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

## ANNEXURE A

To,  
The Members,  
**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
6th Floor, Raheja Titanium,  
Off. Western Express Highway,  
Goregaon (East),  
Mumbai: 400063.

Our report of even date is to be read along with this letter:

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

For **GMJ & ASSOCIATES**  
**Company Secretaries**

Sd/-  
[SONIA CHETTIAR]  
PARTNER  
ACS: 27582 COP: 10130  
PLACE: MUMBAI

DATE: May 17, 2018

**Disclosure pursuant to IRDAI Guidelines on Remuneration to Non-executive Directors and MD/CEO/WTB dated August 5, 2016 and IRDAI Corporate Governance Guidelines**

The Remuneration Philosophy of the company aims to:

- a) attract and retain the best skills and talent by offering competitive packages and differentiating among employees on the basis of performance;
- b) foster employee engagement by rewarding fairly and consistently across businesses, teams and individuals;
- c) strengthen its leadership by rewarding performance as the combination of both results and behaviors.

The remuneration structure for employees is designed as a mix of fixed pay, performance linked bonus, benefits and long term incentive. The proportion of variable pay to fixed pay varies by band and increases with higher seniority. The payment of variable pay is linked to individual performance and company performance. Strong financial and non-financial Key Performance Indicators are built into the performance parameters to ensure that all current and future risk is taken into account in the remuneration process.

Mr. Sanjeev S., CEO and MD, have received a variable remuneration of INR 30,00,000/- in form of Deferred Bonus paid during the Financial Year 2017-18.

Remuneration paid to CEO and MD is disclosed in Notes to Accounts.

The details of remuneration paid to KMP, other than CEO and MD is as follows:

- Total Deferred Pay (LTI) Granted to KMPs in various years: Rs. 29,790,620 (Out of which INR 40,77,680 was granted to now exited KMPs)
- Deferred Pay (LTI) Granted during the year 2017-18: Rs. 1,67,16,720 (Out of which INR 13,77,300 was granted to now exited KMPs)
- Fixed pay paid during the year 2017-18: INR 89,948,132/-
- Non Deferred Pay (Bonus) paid: INR 8,346,722/-

KMPs are also eligible for other benefits like gratuity, leave encashment, group mediclaim insurance, etc. LTI granted to employees before they assumed the position of KMPs has also been included above.

## MANAGEMENT REPORT

**In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority of India ('IRDAI') (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulation 2002 the Management of Bharti AXA General Insurance Company Limited submits the Management Report as follows:**

1. We hereby confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority of India ("IRDAI") to carry on the business of General Insurance in India.
2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares, if any, are in accordance with statutory and regulatory requirements.
4. We hereby declare that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India;
5. We hereby confirm that the required solvency margin has been maintained as on March 31, 2018.
6. We hereby certify that the values of all the assets 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 amount not exceeding their realisable or market value under the several headings – "Loans", "Investments", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts";
7. The Company is exposed to a variety of risks associated with General Insurance business in India such as quality of risks undertaken, fluctuations in the value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken whenever deemed necessary. The Company has through an appropriate reinsurance programme kept its risk exposure at a level commensurate with its capacity;
8. We confirm that there are no operations of the Company outside the India.
9.
  - a) For ageing analysis of claims outstanding during the preceding five years, please refer Annexure - I.
  - b) For Average claims settlement time during the preceding five years, please refer the Annexure - II.
  - c) For details of claims intimated, please refer Annexure - III.

10. Investments in Government securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortization. Investments in mutual fund units are accounted at Net Asset Value. Market values of Government securities and other debt instruments have been reported in accordance with guideline INV/GLN/003/2003-04 dated January 21, 2004 issued by the Authority.

Listed Equity shares are measured at fair value on the balance sheet date being the lower of the last quoted price at the National Stock Exchange of India and in case not listed on National stock exchange, then the last quoted price at the Bombay Stock Exchange Limited. Unlisted equity shares are stated at historical cost.

Investment Properties- Real Estate are stated at historical cost less accumulated depreciation.

Unrealized gains or losses arising due to changes in the fair value of listed equity shares mutual funds and AT1 bonds are taken under the head "Fair Value Change Account" (FVCA). The balance in the FVCA is not available for distribution as dividend.

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity, Investment property and units of mutual fund. The impairment loss, if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit & loss account and the investment is restated to that extent

11. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. The Company has carried out periodic review of the investment portfolio. None of the assets have turned out non performing assets as at the end of the financial year.

12. The management of Bharti AXA General Insurance Company Limited certifies that:

- i. in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed. There is no material departure from the said standards;
- ii. the management has adopted accounting policies and applied them consistently 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 loss and of the loss of the company for the year ended;
- iii. 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, Insurance Laws (Amendment) Act, 2015(to the extent notified), Companies Act, 2013 to the extent applicable, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the financial statements of the Company have been prepared on a going concern basis;
- v. the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. Details of payments to individuals, firms, Companies and organisations in which directors are interested during the year ended March 31, 2018 are reported below on accrual basis:

SI No.	Entity in which Director is interested	Name of the Director	Particulars of Interest	Expense* Incurred by the Company during the year (Fig in '000) Rs.
1	Axa Asia	Jean Louis Christian M Laurent Josi	Chairman	1,73,798
2	AXA Business Services Pvt. Ltd	Amelie Marie Breit-Burd Nee Belge <sup>#</sup>	Director	93,573
		Kuldeep Kaushik*	Director	
3	AXA Insurance Singapore Pte Ltd	Jean Paul Dominique Louis Drouffe	Director	8,780
4	Bharti Airtel Limited	Rakesh Bharti Mittal	Director	28,102
5	Bharti AXA Life Insurance Company Limited	Rakesh Bharti Mittal	Director and Chairman	36,505
		Akhil Kumar Gupta	Director	
		Jitender Balakrishnan	Director	
		Bharat Sumant Raut	Director	
		Jean Paul Dominique Louis Drouffe	Director	
		Uma Ajay Relan	Director	
		Jean Louis Christian M Laurent Josi	Director	
		Amelie Marie Breit-Burd Nee Belge <sup>#</sup>	Director	
		Jean Baptiste Adrien Benjamin Bois*	Director	
		Harjeet Singh Kohli	Director	
		Kuldeep Kaushik*	Director	
		Soumen Ghosh	Director	
6	Bharti Life Ventures Private Limited	Soumen Ghosh	Director	38,315
7	Bharti Realty Holdings Limited	Rakesh Bharti Mittal	Director	189
		Harjeet Singh Kohli	Director	
8	Brightstar Telecommunications India Limited	Harjeet Singh Kohli	Director	311
9	Fieldfresh Foods Private Limited	Rakesh Bharti Mittal	Director	330
		Harjeet Singh Kohli	Director	

*Note: Expense includes Applicable Taxes*

**For and on behalf of the Board**

Sd/-

**RAKESH BHARTI MITTAL  
(CHAIRMAN)  
DIN- 00042494**

Sd/-

**JEAN,PAUL,DOMINIQUE, LOUIS DROUFFE  
(DIRECTOR)  
DIN- 07373856**

Sd/-

**SANJEEV S.  
(CEO and MD)  
DIN- 07644073**

Sd/-

**BHARAT SUMANT RAUT  
(INDEPENDENT DIRECTOR)  
DIN- 00066080**

Sd/-

**NILESH KAMBLI  
(CHIEF FINANCIAL OFFICER)**

**Date: May 17, 2018**



**Singhi & Co.**  
Chartered Accountants  
B2 402B, Marathon Innova, 4<sup>th</sup> Floor  
Off Ganpatrao Kadam Marg, Lower Parel,  
Mumbai-400013, India

**M. P. Chitale & Co.**  
Chartered Accountants  
1<sup>st</sup> Floor, Hamam House,  
Ambalal Doshi Marg, Fort  
Mumbai – 400 001, India

## **INDEPENDENT AUDITORS' REPORT**

To the Members of

**Bharti AXA General Insurance Company Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bharti AXA General Insurance Company Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Revenue Accounts (also called the "Policyholders' Accounts" or the "Technical Accounts"), the Profit and Loss Account (also called the "Shareholders' Account" or "Non- Technical Account") and the Receipts and Payments Account for the year then ended and summary of significant accounting policies and other explanatory information, annexed thereto.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and receipts and payments of the Company in accordance with the requirements of the Insurance Act, 1938, as amended by 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 Insurance Companies) Regulations, 2002 ("the regulations"), orders/directions, circulars, guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI) in this regard and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and in the manner so required.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

We have taken into account the provisions of the Insurance Act, the IRDA Act, the Regulations, the Act and the Rules made there under including the accounting standards to the extent applicable and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Act to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- in the case of the Revenue Account, of the operating profit in so far as it relates to Revenue Accounts of Fire and Marine Insurance Business and operating loss in so far as it relates to Revenue Accounts of Miscellaneous Insurance Business for the year then ended ;
- in the case of the Profit and Loss Account, of the loss for the year then ended on that date; and
- in the case of the Receipts and Payments Account, of the receipts and payments for the year then ended on that date.

### **Other Matters**

Estimates of actuarial liabilities for Premium Deficiency Reserve, Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER), included under claims outstanding as at March 31, 2018, have been duly certified by the panel actuary approved by IRDAI, who has also certified that in his opinion the assumptions for such valuation are in accordance with the guidelines and norms, issued by Insurance Regulatory Development Authority of India (IRDAI) and the Actuarial Society of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Regulations, we have issued a separate certificate dated May 17, 2018 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the Regulations.
2. As required under the Regulations, read with Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
  - (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of those books;
  - (c) As the Company's financial accounting system is centralized at Head Office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company;
  - (d) The Balance Sheet, the Revenue Account, the Profit and Loss Account, and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the Regulations and / or / 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 accounting policies selected by the Company are appropriate and are in compliance with the Accounting Standards referred to in Section 133 of the Act and Companies (Accounting Standards) Amendment Rules, 2016, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders / directions issued by the IRDAI in this behalf;

- (g) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the Accounting Standards referred to in Section 133 Act and Companies (Accounting Standards) Amendment Rules, 2016 to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI in this regard;
- (h) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- (j) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended by the Companies (Audit and Auditors) Rules, 2017, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its financial statements - Refer note 3.1 of schedule 16 to the Financial Statements.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended March 31, 2018.

**For Singhi & Co.**  
**Chartered Accountants**  
**Firm Registration No. 302049E**

**Sd/-**  
**Nikhil Singhi**  
**Partner**  
**Membership No: 061567**  
**Date: May 17, 2018**  
**Place: Mumbai**

**For M. P. Chitale & Co.**  
**Chartered Accountants**  
**Firm Registration No. 101851W**

**Sd/-**  
**Murtuza Vajihi**  
**Partner**  
**Membership No: 112555**  
**Date: May 17, 2018**  
**Place: Mumbai**

## **“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 2(i) under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditors’ Report of even date to the members of Bharti Axa General Insurance Company Limited on the financial statements for the year ended March 31, 2018)

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

We have audited the internal financial controls over financial reporting of Bharti AXA General Insurance Company Limited (“the Company”) as of March 31, 2018, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, 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 “IRDA”) in this regard.

#### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

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

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

### **Opinion**

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

### **Other Matters**

The estimate of claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported ("IBNER"), included under Claims Outstanding as at March 31, 2018 has been duly certified by the Panel Actuary approved by IRDAI, as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), and has been relied upon by us, as mentioned in "Other Matter" paragraph of our audit report on the financial statements of the Company as at and for the year ended March 31, 2018. In view of this, we did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER.

**For Singhi & Co.**  
**Chartered Accountants**  
**Firm Registration No. 302049E**

**Sd/-**  
**Nikhil Singhi**  
**Partner**  
**Membership No: 061567**

**Date: May 17, 2018**  
**Place: Mumbai**

**For M. P. Chitale & Co.**  
**Chartered Accountants**  
**Firm Registration No. 101851W**

**Sd/-**  
**Murtuza Vajihi**  
**Partner**  
**Membership No: 112555**

**Date: May 17, 2018**  
**Place: Mumbai**



Form B-BS

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**IRDA REGISTRATION NUMBER 139 DATED 27-06-2008**

**BALANCE SHEET**

Particulars	Schedule Ref.	As at Mar 31, 2018 (Rs. '000)	As at Mar 31, 2017 (Rs. '000)
<b>SOURCES OF FUNDS</b>			
Share Capital	5	1,62,14,453	1,62,14,453
Reserves and Surplus	6	17,20,185	17,20,185
Fair Value Change - Shareholder Funds		9,584	-
Fair Value Change - Policyholder Funds		48,033	16,339
Borrowings	7	22,00,000	-
<b>Total</b>		<b>2,01,92,255</b>	<b>1,79,50,977</b>
<b>APPLICATION OF FUNDS</b>			
Investments - Shareholders fund	8	53,64,723	36,073
Investments - Policyholders fund	8A	2,67,49,763	2,86,85,792
Loans	9	-	-
Fixed Assets	10	2,05,376	1,12,869
<b>Current Assets</b>			
Cash and Bank Balances	11	11,84,255	5,64,689
Advances And Other Assets	12	52,18,325	24,53,105
<b>Sub Total (A)</b>		<b>64,02,580</b>	<b>30,17,794</b>
Current Liabilities	13	2,48,88,639	1,98,27,725
Provisions	14	63,98,449	59,04,428
<b>Sub Total (B)</b>		<b>3,12,87,088</b>	<b>2,57,32,153</b>
<b>Net Current Assets (C) = (A - B)</b>		<b>(2,48,84,508)</b>	<b>(2,27,14,359)</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit And Loss Account		1,27,56,901	1,18,30,602
<b>Total</b>		<b>2,01,92,255</b>	<b>1,79,50,977</b>
<b>Significant accounting policies and notes to accounts</b>	16		

The Schedules referred to above and the notes to accounts form an integral part of the Financial statements

Vide our report of even date

**For Singhi & Co**  
Chartered Accountants  
(Regn No.302049E)

**M P Chitale & Co**  
Chartered Accountants

**For and on behalf of the Board**

**NIKHIL SINGHI**  
(Partner)  
Membership No.061567

**MURTUZA VAJIHI**  
(Partner)

**RAKESH BHARTI MITTAL**  
(CHAIRMAN)

**JEAN, PAUL, DOMINIQUE, LOUIS DROUFFE**  
(DIRECTOR)

**SANJEEV S**  
(CHIEF EXECUTIVE OFFICER & MD)

**BHARAT SUMANT RAUT**  
(INDEPENDENT DIRECTOR)

**Date:**  
**Place:**

**NILESH KAMBLI**  
(CHIEF FINANCIAL OFFICER)

Form B-PL

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**IRDA REGISTRATION NUMBER 139 DATED 27-06-2008**

**PROFIT AND LOSS ACCOUNT**

Particulars	Schedule Ref.	For the year ending March 2018	For the year ending March 2017
		(Rs. '000)	(Rs. '000)
<b>OPERATING PROFIT/(LOSS)</b>			
(a) Fire Insurance		34,518	(93,167)
(b) Marine Insurance		(36,663)	22,982
(c) Miscellaneous Insurance		72,471	(1,91,673)
<b>INCOME FROM INVESTMENTS</b>			
(a) Interest, Dividends and Rent -Gross (Including depre investment property)		4,12,592	2,486
(b) Profit on sale/redemption of investments		34,410	1,324
Less: (Loss) on sale/redemption of investments		-	-
(C) Amortisation of Discount/(Premium)		2,112	-
<b>OTHER INCOME</b>			-
<b>Total (A)</b>		<b>5,19,440</b>	<b>(2,58,048)</b>
<b>Provisions (Other than taxation)</b>			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		1,74,494	-
(c) Others		-	-
<b>Other Expenses</b>			
(a) Expenses other than those related to the insurance business		16,738	4,908
(b) Bad debts written off		-	-
(c) Others			
- Managerial Remuneration		11,549	6,351
- Interest on Debentures		1,19,619	-
- Debenture Issue Expenses		4,763	-
- Investment team salary debited to share holders fund/ Custodian charges		1,695	-
- Transfer of excess under Rule 17E to Profit and Loss Account		11,16,881	10,17,029
<b>Total (B)</b>		<b>14,45,739</b>	<b>10,28,288</b>
<b>Profit/(Loss) before tax</b>		(9,26,299)	(12,86,336)
Provision for Taxation			
- Wealth Tax		-	-
-Fringe Benefit Tax Asset written off		-	-
<b>Profit/(Loss) after tax</b>		<b>(9,26,299)</b>	<b>(12,86,334)</b>
Balance of Profit/(Loss) brought forward from last year		(1,18,30,602)	(1,05,44,266)
<b>Appropriations</b>			
(a) Interim dividends paid during the period		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution on tax		-	-
(d) Transfer to reserve/other accounts		-	-
(e) Impact of carrying values as per requirements of Companies Act 2013		-	-
<b>Balance carried to Balance Sheet</b>		<b>(1,27,56,901)</b>	<b>(1,18,30,600)</b>
Earning Per Share (Basic and Diluted) (in Rs.) (Refer Note No.3.21 of Schedule 16)		(0.57)	(0.80)
(Face Value Rs.10 per share)			

**Significant accounting policies and notes to accounts**

16

The Schedules referred to above and the notes to accounts form an integral part of the Financial statements

**For Singh & Co**  
Chartered Accountants  
(Regn No.302049E)

**M P Chitale & Co**  
Chartered Accountants

**For and on behalf of the Board**

**NIKHIL SINGHI**  
(Partner)  
Membership No.061567

**MURTUZA VAJIHI**  
(Partner)

**RAKESH BHARTI MITTAL**  
(CHAIRMAN)

**JEAN, PAUL, DOMINIQUE, LOUIS DROUFFE**  
(DIRECTOR)

**SANJEEV S**  
(CHIEF EXECUTIVE OFFICER & MD)

**BHARAT SUMANT RAUT**  
(INDEPENDENT DIRECTOR)

**Date:**  
**Place:**

**NILESH KAMBLI**  
(CHIEF FINANCIAL OFFICER)

Internal

Form B-RA

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**IRDA REGISTRATION NUMBER 139 DATED 27-06-2008**

**REVENUE ACCOUNT**

**Fire Insurance Business**

Particulars	Schedule Ref.	For the year ending March 2018	For the year ending March 2017
		Rs. ( ` 000)	Rs. ( ` 000)
Premiums earned-(Net)	1	94,821	95,913
Profit/(Loss) on sale/redemption of Investments (Net)		2,751	265
- Amortisation of Discount/(Premium)		177	94
Interest, Dividend & Rent-Gross (Including depre investment property)		34,544	14,738
Others			
Investment Income from Terrorism Pool		17,906	16,453
Other Income		63	24
<b>Total (A)</b>		<b>1,50,262</b>	<b>1,27,487</b>
Claims incurred (Net)	2	60,563	82,890
Commission	3	(26,148)	(24,380)
Operating Expenses related to Insurance Business	4	66,529	1,72,071
Terrorism Pool Expenses		4,452	5,496
Premium Deficiency		10,347	(15,423)
<b>Total (B)</b>		<b>1,15,743</b>	<b>2,20,654</b>
<b>Operating profit/(Loss) from Fire Business (C)=(A)-(B)</b>		<b>34,518</b>	<b>(93,167)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		34,518	(93,167)
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>34,518</b>	<b>(93,167)</b>

**Significant accounting policies and notes to accounts**

16

The Schedules referred to above and the notes to accounts form an integral part of the Financial statements

As Required by section 40C(2) of the Insurance Act, 1938, we hereby certify that, to the best of our knowledge and according to the available information all the expenses of management, incurred by the Company to the extent allowable under Insurance Regulatory and Development Authority of India (Expenses of management of Insurers transacting general of health Insurance business) Regulations 2016, have been fully debited in the Revenue Account as Expenses.

As our report of even date

**For Singhi & Co**  
Chartered Accountants  
(Regn No.302049E)

**M P Chitale & Co**  
Chartered Accountants

**For and on behalf of the Board**

**NIKHIL SINGHI**

(Partner)  
Membership No.061567

**MURTUZA VAJIHI**

(Partner)

**RAKESH BHARTI MITTAL**

(CHAIRMAN)

**JEAN, PAUL, DOMINIQUE, LOUIS DROUFFE**

(DIRECTOR)

**SANJEEV S**  
(CHIEF EXECUTIVE OFFICER & MD)

**BHARAT SUMANT RAUT**  
(INDEPENDENT DIRECTOR)

**Date:**  
**Place:**

**NILESH KAMBLI**  
(CHIEF FINANCIAL OFFICER)

**Form B-RA**
**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**IRDA REGISTRATION NUMBER 139 DATED 27-06-2008**
**REVENUE ACCOUNT**
**Marine Insurance Business**

Particulars	Schedule Ref.	For the year ending March 2018	For the year ending March 2017
		Rs. ( ` 000)	Rs. ( ` 000)
Premiums earned-(Net)	1	1,39,878	1,85,229
Profit/(Loss) on sale/redemption of Investments (Net)		2,031	567
- Amortisation of Discount/(Premium)		131	201
Interest, Dividend & Rent-Gross		25,504	31,491
Other Income		47	52
<b>Total (A)</b>		<b>1,67,591</b>	<b>2,17,540</b>
Claims incurred (Net)	2	1,34,642	1,29,822
Commission	3	12,270	14,409
Operating Expenses related to Insurance Business	4	57,342	50,327
Premium Deficiency		-	-
<b>Total (B)</b>		<b>2,04,254</b>	<b>1,94,558</b>
<b>Operating profit/(Loss) from Marine Business (C)=(A)-(B)</b>		<b>(36,663)</b>	<b>22,982</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(36,663)	22,982
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>(36,663)</b>	<b>22,982</b>

**Significant accounting policies and notes to accounts**
**16**

The Schedules referred to above and the notes to accounts form an integral part of the Financial statements. As Required by section 40C(2) of the Insurance Act, 1938, we hereby certify that, to the best of our knowledge and according to the available information all the expenses of management, incurred by the Company to the extent allowable under Insurance Regulatory and Development Authority of India (Expenses of management of Insurers transacting general of health Insurance business) Regulations 2016, have been fully debited in the Revenue Account as Expenses.

As our report of even date

**For Singhi & Co**  
 Chartered Accountants  
 (Regn No.302049E)

**M P Chitale & Co**  
 Chartered Accountants

**For and on behalf of the Board**
**NIKHIL SINGHI**  
 (Partner)  
 Membership No.061567

**MURTUZA VAJIHI**  
 (Partner)

**RAKESH BHARTI MITTAL**  
 (CHAIRMAN)

**JEAN, PAUL, DOMINIQUE, LOUIS DROUFFE**  
 (DIRECTOR)

**SANJEEV S**  
 (CHIEF EXECUTIVE OFFICER & MD)

**BHARAT SUMANT RAUT**  
 (INDEPENDENT DIRECTOR)

**NILESH KAMBLI**  
 (CHIEF FINANCIAL OFFICER)

**Date:**  
**Place:**

**Form B-RA**
**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**
  
**IRDA REGISTRATION NUMBER 139 DATED 27-06-2008**
**REVENUE ACCOUNT**
**Miscellaneous Insurance Business**

Particulars	Schedule Ref.	For the year ending March 2018	For the year ending March 2017
		Rs. ( ` 000)	Rs. ( ` 000)
Premiums earned-(Net)	1	1,18,99,560	1,11,06,832
Profit/(Loss) on sale/redemption of Investments (Net)		1,59,871	43,175
- Amortisation of Discount/(Premium)		10,279	15,345
Interest, Dividend & Rent-Gross		20,07,687	23,98,571
Others			
Investment Income from Terrorism Pool		4,281	2,915
Other Income		5,604	9,012
<b>Total (A)</b>		<b>1,40,87,282</b>	<b>1,35,75,850</b>
Claims incurred (Net)	2	98,72,120	96,76,503
Commission	3	6,28,316	3,91,315
Operating Expenses related to Insurance Business	4	35,09,529	37,25,123
Premium Deficiency		-	(30,426)
Terrorism Pool Expenses		1,064	1,385
Contribution to Solatium Fund		3,782	3,623
<b>Total (B)</b>		<b>1,40,14,811</b>	<b>1,37,67,523</b>
<b>Operating profit/(Loss) from Miscellaneous Business (C)=(A)-(B)</b>		<b>72,471</b>	<b>(1,91,673)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		72,471	(1,91,673)
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>72,471</b>	<b>(1,91,673)</b>

**Significant accounting policies and notes to accounts**
**16**

The Schedules referred to above and the notes to accounts form an integral part of the Financial statements

As Required by section 40C(2) of the Insurance Act, 1938, we hereby certify that, to the best of our knowledge and according to the available information all the expenses of management, incurred by the Company to the extent allowable under Insurance Regulatory and Development Authority of India (Expenses of management of Insurers transacting general of health Insurance business) Regulations 2016, have been fully debited in the Revenue Account as Expenses.

As our report of even date

**For Singh & Co**  
Chartered Accountants  
(Regn No.302049E)

**M P Chitale & Co**  
Chartered Accountants

**For and on behalf of the Board**
**NIKHIL SINGHI**  
  
(Partner)  
Membership No.061567

**MURTUZA VAJIHI**  
  
(Partner)

**RAKESH BHARTI MITTAL**  
  
(CHAIRMAN)

**JEAN, PAUL, DOMINIQUE, LOUIS DROUFFE**  
  
(DIRECTOR)

**SANJEEV S**  
(CHIEF EXECUTIVE OFFICER & MD)

**BHARAT SUMANT RAUT**  
(INDEPENDENT DIRECTOR)

**NILESH KAMBLI**  
(CHIEF FINANCIAL OFFICER)

**Date:**  
**Place:**

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-1A PREMIUM EARNED (NET)**

**Year Ending March 2018**

Particulars	Fire	Marine			Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	(Rs. '000)	
		Cargo	Others	Total												Misc Total	Total
Premium from Direct Business Written :	6.10.510	3.13.911	-	3.13.911	1.07.38.749	69.38.700	38.00.049	61.611	2.29.840	1.74.564	-	1.43.022	13.43.548	37.94.553	1.25.502	1.66.11.389	1.75.35.810
Add : Premium on Reinsurance Accepted	1.46.587	19.639	-	19.639	-	-	-	-	4.517	10.337	-	-	-	-	2	14.856	1.81.082
Less : Premium on Reinsurance Ceded	5,19,569	1,77,513	-	1,77,513	6,52,246	4,18,939	2,33,307	6,668	1,08,129	1,39,946	-	9,300	1,66,472	31,66,754	87,012	43,36,528	50,33,610
<b>Net Premium</b>	<b>2,37,528</b>	<b>1,56,037</b>	<b>-</b>	<b>1,56,037</b>	<b>1,00,86,503</b>	<b>65,19,761</b>	<b>35,66,742</b>	<b>54,943</b>	<b>1,26,228</b>	<b>44,955</b>	<b>-</b>	<b>1,33,722</b>	<b>11,77,076</b>	<b>6,27,799</b>	<b>38,492</b>	<b>1,22,89,717</b>	<b>1,26,83,282</b>
Adjustment for change in Unexpired Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Reserve created during the period	2.39.093	58.180	-	58.180	52.36.205	33.96.181	18.40.024	26.983	58.447	30.871	-	57.057	5.46.336	66.232	18.989	60.41.119	63.38.392
Add: Reserve created during the previous year Written back	96,386	42,021	-	42,021	52,50,421	34,91,622	17,58,799	18,809	46,733	23,693	-	53,650	2,36,843	-	20,813	56,50,962	57,89,369
<b>Total Premium Earned (Net)</b>	<b>94,821</b>	<b>1,39,878</b>	<b>-</b>	<b>1,39,878</b>	<b>1,01,00,719</b>	<b>66,15,202</b>	<b>34,85,517</b>	<b>46,769</b>	<b>1,14,514</b>	<b>37,777</b>	<b>-</b>	<b>1,30,315</b>	<b>8,67,583</b>	<b>5,61,567</b>	<b>40,316</b>	<b>1,18,99,560</b>	<b>1,21,34,259</b>

\* Refer Note No. 3.14

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-2A CLAIMS INCURRED (NET)**

**Year Ending March 2018**

Particulars	Fire	Marine			Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	(Rs. '000)	
		Cargo	Others	Total												Misc Total	Total
<b>Claims Paid</b>																	
Direct	4.06.034	2.60.222	-	2.60.222	70.21.162	48.06.929	22.14.233	29.246	20.876	1.57.643	-	1.04.456	7.36.761	-	86.561	81.56.704	88.22.960
Add : Reinsurance Accepted	5.942	5.926	-	5.926	-	-	-	-	-	418	-	-	-	-	-	418	12.286
Less : Reinsurance Ceded	3.65.759	1.50.741	-	1.50.741	7.66.207	5.02.813	2.63.394	1.627	5.123	1.30.270	-	14.029	50.745	-	45.623	10.13.625	15.30.126
<b>Net Claims Paid</b>	<b>46.217</b>	<b>1.15.407</b>	<b>-</b>	<b>1.15.407</b>	<b>62.54.955</b>	<b>43.04.116</b>	<b>19.50.839</b>	<b>27.619</b>	<b>15.753</b>	<b>27.791</b>	<b>-</b>	<b>90.427</b>	<b>6.86.016</b>	<b>-</b>	<b>40.938</b>	<b>71.43.497</b>	<b>73.05.120</b>
<b>Claims Outstanding (including IBNR &amp; IBNER)</b>																	
Add : Claims Outstanding at the close of the period (net of Re-insurance)	1,84,757	1,53,982	-	1,53,982	1,65,68,114	12,80,785	1,52,87,329	43,815	1,30,947	86,209	-	1,01,658	3,22,419	4,77,600	1,19,525	1,78,50,286	1,81,89,025
Less: Claims Outstanding at the beginning of the period (net of Re-insurance)	1,70,411	1,34,747	-	1,34,747	1,45,67,115	7,76,290	1,37,90,825	34,110	1,76,529	67,840	-	60,733	1,56,887	-	58,448	1,51,21,663	1,54,26,820
<b>Total Claims Incurred</b>	<b>60,563</b>	<b>1,34,642</b>	<b>-</b>	<b>1,34,642</b>	<b>82,55,954</b>	<b>48,08,611</b>	<b>34,47,343</b>	<b>37,324</b>	<b>(29,831)</b>	<b>46,160</b>	<b>-</b>	<b>1,31,352</b>	<b>8,51,548</b>	<b>4,77,600</b>	<b>1,02,015</b>	<b>98,72,120</b>	<b>1,00,67,325</b>

(1)

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE - 3A COMMISSION**

**Year Ending March 2018**

Particulars	Fire	Marine			Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	(Rs. '000)	
		Cargo	Others	Total												Misc Total	Total
Commission paid direct	41,812	28,485	-	28,485	8,61,441	8,54,171	7,270	7,110	26,034	14,536	-	10,172	1,18,679	-	10,525	10,48,497	11,18,794
Add: Commission on Re-insurance Accepted	10,058	1,851	-	1,851	-	-	-	-	850	366	-	-	-	-	0	1,216	13,126
Less: Commission on Re-insurance Ceded	78,018	18,066	-	18,066	61,627	52,127	9,500	462	15,467	24,842	-	1,074	74,195	2,30,879	12,849	4,21,397	5,17,481
<b>Net Commission</b>	<b>(26,148)</b>	<b>12,270</b>	<b>-</b>	<b>12,270</b>	<b>7,99,814</b>	<b>8,02,044</b>	<b>(2,230)</b>	<b>6,648</b>	<b>11,417</b>	<b>(9,940)</b>	<b>-</b>	<b>9,098</b>	<b>44,484</b>	<b>(2,30,879)</b>	<b>(2,324)</b>	<b>6,28,316</b>	<b>6,14,439</b>
<b>Break-up of the commission (Gross) incurred to procure direct business furnished as per details below:</b>																	
Agents	4,985	4,786	-	4,786	1,68,898	1,61,628	7,270	2,467	869	2,592	-	2,104	10,436	-	2,037	1,89,403	1,99,173
Brokers	19,571	16,389	-	16,389	4,21,034	4,21,034	-	3,081	17,818	8,362	-	5,670	40,940	-	5,801	5,02,706	5,38,666
Corporate Agents	8,080	402	-	402	5,734	-	-	3	772	323	-	50	56,201	-	259	63,341	71,823
Rewards - Agents/Brokers	9,176	6,908	-	6,908	1,75,516	1,75,516	-	1,559	6,575	3,259	-	2,348	11,102	-	2,428	2,02,788	2,18,872
Others (MIS, POSP)	-	-	-	-	90,259	90,259	-	-	-	-	-	-	-	-	-	90,260	90,260
<b>Total (B)</b>	<b>41,812</b>	<b>28,485</b>	<b>-</b>	<b>28,485</b>	<b>8,61,441</b>	<b>8,54,171</b>	<b>7,270</b>	<b>7,110</b>	<b>26,034</b>	<b>14,536</b>	<b>-</b>	<b>10,172</b>	<b>1,18,679</b>	<b>-</b>	<b>10,525</b>	<b>10,48,497</b>	<b>11,18,794</b>

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-4A OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

(Rs. '000)

Year Ending March 2018																	
Particulars	Fire	Marine Cargo	Marine Others	Marine Total	Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	Miscellaneous Total	Total
Employees' remuneration and welfare benefits	23,341	26,594	-	26,594	9,49,811	6,13,943	3,35,868	6,965	20,985	4,710	-	19,351	1,72,631	10,641	17,835	12,02,928	12,52,864
Travel, conveyance and vehicle running expenses	1,388	1,400	-	1,400	57,044	36,872	20,172	396	1,116	271	-	1,047	8,687		1,606	70,166	72,955
Training Expenses	27	19	-	19	1,146	741	405	6	14	5	-	15	134		79	1,445	
Rents, rates and taxes	13,146	10,208	-	10,208	13,39,955	8,66,127	4,73,828	3,566	4,010	7,243	-	9,163	56,067	7,281	13,264	14,40,550	14,63,904
Repairs Maintenance ( including Electricity)	1,031	708	-	708	43,595	28,179	15,416	239	548	195	-	581	5,111	1,484	1,503	53,256	54,995
Printing and stationery	377	147	-	147	17,712	11,449	6,263	59	109	47	-	241	1,438		710	20,316	20,840
Communication Expenses	2,567	1,762	-	1,762	1,08,522	70,147	38,375	594	1,364	486	-	1,445	12,722		7,437	1,32,571	1,36,901
Legal and professional charges	2,297	1,548	-	1,548	1,22,468	79,161	43,307	524	1,197	429	-	1,301	11,273		6,556	1,43,747	1,47,592
Auditor's fees expenses etc.				-	-	-	-									-	-
(a) as auditor	56	39	-	39	2,377	1,536	841	13	30	11	-	32	279		163	2,905	3,000
(b) as advisor or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
(i) Taxation matters	5	3	-	3	198	128	70	1	2	1	-	3	23		14	242	250
(ii) Insurance matters				-	-	-	-									-	-
(iii) Certification Fee	1	1	-	1	32	21	11	-	-	-	-	-	4		2	38	40
(c) in any other capacity				-	-	-	-									-	-
Audit Out of Pocket expenses	5	4	-	4	229	148	81	1	3	1	-	3	27		16	280	289
Advertisement and Publicity	6,922	4,291	-	4,291	4,68,144	3,02,601	1,65,543	1,488	2,330	3,083	-	2,482	24,541	7,442	10,814	5,20,325	5,31,538
Interest and Bank Charges	397	273	-	273	16,792	10,854	5,938	92	211	75	-	224	1,969	29,982	1,151	50,495	51,165
Others				-	-	-	-									-	-
Information technology	8,692	5,965	-	5,965	3,67,410	2,37,488	1,29,922	2,010	4,619	1,645	-	4,893	43,073	23,668	3,511	4,50,830	4,65,487
Marketing Expenses	791	497	-	497	33,431	21,609	11,822	183	420	150	-	445	3,919		2,291	40,839	42,126
Exchange (gain) /loss	5	3	-	3	208	135	73	1	3	1	-	3	24		14	254	263
Miscellaneous Expenses*	464	319	-	319	19,627	12,687	6,940	107	247	88	-	261	2,301		1,345	23,977	24,760
Support Services	3,595	2,585	-	2,585	2,87,108	1,85,582	1,01,526	930	1,358	1,459	-	3,736	16,603		6,143	3,17,337	3,23,516
ST on Exempted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	80,520	0	80,520	80,521
(Profit)/ Loss on Discard / Sale of Assets	79	55	-	55	3,359	2,171	1,188	18	42	15	-	45	394		230	4,103	4,237
Depreciation	1,343	921	-	921	56,756	36,686	20,070	311	714	254	-	756	6,654		3,889	69,333	71,597
Transfer of excess under EOM Rules 2016 to profit and loss account (Refer Note 3.18)				-	(10,98,240)	(7,09,885)	(3,88,355)						(18,642)			(11,16,881)	(11,16,881)
	66,529	57,342	-	57,342	27,97,684	18,08,380	9,89,304	17,504	39,322	20,169	-	46,027	3,49,232	1,61,018	78,573	35,09,529	36,33,401

\* Miscellaneous expenses does not exceed 1% of the Gross writthen premium less Reinsurance



**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-1 PREMIUM EARNED (NET)**

Year Ending March 2017																		(Rs. '000)
Particulars	Fire	Marine			Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	Misc	Total	
		Cargo	Others	Total														
Premium from Direct Business Written :	4,97,984	2,44,200	-	2,44,200	1,10,46,985	74,07,946	36,39,039	49,705	2,04,540	1,44,773	-	1,36,702	6,71,749	-	1,44,298	1,23,98,751	1,31,40,935	
Add : Premium on Reinsurance Accepted	80,569	23,693	-	23,693	-	-	-	-	3,637	10,700	-	-	66	-	-	14,403	1,18,664	
Less : Premium on Reinsurance Ceded	4,73,450	1,18,322	-	1,18,322	6,50,196	4,20,423	2,29,773	5,473	1,03,486	1,20,642	-	9,825	34,315	-	90,873	10,14,809	16,06,581	
<b>Net Premium</b>	<b>1,05,103</b>	<b>1,49,571</b>	<b>-</b>	<b>1,49,571</b>	<b>1,03,96,789</b>	<b>69,87,523</b>	<b>34,09,266</b>	<b>44,232</b>	<b>1,04,691</b>	<b>34,831</b>	<b>-</b>	<b>1,26,877</b>	<b>6,37,500</b>	<b>-</b>	<b>53,425</b>	<b>1,13,98,345</b>	<b>1,16,53,019</b>	
Adjustment for change in Unexpired Risk Reserve																		
Less: Reserve created during the period	96,386	42,021	-	42,021	52,50,421	34,91,622	17,58,799	18,809	46,733	23,693	-	53,650	2,36,843	-	20,813	56,50,962	57,89,369	
Add: Reserve created during the previous year Written back	87,196	77,679	-	77,679	48,92,666	33,93,095	14,99,571	23,977	46,653	31,804	-	61,921	2,80,492	-	21,936	53,59,449	55,24,324	
<b>Total Premium Earned (Net)</b>	<b>95,913</b>	<b>1,85,229</b>	<b>-</b>	<b>1,85,229</b>	<b>1,00,39,034</b>	<b>68,88,996</b>	<b>31,50,038</b>	<b>49,400</b>	<b>1,04,611</b>	<b>42,942</b>	<b>-</b>	<b>1,35,148</b>	<b>6,81,149</b>	<b>-</b>	<b>54,548</b>	<b>1,11,06,832</b>	<b>1,13,87,974</b>	

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-2 CLAIMS INCURRED (NET)**

Year Ending March 2017																	
Particulars	Fire	Marine			Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	Misc	Total
		Cargo	Others	Total												Total	
<b>Claims Paid</b>																	
Direct	4,32,248	36,75,625	-	36,75,625	75,28,031	58,12,132	17,15,899	27,099	3,160	1,35,433	-	1,17,955	6,28,420	-	1,09,597	85,49,692	1,26,57,565
Add : Reinsurance Accepted	7,065	2,831	-	2,831	-	-	-	-	-	1,148	-	-	-	-	-	1,148	11,044
Less : Reinsurance Ceded	2,80,020	35,69,087	-	35,69,087	7,71,963	2,90,604	4,81,359	1,401	257	1,10,021	-	13,635	42,005	-	61,143	10,00,423	48,49,532
<b>Net Claims Paid</b>	<b>1,59,293</b>	<b>1,09,369</b>	<b>-</b>	<b>1,09,369</b>	<b>67,56,068</b>	<b>55,21,528</b>	<b>12,34,540</b>	<b>25,698</b>	<b>2,903</b>	<b>26,559</b>	<b>-</b>	<b>1,04,320</b>	<b>5,86,415</b>	<b>-</b>	<b>48,454</b>	<b>75,50,417</b>	<b>78,19,080</b>
<b>Claims Outstanding (including IBNR &amp; IBNER)</b>																	
Add : Claims Outstanding at the close of the period (net of Re-insurance)	1,70,411	1,34,747	-	1,34,747	1,45,67,115	7,76,290	1,37,90,825	34,110	1,76,529	67,840	-	60,733	1,56,887	-	58,448	1,51,21,663	1,54,26,820
Less: Claims Outstanding at the beginning of the period (net of Re-insurance)	2,46,814	1,14,294	-	1,14,294	1,23,79,293	10,65,486	1,13,13,807	30,348	1,05,712	52,789	-	73,035	2,07,792	-	1,46,607	1,29,95,577	1,33,56,684
<b>Total Claims Incurred</b>	<b>82,890</b>	<b>1,29,822</b>	<b>-</b>	<b>1,29,822</b>	<b>89,43,890</b>	<b>52,32,332</b>	<b>37,11,558</b>	<b>29,460</b>	<b>73,720</b>	<b>41,610</b>	<b>-</b>	<b>92,018</b>	<b>5,35,510</b>	<b>-</b>	<b>(39,705)</b>	<b>96,76,503</b>	<b>98,89,214</b>

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE - 3 COMMISSION**

Particulars	Fire	Marine			Motor	Motor OD	Motor TP	Year Ending March 2017			Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	Misc	Total
		Carao	Others	Total				Workmen's Compensation	Public Liability	Engineering							
Commission paid direct	26,997	20,345	-	20,345	3,90,192	3,90,192	-	3,478	21,632	8,885	-	13,395	66,277	-	11,482	5,15,340	5,62,681
Add: Commission on Re-insurance Accepted	3,426	2,998	-	2,998	(5)	(5)	-	-	382	371	-	-	-	-	-	747	7,172
Less: Commission on Re-insurance Ceded	54,803	8,934	-	8,934	64,964	56,567	8,397	373	16,096	24,976	-	1,024	3,796	-	13,544	1,24,773	1,88,510
Net Commission	(24,380)	14,409	-	14,409	3,25,223	3,33,620	(8,397)	3,105	5,918	(15,721)	-	12,371	62,481	-	(2,062)	3,91,315	3,81,344
Break-up of the commission (Gross) incurred to procure direct business furnished as per details below:																	
Agents	3,882	3,134	-	3,134	1,60,424	1,60,424	-	1,394	768	1,841	-	3,010	10,728	-	3,438	1,81,603	1,88,619
Brokers	20,774	17,166	-	17,166	2,28,066	2,28,066	-	2,084	20,590	7,044	-	10,328	55,244	-	7,672	3,31,028	3,68,968
Corporate Agency	2,341	45	-	45	1,702	1,702	-	-	274	-	-	57	305	-	372	2,709	5,095
Referral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	0	0
Total (B)	26,997	20,345	-	20,345	3,90,192	3,90,192	-	3,478	21,632	8,885	-	13,395	66,277	-	11,482	5,15,340	5,62,681

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-4A OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

(Rs. '000)

Particulars	Year Ending March 2017															
	Fire	Marine Cargo	Marine - Others	Marine Total	Motor	Motor OD	Motor TP	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Miscellaneous Total	Total
Employees' remuneration and welfare benefits	11,530	27,856	-	27,856	9,86,019	6,62,689	3,23,331	6,616	19,645	4,323	-	20,950	1,14,709	7,431	11,59,693	11,99,079
Travel, conveyance and vehicle running expenses	914	2,208	-	2,208	70,577	47,434	23,143	524	1,616	344	-	1,610	8,627	540	83,838	86,960
Training Expenses	9,287	5,577	-	5,577	7,09,876	4,77,097	2,32,779	1,627	1,821	5,576	-	4,482	11,314	4,082	7,38,778	7,53,642
Rents, rates and taxes	2,191	2,737	-	2,737	2,84,307	1,91,078	93,229	883	1,784	1,178	-	2,277	11,116	1,108	3,02,653	3,07,581
Repairs Maintenance ( including Electricity)	502	714	-	714	49,621	33,349	16,271	211	500	166	-	606	3,043	255	54,402	55,618
Printing and stationery	134	121	-	121	20,272	13,625	6,648	48	85	36	-	332	621	140	21,534	21,789
Communication Expenses	1,404	1,998	-	1,998	1,38,891	93,347	45,544	591	1,399	465	-	1,695	8,516	714	1,52,271	1,55,673
Legal and professional charges	1,270	1,526	-	1,526	1,95,857	1,31,632	64,224	499	1,068	387	-	2,220	6,927	936	2,07,894	2,10,690
Auditor's fees expenses etc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) as auditor	26	39	-	39	2,677	1,799	878	11	27	9	-	33	164	14	2,935	3,000
(b) as advisor or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Certification Fee	7	11	-	11	758	509	249	3	8	3	-	9	47	4	832	850
(c) in any other capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit Out of Pocket expenses	4	5	-	5	371	249	122	2	4	1	-	5	23	2	408	417
Advertisement and Publicity	11,174	7,804	-	7,804	9,19,555	6,18,019	3,01,536	2,316	3,242	6,495	-	6,334	20,082	5,012	9,63,036	9,82,014
Interest and Bank Charges	154	219	-	219	15,216	10,227	4,990	65	153	51	-	186	933	78	16,682	17,055
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information technology	4,399	6,260	-	6,260	4,35,148	2,92,456	1,42,692	1,851	4,382	1,458	-	5,310	26,682	2,236	4,77,067	4,87,726
Marketing Expenses	5,629	3,735	-	3,735	4,39,938	2,95,676	1,44,263	1,092	1,449	3,263	-	3,029	8,948	2,504	4,60,223	4,69,587
Exchange (gain) /loss	(76)	(108)	-	(108)	(7,479)	5,027	(2,453)	(32)	(75)	(25)	-	(91)	(459)	(38)	(8,200)	(8,383)
Miscellaneous Expenses*	25	36	-	36	2,478	1,665	813	11	25	8	-	30	152	13	2,717	2,778
Support Services	896	1,412	-	1,412	1,24,444	83,637	40,807	426	911	426	-	1,354	6,105	620	1,34,286	1,36,594
ST on Exempted Services	57	81	-	81	5,621	3,778	1,843	24	57	19	-	69	345	29	6,163	6,301
Profit/ Loss on Sale of Assets	1	2	-	2	114	77	37	0	1	0	-	1	7	1	125	128
Depreciation	681	968	-	968	67,317	45,242	22,074	286	678	226	-	821	4,128	346	73,801	75,450
Transfer of excess under EOM Rules 2016 to profit and loss account (Refer Note 3.18)	1,21,862	(12,874)	-	(12,874)	(11,00,164)	7,39,403	(3,60,761)	4,719	10,732	6,755	-	14,186	(69,447)	7,202	(11,26,017)	(10,17,029)
	<b>1,72,071</b>	<b>50,327</b>	<b>-</b>	<b>50,327</b>	<b>33,61,414</b>	<b>22,59,154</b>	<b>11,02,259</b>	<b>21,773</b>	<b>49,512</b>	<b>31,164</b>	<b>-</b>	<b>65,448</b>	<b>1,62,583</b>	<b>33,229</b>	<b>37,25,123</b>	<b>39,47,521</b>

\* Miscellaneous expenses does not exceed 1% of the Gross written premium less Reinsurance

**SCHEDULE -5 SHARE CAPITAL**

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
	(Rs. '000)	(Rs. '000)
<b>Authorised Capital</b>		
[2,000,000,000 (As at March 31, 2017 2,000,000,000)	<b>2,00,00,000</b>	<b>2,00,00,000</b>
Equity shares of Rs. 10 each		
<b>Issued Capital</b>		
[1,621,445,322 (As at March 31, 2017- 1,621,445,322	<b>1,62,14,453</b>	<b>1,62,14,453</b>
Equity shares of Rs. 10 each]		
<b>Subscribed Capital</b>		
[1,621,445,322 (As at March 31, 2017- 1,621,445,322	<b>1,62,14,453</b>	<b>1,62,14,453</b>
Equity shares of Rs. 10 each]		
<b>Called-up Capital</b>		
Equity shares of Rs. 10 each	<b>1,62,14,453</b>	<b>1,62,14,453</b>
Less: Calls unpaid -		
Add : Shares forfeited (Amount originally paidup)	-	-
Less : Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses including commission or	-	-
brokerage on underwriting or subscription of shares		
<b>Total</b>	<b>1,62,14,453</b>	<b>1,62,14,453</b>

Note - Of the above, 826,937,110 shares are held by the holding company, Bharti General Private Limited (Previous year 826,937,110)

**SCHEDULE-5A SHARE CAPITAL**

**PATTERN OF SHAREHOLDING (As certified by the Management)**

Shareholder	As at Mar 31, 2018		As at Mar 31, 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	82,69,37,110	51.00	82,69,37,110	51
- Foreign	79,45,08,207	49.00	79,45,08,207	49
Others - Employee (Others)	5	0.00	5	0.00
<b>Total</b>	<b>1,62,14,45,322</b>	<b>100</b>	<b>1,62,14,45,322</b>	<b>100</b>

**SCHEDULE-6 RESERVES AND SURPLUS**

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
	<u>(Rs. '000)</u>	<u>(Rs. '000)</u>
Capital Reserve	-	-
Capital Redemption Reserve	-	-
Share Premium	-	-
Opening Balance	17,20,185	17,20,185
Additions during the year	0	-
Deletions during the year	-	-
<b>Closing Balance</b>	<b><u>17,20,185</u></b>	<b><u>17,20,185</u></b>
General Reserves	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buyback	-	-
Catastrophe Reserve	-	-
Other Reserves	-	-
Balance in Profit and Loss Account	-	-
<b>Total</b>	<b><u>17,20,185</u></b>	<b><u>17,20,185</u></b>

**SCHEDULE - 7 BORROWINGS**

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
	<u>(Rs. '000)</u>	<u>(Rs. '000)</u>
Debentures/Bonds (Refer Note 3.31)	22,00,000	-
Banks	-	-
Financial Institutions	-	-
Others	-	-
<b>Total</b>	<b><u>22,00,000</u></b>	<b><u>-</u></b>

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
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**SCHEDULE 8 INVESTMENTS - SHAREHOLDERS**

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
	(Rs. '000)	(Rs. '000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	16,61,687	-
Other Approved Securities	-	-
Other Investments	-	-
(a) Shares -	-	-
(aa) Equity Shares	13,716	-
(bb) Preference Shares	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debenture/Bonds	16,07,551	-
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate (Refer note 3.10)	1,30,349	-
Investments in Infrastructure and Social Sector	10,93,794	-
Other than Approved Securities	8,719	-
<b>Short Term Investments</b>	-	-
Government securities and Government guaranteed bonds including Treasury Bills	25,005	-
Other Approved Securities	-	-
Other Investments	-	-
(a) Shares	-	-
(aa) Equity Shares	-	-
(bb) Preference Shares	-	-
(b) Mutual Funds	28,796	36,073
(c) Derivative Instruments	-	-
(d) Debenture/Bonds	5,10,359	-
(e) Other Securities (Fixed Deposit)	51,990	-
(f) Subsidiaries	-	-
(q) Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector	2,16,122	-
Other than Approved Securities	16,635	-
<b>Total</b>	<b>53,64,723</b>	<b>36,073</b>

1) Investments Other than Equities and Derivative Instruments:

Aggregate Value of Investments as at 31st March 2018 Rupees 5,349,651 thousand ( as at March 31, 2017 Rupees 36,073 thousand)

	(Rs. '000)	(Rs. '000)
Longterm Investments Book value	45,14,869	-
Longterm Investments Market value	45,29,314	-
Shortterm Investments Book value	8,39,684	31,677
Shortterm Investments Market value	8,55,434	36,073

2) Investments maturing within next 12 months are Rupees 839,684 thousand ( Previous year Rupees 31,677 thousand).

3. Investment Properties-Real Estate is shown at cost less accumulated depreciation of Rupees 1,006 thousand (previous year Rupees NIL thousand)

4. Investment Assets have been allocated notionally in the ratio of policyholders and shareholders funds

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE 8A INVESTMENTS - POLICYHOLDERS**

Particulars	As at Mar 31, 2018 (rupees. '000)	As at Mar 31, 2017 (rupees. '000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including Treasury Bills	83,27,674	73,07,863
Other Approved Securities	-	-
Other Investments	-	-
(a) Shares -	-	-
(aa) Equity Shares	68,739	-
(bb) Preference Shares	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debenture/Bonds	80,56,369	83,99,893
(e) Other Securities	-	3,12,542
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate (Refer note 3.10)	6,53,252	-
Investments in Infrastructure and Social Sector	54,81,634	45,02,545
Other than Approved Securities	43,696	99,925
<b>Short Term Investments</b>		
Government securities and Government guaranteed bonds including Treasury Bills	1,25,315	17,50,162
Other Approved Securities	-	-
Other Investments	-	-
(a) Shares	-	-
(aa) Equity Shares	-	-
(bb) Preference Shares	-	-
(b) Mutual Funds	8,348	5,08,926
(c) Derivative Instruments	-	-
(d) Debenture/Bonds	25,57,706	26,47,966
(e) Other Securities (Fixed Deposit)	2,60,552	18,57,105
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector	10,83,113	11,98,994
Other than Approved Securities	83,365	99,871
<b>Total</b>	<b>2,67,49,763</b>	<b>2,86,85,792</b>

1) Investments Other than Equities and Derivative Instruments:

Aggregate Value of Investments as at 31st March 2018 Rupees 26,673,396 thousand ( as at March 31, 2017 Rupees 28,685,792 thousand)

	(rupees. '000) As at Mar 31, 2018	(rupees. '000) As at Mar 31, 2017
Longterm Investments Book value	2,26,25,914	2,06,03,879
Longterm Investments Market value	2,26,98,303	2,11,86,555
Shortterm Investments Book value	40,96,237	80,59,285
Shortterm Investments Market value	41,50,975	81,16,134

2) Investments maturing within next 12 months are Rupees 4,096,237 thousand ( Previous year Rupees 8,059,285 thousand).

3. Investment Properties-Real Estate is shown at cost less accumulated depreciation of Rupees 5,038 thousand (previous year NIL)

**SCHEDULE-9 LOANS**

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
	(Rs. '000)	(Rs. '000)
<b>SECURITY-WISE CLASSIFICATION</b>		
<b>Secured</b>		
a) On Mortgage of Property		
(aa) In India	-	-
(bb) Outside India	-	-
b) On Shares, Bonds, Govt.Securities	-	-
c) Loans against policies	-	-
d) Others	-	-
<b>Unsecured</b>	-	-
<b>Total</b>	-	-
<b>BORROWER-WISE CLASSIFICATION</b>		
a) Central and State Government	-	-
b) Bank and Financial Institutions	-	-
c) Subsidiaries	-	-
d) Industrial Undertakings	-	-
e) Others	-	-
<b>Total</b>	-	-
<b>PERFORMANCE-WISE CLASSIFICATION</b>		
a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
b) Non-Performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
<b>Total</b>	-	-
<b>MATURITY-WISE CLASSIFICATION</b>		
a) Short Term		
b) Long Term	-	-
<b>Total</b>	-	-



**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
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**SCHEDULE 10 FIXED ASSETS**

Particulars	Gross Block			As at Mar 31, 2018	As at April 1, 2017	Depreciation		As at Mar 31, 2018	Net Block	
	As at April 1, 2017	Additions/ Adjustments during the year	Deductions/A djustments during the year			For the year	On Sales/ Adjustments		As at Mar 31, 2018	As at March 31, 2017
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles-Computer softwares and License fees	2,13,904	31,377	-	2,45,281	1,76,237	23,704	-	1,99,941	45,340	37,667
Leasehold Improvements	1,11,482	11,573	1,157	1,21,898	1,05,733	5,975	1,157	1,10,551	11,347	5,750
Furniture, Fixtures & Equipments*	38,579	3,525	5,119	36,985	36,704	2,240	5,819	33,125	3,860	1,875
Information Technology Equipment	2,39,980	1,22,530	79,384	2,83,126	2,01,227	35,213	76,882	1,59,558	1,23,568	38,753
Vehicles	31,077	-	17,442	13,635	29,607	1,445	17,417	13,635	0	1,471
Office Equipment	49,411	4,745	11,583	42,573	43,388	3,020	8,523	37,885	4,688	6,024
<b>Total</b>	<b>6,84,433</b>	<b>1,73,750</b>	<b>1,14,685</b>	<b>7,43,498</b>	<b>5,92,896</b>	<b>71,597</b>	<b>1,09,798</b>	<b>5,54,695</b>	<b>1,88,803</b>	<b>91,539</b>
Work-in-progress	21,329	28,957	33,713	16,573	-	-	-	-	16,573	21,330
<b>Grand Total</b>	<b>7,05,762</b>	<b>2,02,707</b>	<b>1,48,398</b>	<b>7,60,071</b>	<b>5,92,896</b>	<b>71,597</b>	<b>1,09,798</b>	<b>5,54,695</b>	<b>2,05,376</b>	<b>1,12,869</b>
<b>Previous year</b>	<b>7,24,123</b>	<b>72,907</b>	<b>91,266</b>	<b>7,05,764</b>	<b>5,77,525</b>	<b>75,451</b>	<b>60,081</b>	<b>5,92,895</b>	<b>1,12,869</b>	

\* Refer Note - 3.13

**SCHEDULE-11 CASH AND BANK BALANCES**

<b>Particulars</b>	<b>As at Mar 31, 2018</b>	<b>As at Mar 31, 2017</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
<b>Cash (including cheques, drafts and Remittance in transit)</b>	1,68,408	1,45,136
<b>Bank Balances</b>		
(a) Deposit Accounts		
(aa) Short Term (due within 12 months)	7,15,808	1,66,498
(bb) Others	-	-
(b) Current Accounts	3,00,037	2,53,055
(c) Others	-	-
<b>Money at Call and Short Notice</b>		
(a) With Banks	-	-
(b) With other Institutions	-	-
<b>Others</b>	-	-
<b>Total</b>	<b>11,84,255</b>	<b>5,64,689</b>
Balances with non-scheduled banks included in 2 and 3 above		
<b>CASH &amp; BANK BALANCES</b>		
1. In India	11,84,255	5,64,689
2. Outside India	-	-
<b>Total</b>	<b>11,84,255</b>	<b>5,64,689</b>

**SCHEDULE-12 ADVANCES AND OTHER ASSETS**

Particulars	As at Mar 31, 2018 <u>(Rs. '000)</u>	As at Mar 31, 2017 <u>(Rs. '000)</u>
<b>Advances</b>		
Reserve Deposits with Ceding Companies	-	-
Application money for Investments	-	-
Prepayments	68,812	45,820
Advances to Directors / Officers	-	-
Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Tax)	-	-
Others		
- Advance to employees	279	70
- Advances recoverable in cash or in kind	6,215	15,085
Less : Provision for doubtful advances	-	-
Advance for Investment Property	-	-
<b>Total (A)</b>	<b><u>75,306</u></b>	<b><u>60,975</u></b>
<b>Other Assets</b>		
Income accrued on investments	10,80,657	11,77,463
Money market securities representing unclaimed fund	3,10,840	2,48,055
Fair Value Change - Money market securities representing unclaimed fund	30,300	-
Interest earned on Unclaimed fund	4,952	-
Unutilised GST/Service tax carried forward	1,36,557	84,187
Outstanding Premium	24,87,245	-
Agents' Balances	55,504	40,950
Less : Provision for doubtful debts	(22,021)	-
Due from other entities carrying on insurance business (including reinsurers)	7,08,303	4,63,872
Less : Provision for doubtful debts	(1,52,474)	-
Due from Subsidiary/Holding Companies	-	-
Deposit with Reserve Bank of India (Pursuant to Section 7 of Insurance Act,1938)	-	-
Others		
- Receivable from Terrorism Pool	3,31,550	2,79,696
- Receivable from Motor Pool & Declined Pool	-	-
Deposits		
- Rental	79,707	86,570
- Others	16,026	11,337
Investment receivable	75,873	-
<b>Total (B)</b>	<b><u>51,43,019</u></b>	<b><u>23,92,130</u></b>
<b>Total (C)=(A)+(B)</b>	<b><u>52,18,325</u></b>	<b><u>24,53,105</u></b>

**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-13 CURRENT LIABILITIES**

<b>Particulars</b>	<b>As at Mar 31, 2018</b>	<b>As at Mar 31, 2017</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
Agents' Balances	1,73,623	46,607
Balances due to other insurance companies	29,00,879	8,82,806
Deposit held on reinsurance ceded	26,272	-
Premium Received in Advance	68,392	94,557
Unallocated Premium	3,29,369	2,11,079
Unclaimed Amount of Policy Holders	2,32,328	2,44,711
Interest payable to Unclaimed Amount of Policy Holders	35,252	
Sundry creditors	2,00,498	2,98,913
Due to subsidiaries/holding company	-	-
Claims outstanding	1,81,89,025	1,54,26,820
Claims Outstanding - Motor Pool	9,16,357	12,68,888
Due to Officers/Directors	-	-
Others		
- Cash Call Advances Received	-	-
- Service Tax/GST payable	48,578	3,896
- Statutory Dues	39,878	72,315
- Rent Equilisation Reserve	16,454	15,227
- Expenses Payable	7,79,775	4,96,785
- Stale Cheques	-	-
- Employee related	2,01,608	1,86,612
- Claims approved but not paid	93,824	61,601
- Solatium Fund	-	-
- Motor Pool	-	-
- Declined Pool	5,16,908	5,16,908
- Interest Payable - Debentures	1,19,619	-
<b>Total</b>	<b>2,48,88,639</b>	<b>1,98,27,725</b>

**SCHEDULE-14 PROVISIONS**

Particulars	As at Mar 31, 2018 <u>(Rs. '000)</u>	As at Mar 31, 2017 <u>(Rs. '000)</u>
Reserve for Unexpired Risk	63,38,392	57,89,369
Reserve for Premium Deficiency	22,411	12,065
For taxation	-	-
(Less advance tax paid and taxes deducted at source)	-	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Others	-	-
- Employee Benefits	37,646	1,02,994
<b>Total</b>	<b><u>63,98,449</u></b>	<b><u>59,04,428</u></b>

**SCHEDULE-15 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)**

Particulars	As at Mar 31, 2018 <u>(Rs. '000)</u>	As at Mar 31, 2017 <u>(Rs. '000)</u>
Discount allowed in issue of shares/debentures	-	-
Others	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>

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**BHARTI AXA GENERAL INSURANCE COMPANY LIMITED**

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**SCHEDULE 16****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR PERIOD ENDED MARCH 31, 2018****1. Background**

Bharti AXA General Insurance Company Limited ('the Company') was incorporated under the provisions of the Companies Act, 1956 on July 13, 2007 and is a joint venture between AXA and Bharti group to undertake and carry on the business of General Insurance. The Company obtained regulatory approval from the Insurance Regulatory and Development Authority "IRDA" on June 27, 2008 to undertake General Insurance business in various lines of business like fire, marine, motor, liability, engineering, accident, health, workmen compensation etc. and the Company holds a valid certification of registration.

**2. Significant accounting policies****2.1. Basis of Preparation of financial statements**

The financial statements are prepared under the historical cost convention unless otherwise stated and on the accrual basis of accounting in accordance with the generally accepted accounting principles and in accordance with the statutory requirements prescribed under the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('The Regulations'), Insurance laws amendment act 2015 and orders and directions issued by the IRDA in this behalf, the Companies Act 2013, to the extent applicable and comply with the notified accounting standards under section 133 of Companies Act 2013 and Companies (Accounting Standards) Amendment Rules, 2016. The Financial statements are prepared in Indian rupees rounded off to the nearest thousands.

**2.2. Use of estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities as at the balance sheet date. The estimates and assumptions used in the accompanying financial statements are based on the management's evaluation of the relevant facts and circumstances as on date of financial statements. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results may differ from the estimates and assumptions and any revision to accounting estimates is recognized in the year in which they actually materialize.

**2.3. Revenue recognition****Premium Income**

Premium (net of service tax/GST), including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the period of risk or contract period after adjusting for unearned premium based on 1/365 method. Any subsequent revision to premium is recognized over the remaining period of risk. Adjustments to premium, arising on cancellation of policies are recognized in the year of cancellation.

**Income from reinsurance ceded**

Commission on Reinsurance ceded is recognized as Income in the period of year in which risk is ceded. Profit commission under reinsurance treaties, where ever applicable, is recognized in the year in which the same is determined and agreed with the reinsurer.

**Premium received in advance**

This represents Premium received during the year, where the risk commences subsequent to the balance sheet date.

**Income earned on investments****Interest/Rental income**

Interest and rental income on investments are recognized on an accrual basis.

**Realized gains or losses**

Realized gain or loss in respect of securities, is the difference between the sale consideration and the amortized cost (determined on weighted average basis) in the books of the Company on the date of sale. In case of listed equity shares/mutual funds, the profit or loss on sale includes accumulated changes in the fair value previously recognized under the head Fair Value Change Account (FVCA) and the same is carried to the Profit and Loss Account on actual sale of those listed equity shares/mutual funds. Sale consideration for the purpose of realized gains or loss is net of brokerage or taxes and excludes interest received on sale.

**Dividend income**

Dividend income is recognized when the right to receive the dividend is established. Dividend income in respect of listed equity shares is recognized on ex-dividend date

**Premium / discount on purchase of investments**

Premium or discount on acquisition, as the case may be, in respect of debt securities, is amortized/ accreted on constant yield to maturity basis over the period of holding.

**Allocation of income from investments and other income**

Income earned from investments including fixed deposits with bank and other income relatable to policyholders and shareholders investments are credited to Revenue Accounts and Profit & Loss account respectively. Further, income from investments related to policyholder investments is allocated to the lines of business in proportion of their respective Net Written Premium.

**2.4. Reinsurance premium**

Premium ceded in respect of proportional reinsurance is accounted for in the year in which the premium is recognized. Premium ceded in respect of non-proportional reinsurance is recognized when incurred and due. Any subsequent revision of reinsurance premium/adjustment to premium arising on cancellation of policies is recognized in the year in which it occurs.

## **2.5. Reinsurance accepted**

Reinsurance Inward acceptances are accounted for on the basis of binding slips, to the extent received, from the insurers.

## **2.6. Acquisition costs**

Acquisition costs are those costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz., commission, brokerage, Motor insurance service providers, Rewards and Remuneration. These cost are expensed in the period in which they are incurred

## **2.7. Reserve for unexpired risk**

Reserve for unexpired risk is recognized net of reinsurance ceded on the basis of 1/365 method or risk period basis. For Fire, Marine cargo and Miscellaneous business it is calculated on a daily pro-rata basis, except in the case of Marine Hull business it is computed at 100% of net premium written on all unexpired policies on the balance sheet date. Reserve for unexpired risk on terrorism pool retrocessions are provided with 50% of the retrocessions booked

## **2.8. Premium deficiency**

Premium deficiency is recognized for the Company at segmental revenue account level when the sum of expected claim costs and related expenses exceed the reserve for unexpired risks. Assessment of expected claim cost and related expenses is duly certified by the Appointed Actuary in accordance with IRDAI (Assets, Liabilities and Solvency margin of General Insurance Business) Regulation, 2016

## **2.9. Claims incurred**

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

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

Estimated liability in respect of outstanding claims is provided on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience, based on estimates from surveyors/insured and in cases where claim payment period exceeds four years based on actuarial valuation. These estimates are modified for changes, as appropriate on availability of further information.

Estimated liability for outstanding claims at balance sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers. Where salvage is retained by the Company, the recoveries from sale of salvage are recognized at the time of sale.

## **2.10. Incurred but not reported (I.B.N.R.) and incurred but not enough reported (I.B.N.E.R.)**

IBNR represents the amount of all claims that may have been incurred during the accounting period but have not been reported or claimed. IBNER includes provision, if any, required for claims incurred but not enough reported. Liability for IBNR/IBNER is based on an actuarial estimate duly certified by the appointed actuary in compliance with the guidelines issued by the Institute of Actuaries of India in concurrence with IRDA.



## 2.11. Operating expenses related to the insurance business

Operating expenses related to the insurance business are allocated to specific business segments on the basis of:

- Expenses which are directly identifiable to the business segments are on actual basis.
- Certain expenses based on their nature are allocated based on the correlation these bear to the level of activity, of the segment as determined by the management.
- Other expenses which are not directly identifiable are apportioned on the basis of Net Written Premium.

## 2.12. Property, Plant and Equipment and Depreciation/Amortisation

### (A) Tangible assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use, net of CENVAT/GST recoverable. Subsequent expenditure related to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are recognized in the revenue account while incurred.

### (B) Intangible assets

Intangible assets are stated at cost less amortization. Intangible assets comprising computer software including improvements, server software and license fee for operating system are amortized over a period of 4 years, being the management's estimate of the useful life of such intangibles

### (C) Capital Work in Progress and Advances

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses and advances paid for purchase of fixed assets

### (D) Depreciation / Amortisation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) based on management's assessment of the estimated useful life, reviewed/revised in conjunction with the Schedule II of the Companies Act 2013, of the assets which is as follows:

<b>Asset category</b>	<b>Useful life as per Schedule II (In Years)</b>	<b>Management Estimate of Useful Life (in years )</b>
Intangibles	4	4
Building	60	60
Leasehold Improvements		
a. Temporary structures	3	Lower of Primary Lease period or 3 Years
b. Electrical Equipments	10	Lower of Primary Lease period or 6 Years
Furniture, Fixtures & Equipments	10	6

Information Technology Equipment		
a. Servers and networks	6	4
b. End user devices	3	3
Vehicles	8	4
Office Equipment	5	5

Depreciation is provided on pro rata basis from/to the day in which the asset is acquired or put to use/disposed off.

All assets including intangibles individually costing less than 5,000 rupees are fully depreciated in the year of addition.

### **2.13. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognized in the Profit and Loss Account. If, at the reporting date, there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is reinstated to that effect.

### **2.14. Leases**

#### **i) Finance leases**

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

Leased assets capitalized under finance lease are depreciated on a straight line basis over the lease term unless the period derived on the basis of straight line method rates prescribed in Schedule II to the Companies Act, 2013 is shorter.

#### **ii) Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the revenue account on a straight line basis over the lease term.

### **2.15. Investments**

Investments are recorded on settlement date at cost including brokerage, transfer charges, transaction charges as applicable if any and exclude pre-acquisition interest.

#### **Classification**

Investments maturing within twelve months from balance sheet date and 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.

Investments that are earmarked, are allocated separately to policyholder's or shareholder's, as applicable; balance investments are segregated at Shareholder's level and Policyholder's level notionally based on policyholder's funds and shareholder's funds at the end of period vide circular No IRDA /F&A/CIR/CPM/010/01/2017 dated 12<sup>th</sup> January 2017

## **Valuation:**

### **Equity shares**

Listed Equity shares are measured at fair value on the balance sheet date being the lower of the last quoted price at the National Stock Exchange of India and incase not listed on National stock exchange, then the last quoted price at the Bombay Stock Exchange Limited. Unlisted equity shares are stated at historical cost.

### **Debt securities**

All debt securities including government securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortization of premium or accretion of discount on constant yield to maturity basis over the period of holding / Maturity.

### **Mutual fund units**

Mutual fund investments are stated at their Net Asset Value ('NAV') declared by the respective funds at the balance sheet date.

### **Investment Properties – Real Estate**

Investment Properties- Real Estate are stated at historical cost less accumulated depreciation.

### **Investments other than those mentioned above are valued at cost.**

### **Fair Value Change Account**

Unrealized gains or losses arising due to changes in the fair value of listed equity shares mutual funds and AT1 bonds are taken under the head "Fair Value Change Account" (FVCA). The balance in the FVCA is not available for distribution as dividend.

### **Impairment of Investments**

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity, Investment property and units of mutual fund. The impairment loss, if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit & loss account and the investment is restated to that extent

## **2.16. Retirement and other employee benefits**

### **(A) SHORT TERM EMPLOYEE BENEFITS**

All Employee benefits payable within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, bonus and other short term benefits are recognized in the period which the employee renders the services. All short term employee benefits are accounted on undiscounted basis.

## **(B) LONG TERM EMPLOYEE BENEFITS**

The Company has both defined contribution and defined benefit plan. The plans are financed by the company and in the case of some defined contribution plans, by the company along with the employee

### **I. Defined contribution plan**

#### **i) Provident fund and family pension schemes**

These are defined contribution schemes and contributions are made to the Regional Provident Fund Authority at the prescribed percentage of salaries and are charged to the Profit and Loss Account and Revenue Account.

### **II. Defined benefit plan**

#### **i) Gratuity**

Gratuity, which is a defined benefit obligation, is provided on the basis of actuarial valuation using the projected unit credit method as at the balance sheet date and is recognized in the Profit and Loss Account and Revenue Account.

#### **ii) Compensated absences and leave entitlements**

Long term accumulating leave entitlements are provided on the basis of actuarial valuation using the projected unit credit method as at the balance sheet date. Short term compensated absences are provided for based on management estimates. Actuarial gains/losses are immediately taken to Revenue Account.

#### **iii) Other Long term benefits**

##### **Long term incentive plan**

The Company has a Long Term Incentive Plan ('LTIP') for selected employees. The plan is a discretionary deferred compensation plan with a vesting period of three years from the year of first entitlement of an employee. Provision for LTIP liability is accrued and provided for on the basis of actuarial valuation made at the balance sheet date. Once, the liability under the plan is vested on employees, it is carried as liability in the balance sheet till the final disbursement. The value of such incentive is based on the Company performance measured on specified key performance indicators.

## **2.17. Foreign currency transactions**

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

At each reporting date, the monetary items denominated in foreign currencies are converted into rupee equivalent at the end of the reporting year exchange rates.

All exchange differences arising on settlement/ conversions on foreign currency transactions are included in the revenue account.

## **2.18. Contributions to terrorism pool**

In accordance with the requirements of the IRDAI, the Company, together with other direct insurance companies, participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India (GIC). The Company cedes 100% of its terrorism premium to GIC. 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 statements received from the GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC

## **2.19. Indian motor third party declined risk insurance pool for commercial vehicles**

- a) The IRDA had vide order Ref. IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011 required general insurers to participate in the Indian Motor Third Party Declined Risk Insurance Pool (Declined pool) with effect from April 1, 2012. The Declined pool applies to the insurance of standalone third party cover of commercial vehicles and is administered by General Insurance Corporation of India (GIC).
- b) The Order requires all general insurers to underwrite a minimum percentage of Standalone (Act only) commercial vehicle motor third party insurance which shall be in proportion to the sum of fifty per cent of the Company's percentage share in total gross direct premium and fifty per cent of the total motor premium of the industry in the current financial year. The derived percentage would be multiplied with the total amount of standalone (Act only) third party premium of commercial vehicles of all the general insurers taken together in the current year.
- c) Insurers are required to fulfill their obligations by writing the business directly. However, in case the insurer is unable to underwrite the business based on its underwriting guidelines it can cede the same to the declined pool. However, insurers are required to retain 20% of the risk with themselves and cede the balance (after obligatory cession to GIC) to the declined pool.
- d) The declined pool is to be extinguished at the end of every underwriting year on a clean cut basis by transferring the risks at par to the members who have not fulfilled their obligations. Such transfer would be in proportion of the shortfall of each member.
- e) The Company's share of premium, claims, reinsurance commissions and expenses if any of the pool is recorded as inward reinsurance business based on the returns submitted by GIC under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous Revenue Account. Unexpired risks reserve is provided for at 50% of net premium of such inward reinsurance business. IBNR and IBNER determined by GIC are subject to clearance from IRDA. Pending such clearance, IBNR/IBNER is recorded based on GIC's determination.
- f) The Indian Motor Third Party Declined Risk Insurance Pool was dismantled with effect 31<sup>st</sup> March 2015.

## **2.20. 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 in its meeting held on February 4, 2005, the Company provides 0.1% of total third party premium of all Motor Policies (excluding the retro cession on the motor third party for commercial vehicles) towards contribution to the Solatium Fund.

## **2.21. Income taxes**

Tax expense comprises current tax and deferred tax.

### **Current tax**

The Company provides for income tax on the basis of taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

### **Deferred tax**

Deferred income tax reflects the impact of current timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## **2.22. Service tax/Goods and Service tax(GST)**

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward for adjustments in subsequent years. Service tax paid for eligible input services not recoverable by way of credits is recognized in the Revenue Account(s) or Profit & Loss Account, wherever applicable.

With effect from 1<sup>st</sup> July 2017, Service Tax has been subsumed into the GST. GST collected is considered as a liability against which GST paid for eligible input services, to the extent claimable, is adjusted and net liability is remitted to the appropriate authority as stipulated. Unutilized credit, if any, are carried forward for adjustments in subsequent years. GST for input services which are ineligible is recognized in Revenue Account(s) or Profit and Loss Account, wherever applicable.

## **2.23. Provisions and contingent liabilities**

A provision is recognized when an enterprise has a present obligation as a result of 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 values and are determined on their best estimates required to settle the obligation at the balance sheet date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated.

A disclosure for contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may come 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.

## 2.24. Earnings per Share

The basic earnings per share is computed by dividing the profit/(loss) after tax in the Profit and Loss account by weighted average number of equity shares outstanding during the year.

## 2.25. Borrowing Costs

Borrowing costs are accrued based on coupon rate and charged to the Profit and Loss account in the period in which they are incurred.

## 2.26. Share issue expenses

Share issue expenses are adjusted against share premium account.

# 3 Notes to accounts

## 3.1. Contingent liabilities

Particulars	As at March 31, 2018 (Rs. '000)	As at March 31, 2017 (Rs. '000)
Partly paid up investments	Nil	Nil
Underwriting commitments Outstanding	Nil	Nil
Claims other than those under policies not acknowledged as debts	Nil	Nil
Claims under policies not acknowledged as debts	Nil	Nil
Guarantees given by or on behalf of the Company	Nil	Nil
Statutory demands/liabilities in dispute, not provided for (As per Table below)	26,940	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Others(excluding interest and penalty if any)	Nil	Nil

Show Cause Notices issued by various Government Authorities are not considered as Obligation. When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as disputed obligations.

Particulars	Period	Demand (Rs. 000)	Remarks
Order has been received from the	From Oct 2007 to	14,280/-	Company has filed

service tax officer raising demand for the following grounds; Service tax on services provided to SEZ units and J&K, Reversal on CENVAT credit under Rule 6(3) of Credit Rules and other identified input services, Short payment of service tax under sponsorship services.	Sep 2011		an appeal before the Commissioner of Service Tax on 06th October, 2017
Order has been received from the service tax officer raising demand for the following grounds;  Ineligibility of credit of service tax paid for the abandoned project, Service tax on employee health policies issued to SEZ units, Service tax on services provided in J&K, Eligibility of credit on identified input services.	Oct 2011 to Mar 2013	12,831/-	Company has filed an appeal before the Commissioner of Service Tax on 06th October, 2017
<b>Total</b>		<b>26,111/-</b>	

#### **ASSESSMENT ORDER received from Income tax department**

- The Company has received an assessment order for assessment year 2013-14 and 2014-15. The Assessing Officer ("AO") has concluded assessment based on the information received from DGCEI, Chennai zone unit disallowing marketing expenses paid to various automobile dealers of Rs.11,29,795 ('000),/- for both the assessment years. However, there is no tax liability due to brought forward loss. The Company has preferred an appeal in this matter with CIT (Appeals)
- Based on the above, AO has issued show cause notices for imposing penalty under section 271(1) (c) of the Income Tax Act, 1961. The Company has replied to the Assessing Officer to keep the matter in abeyance till the matters are disposed off by CIT (Appeals).
- Our legal counsel is of the opinion that the probability of devolution of above liabilities are remote.

### **3.2. Encumbrances on assets**

The assets of the Company are free from all encumbrances [As at March 31, 2017 Rs. Nil].

No assets of the Company are subject to restructuring.

### **3.3. Capital commitments**

- a) There are no commitments made and outstanding for Investments and Loans.
- b) Estimated amount of contracts remaining to be executed on capital account, to the extent not provided for as at March 31, 2018 is Rs.10,276 ('000) net of advances [as at March 31, 2017 Rs. 7,504 ('000) ].



### 3.4. Claims

All Claims net of reinsurance are incurred in India.

Claims net of salvage, paid to claimants in / outside India:

Particulars	Year ended March 31, 2018 (Rs. '000)	Year Ended March 31, 2017 (Rs. '000)
In India	8,807,369	11,769,424
Outside India	15,591	897,735
<b>Total</b>	<b>8,822,960</b>	<b>12,667,159</b>

**The Ageing of Gross Claims outstanding (Unsettled) is as under:**

Particulars	As at March 31, 2018 (Rs. '000)	As at March 31, 2017 (Rs. '000)
Outstanding for Less than Six Months	24,92,686	1,657,851
Outstanding for more than Six Months	82,92,645	9,704,705
<b>Total</b>	<b>10,785,331</b>	<b>11,362,556</b>

The above details does not include the claims outstanding /IBNR pertaining to Indian Motor Third Party Insurance Motor (IMTPIP) Pool Rs. 1,656,177 ('000) [as at March 31, 2017 Rs. ('000) 2,032,597], declined pool claims retained in books as at March 31, 2018 Rs ('000) NIL [as at March 31, 2017 Rs. ('000) NIL ] and IBNR/IBNER for all lines of business Rs. ('000) 10,553,193 [as at March 31, 2017 Rs. ('000) 7,658,556 ].

There are no claims that have been settled and remaining unpaid for a period of more than six months as at March 31, 2018.

As per circular F&A/CIR/017/May-04, the claims made in respect of contracts where claims payments period exceeds four years, are required to be recognized on actuarial basis. Accordingly, the appointed actuary has certified the fairness of the liability assessment, assuming 'Nil' discount rate.

### 3.5. Premium

Premium net of reinsurance is written and received in India.

Premium on varying risk pattern - NIL

### 3.6. Premium deficiency reserve, IBNR/IBNER and provision for free look period

The appointed actuary has certified to the Company that actuarial estimates for Premium deficiency reserve and IBNR (including IBNER) are in compliance with the IRDA (Assets , Liabilities and Solvency Margin of General Insurance Business ) Regulations 2016 and the guidelines issued by the Institute of Actuaries of India.

Depending upon the Business segment, a suitable actuarial method like Basic Chain Ladder Method, Average Cost per Claim Method, Bornhuetter Ferguson Method, or a mixture of these have been used for IBNR calculations.

#### **Claims outstanding for more than four years**

As IBNR with respect to these open claims are already included in the Total IBNR; therefore, no additional provision is required separately for claims older than four years.

#### **Provision for free look period**

The Appointed Actuary has certified that the free look policies are part of the claim liabilities and are accordingly included in the projection of ultimate amount of claims and hence IBNR.

### **3.7. Extent of risk retained and reinsured**

Extent of risk retained and reinsured based on Gross written premium (excluding excess of loss and catastrophe reinsurance).

Line of Business	Year ended March 31, 2018		Year ended March 31, 2017	
	Ceded Ratio (%)	Retained Ratio (%)	Ceded Ratio (%)	Retained Ratio (%)
Fire	58	42	79	21
Marine Cargo	43	57	34	66
Motor	5	95	5	95
Workmen compensation	5	95	5	95
Public Liability	43	57	46	54
Engineering	68	32	70	30
Personal Accident	5	95	5	95
Health Insurance	12	88	5	95
Crop Insurance	80	20	-	-
Others	61	39	52	48
<b>Total</b>	<b>26</b>	<b>74</b>	<b>11</b>	<b>89</b>

### **3.8. Investments**

Value of contracts in relation to investments for:

Purchases where deliveries are pending – 50,361 thousand (previous year:- NIL) and  
Sales where deliveries are pending – 50,418 thousand (previous year: ` NIL).

All Investments are made in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) Regulations, 2016 and are performing investments.

The historical cost of Investments in Mutual Fund and Equity which are valued on fair value basis is Rs 1,28,819 ('000) [as at March 31, 2017 Rs. ('000) 5,39,717]. (excluding Policyholders excess)

**(Amount '000)**

Particulars	As on March 31, 2018		As on March 31, 2017	
	Fair value	Book value	Fair value	Book value
Shareholders' Investment	44,008	40,023	36,073	31,676
Policyholders Investment	84,578	88,796	5,08,925	5,08,041
<b>Total</b>	<b>1,28,585</b>	<b>1,28,819</b>	<b>5,44,998</b>	<b>5,39,717</b>

### 3.9. Investment property

During the financial year, the Company has purchased commercial property at "Parinee Crescenzo" Bandra Kurla Complex, Mumbai and same has been classified under Investment property – Real Estate in accordance with IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000. The depreciation on the same for the period amounts to Rupees 6,044 ('000") which is adjusted against the Investment Income.

**3.10.** There are no amounts required to be transferred to the Investor Education and Protection Fund by the company for the year ended March 31, 2018.

### 3.11. Sector wise business [based On gross direct written premium]

Amount '(000)

Business Sector	For the year ended March 31, 2018		For the year ended March 31, 2017	
	GDPI	% of GDPI	GDPI	% of GDPI
Rural	5,053,582	29	1,015,185	8
Urban	12,482,228	71	12,125,751	92
<b>Total</b>	<b>17,535,810</b>	<b>100</b>	<b>13,140,936</b>	<b>100</b>
<b>Statutory Limit*</b>		<b>7</b>		<b>7</b>

\*Statutory Limit under Insurance Regulatory and Development Authority of India (Obligations of Insurers to Rural and Social Sectors) Regulations , 2015  
 Rural GDPI of FY 2017-18 includes crop insurance premium of 3,794,553 ('000)

Social sector	For the year ended March 31, 2018	For the year ended March 31, 2017
Number of lives	980,385	61,413
GDPI(RS.'000)	3,794,897	1,338

### 3.12. Computation of managerial remuneration

A. The details of remuneration of MD and CEO as per the terms of appointment are as under:

<b>Details of Payment</b>	<b>For the Year ended March 31, 2018 (Rs. in '000)</b>	<b>For the Year ended March 31, 2017 (Rs. in '000)</b>
Salary and allowances	12,644	12,223
Provident fund	640	625
Bonus* and Long Term Incentive Paid	13,231	(3,240)
Perquisites	33	1,223
AXA performance shares	-	(2978)
<b>Total</b>	<b>26,548</b>	<b>7,854</b>

Recovery of relocation expenses , bonus paid , AXA Performance shares provided in the earlier year from Mr Deepak Iyer has been credited to Employee remuneration and welfare benefits in revenue account.

\* Bonus provided above in Financial year 2017-18 includes provisional Bonus

Managerial remuneration in excess of Rupees 15,000 (`000) [ Rs. 11,548 `000 (previous year Rs. 6,351], for MD & CEO has been charged to profit and loss account.

**Note:** Expenses towards gratuity funding, leave encashment provision and long term incentive plan are determined actuarially on the overall company basis annually and accordingly have not been considered in the above information.

- B. The details of remuneration of Key Management Persons as per guidelines issued by IRDAI vide Ref no IRDA/F&A/GDL/CG/100/05/2016 dated May 16, 2016 and as per terms of appointment of Company are as under:

<b>Details of Payment</b>	<b>For the Year ended March 31, 2018 (Rs. in '000)</b>	<b>For the Year ended March 31, 2017 (Rs. in '000)</b>
Salary and allowances	43,627	48,844
Provident fund	2,557	3,872
Bonus* and Long Term Incentive Paid	30,898	8,611
Perquisites	1,229	29
AXA performance shares	-	-
<b>Total</b>	<b>78,311</b>	<b>61,356</b>

\* Bonus provided above in Financial year 2017-18 includes provisional Bonus

**Note:** Expenses towards gratuity funding, leave encashment provision and long term incentive plan are determined actuarially on the overall company basis annually and accordingly have not been considered in the above information.

### 3.13. Property , Plant and Equipment

Previous year depreciation includes Rupees 2,072 thousand representing provision for assets not found and damaged during physical verification of assets. During the year, Company has discarded fixed assets on the basis of the physical verification conducted in current year and excess provisional depreciation on such assets, provided in previous year, has been reversed to the extent unapplied.

The Company does not have any assets in its books where the useful life of the component is different than the useful life of the principal asset and the company depreciates the entire asset.

### 3.14. Segment reporting

The Company's primary reportable segments are business segments, which have been identified in accordance with the IRDAI Regulations Segment revenue and results have been disclosed in the financial statements in **Annexure -I**. There are no reportable geographical segments since the Company provides services only to customers in the Indian market or to Indian interests overseas and does not distinguish any reportable regions within India.

### 3.15. Related party disclosure

As certified by the management and relied upon by the Auditor.

#### List of Related Parties

A. <u>Entity Name</u>	<u>Relationship</u>
<ul style="list-style-type: none"> <li>Bharti General Private Limited (formerly known as GIBA Holdings Private Limited)</li> <li>Societe Beaujon</li> <li>AXA SA</li> <li>AXA Business Services Private Limited</li> </ul>	<p>Holding Company</p> <p>Significant Influence</p> <p>Significant Influence</p> <p>Common Director</p>
B. <u>Key Management Personnel</u>	
<ul style="list-style-type: none"> <li>Sanjeev Srinivasan – CEO &amp; Managing Director</li> </ul>	
C. <u>Related Party disclosure have been set out in <b>Annexure-II</b></u>	

### 3.16. Group entities with which the company had transactions during the year

- Bharti Airtel Limited
- Bharti Infratel Limited
- AXA Assistance India Private Limited
- AXA Asia
- AXA Corporate Solution Reassurance
- BOI AXA Investment Managers Private Limited
- Bharti AXA Life Insurance Company Limited
- Bharti Life Ventures Private Limited
- Airtel Payments Bank Limited
- Bharti (RBM) Holding Private Limited
- Bharti (SBM) Holdings Private Limited
- Bharti Enterprises Limited
- Bharti Foundation
- Bharti Retail Limited
- Bharti Telemedia Limited
- DM Buildwell Private Limited
- Field Fresh Foods Private Limited
- Gourmet Investment Private Limited

- Micro Insurance Services Private Limited

### 3.17. Outsourcing, business development and marketing support expenses:

Expenses relating to outsourcing, business development and marketing support are:

Particulars	For the year ended March 31, 2018 (Rs. In '000)	For the year ended March 31, 2017 (Rs. in '000)
Outsourcing costs	104,021	281,760
Business Development and marketing support expenses	147,974	115,714
<b>Total</b>	<b>251,995</b>	<b>397,474</b>

### 3.18. Expenses of Management

The company has allocated expenses of management as per the policy approved by the board of directors dated 7<sup>th</sup> March, 2018

In accordance with the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses of Rs. 1,116,882 thousand in excess of segmental limits pertaining to Motor & Health segment has been moved from revenue account to profit & Loss account.

### 3.19. Accounting ratios

Sr.No	Performance Ratio	Ratios for the year ended March 31, 2018 (in %)			
		Total	Fire	Marine	Misc
1	<b>Gross Direct Premium Growth Rate (Segment wise)</b>	33%	23%	29%	34%
	Gross direct premium for the current year/				
	Gross direct premium for the previous year				
2	<b>Gross Direct Premium to Net Worth Ratio</b>				
	Gross direct premium for the current year /	3.39			
	Paid Up Capital and free reserves				
3	<b>Growth rate of Net Worth</b>				
	Net Worth as at the Current Balance Sheet date / Net Worth as	(15%)			

	at the previous Balance sheet date				
4	<b>Net Retention Ratio (Segment wise)</b>	72%	31%	47%	74%
	Net written premium / Gross direct premium+RI Acceptance				
5	<b>Net Commission Ratio (Segment wise)</b>	5%	(11%)	8%	5%
	Gross Commission Paid net of reinsurance commission /				
	Net written premium				
6	<b>Expense of Management to Gross Direct Premium Ratio</b>	27%	18%	27%	27%
	Expenses of Management plus direct commissions paid/				
	Gross direct premium				
7	<b>Expense of Management to Net Written Premium Ratio</b>	37%	46%	55%	37%
	Expenses of Management plus direct commissions paid/				
	Net Written Premium				
8	<b>Net Incurred Claims to Net Earned Premium</b>	83%	64%	96%	83%
	Net Incurred Claims / Net Earned Premium				
9	<b>Combined Ratio</b>	116%			
	(Net Incurred Claims/NEP)+(Expenses of Management incl net commission/NWP)				
10	<b>Technical Reserves to net premium ratio</b>	2.10			
	(URR + Reserve for Premium Deficiency + Reserve for outstanding claims including IBNR				

	and IBNER)/				
	Net Written Premium				
11	<b>Underwriting balance ratio</b>	(0.18)	(0.06)	(0.46)	(0.18)
	Underwriting profit/ loss / Net earned premium				
12	<b>Operating profit ratio</b>	1%	36%	-26%	1%
	Underwriting profit/ loss plus investment income / net earned premium				
13	<b>Liquid Assets to liabilities ratio</b>	0.24			
	Liquid Assets of the Insurer / Policy Holders Liabilities				
14	<b>Net earnings ratio</b>	(7%)			
	Profit after tax/ net premium				
15	<b>Return on net worth ratio</b>	(18%)			
	Profit after tax/ networth				
16	<b>Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio</b>	1.86			
17	<b>NPA ratio</b>	NA			

Sr. No	Ratios For Non-Life Companies for the period ended March 31, 2018	Motor	Workmen's Compensation	Public Liability	Engineering	Personal Accident	Health	Crop	Others	Misc
										Total
1	<b>Gross Direct Premium Growth Rate (Segment wise)</b>	-3%	24%	12%	21%	5%	100%	-	-13%	34%
	Gross direct premium for the current year/ Gross direct									



	premium for the previous year									
4	<b>Net Retention Ratio (Segment wise)</b>	94%	89%	54%	24%	93%	88%	17%	31%	74%
	Net written premium / Gross direct premium+RI Acceptance									
5	<b>Net Commission Ratio (Segment wise)</b>	8%	12%	9%	-22%	7%	4%	-37%	-6%	5%
	Gross Commission Paid net of reinsurance commission /									
	Net written premium									

Sr.No	Performance Ratio	Ratios for the year ended March 31, 2017 (in %)			
		Total	Fire	Marine	Misc
1	<b>Gross Direct Premium Growth Rate (Segment wise)</b>	3%	(20%)	(6%)	5%
	Gross direct premium for the current year/				
	Gross direct premium for the previous year				
2	<b>Gross Direct Premium to Net Worth Ratio</b>	2.15			
	Gross direct premium for the current year /				
	Paid Up Capital and free reserves				
3	<b>Growth rate of Net Worth</b>	(11%)			
	Net Worth as at the Current Balance Sheet date /				

	Net Worth as at the previous Balance sheet date				
4	<b>Net Retention Ratio (Segment wise)</b>	88%	18%	56%	92%
	Net written premium / Gross direct premium+RI Acceptance				
5	<b>Net Commission Ratio (Segment wise)</b>	3%	(23%)	10%	3%
	Gross Commission Paid net of reinsurance commission /				
	Net written premium				
6	<b>Expense of Management to Gross Direct Premium Ratio</b>	34%	41%	30%	34%
	Expenses of Management plus direct commissions paid/				
	Gross direct premium				
7	<b>Expense of Management to Net Written Premium Ratio</b>	39%	193%	49%	37%
	Expenses of Management plus direct commissions paid/				
	Net Written Premium				
8	<b>Net Incurred Claims to Net Earned Premium</b>	87%	86%	70%	87%
	Net Incurred Claims / Net Earned Premium				
9	<b>Combined Ratio</b>	124%			
	(Net Incurred Claims/NEP)+(Expenses of Management incl net commission/NWP)				
10	<b>Technical Reserves to net premium ratio</b>	1.93			
	(URR + Reserve for Premium Deficiency + Reserve for outstanding claims including IBNR and IBNER)/				
	Net Written Premium				

11	<b>Underwriting balance ratio</b>	(0.25)	(1.40)	(0.05)	(0.24)
	Underwriting profit/ loss / Net earned premium				
12	<b>Operating profit ratio</b>	(2%)	(89%)	12%	(2%)
	Underwriting profit/ loss plus investment income / net earned premium				
13	<b>Liquid Assets to liabilities ratio</b>	0.38			
	Liquid Assets of the Insurer / Policy Holders Liabilities				
14	<b>Net earnings ratio</b>	(11%)			
	Profit after tax/ net premium				
15	<b>Return on net worth ratio</b>	(21%)			
	Profit after tax/ networkth				
16	<b>Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio</b>	1.65			
17	<b>NPA ratio</b>	NA			

Sr.No	Ratios For Non-Life Companies for the period ended March 31,2017	Motor	Workmen's Compensation	Public Liability	Engineering	Personal Accident	Health	Others	Misc
	Performance Ratio Segment								Total
1	<b>Gross Direct Premium Growth Rate (Segment wise)</b>	8%	-27%	8%	-43%	-16%	-19%	-9%	5%
	Gross direct premium for the current year/ Gross direct premium for the previous year								
2	<b>Net Retention Ratio (Segment</b>	94%	89%	50%	22%	93%	95%	37%	92%

3	<b>wise)</b>								
	Net written premium / Gross direct premium+RI Acceptance								
	<b>Net Commission Ratio (Segment wise)</b>	3%	7%	6%	-45%	10%	10%	-4%	3%
4	Gross Commission Paid net of reinsurance commission /								
	Net written premium								

#### Notes:

1. Ratios are computed as per definitions laid down by IRDA Master circular dated October 5, 2012 and corrigendum on master circular dated July 3, 2013
2. Net Premium represents Gross Direct Premium less reinsurance ceded.
3. Expenses of Management represent Operating expenses related to Insurance business only in case of each line of business.
4. Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income.
5. Liquid Assets represent Cash, Cash Equivalents and Short Term Investments.

### 3.20. Leases

#### i) Operating lease commitments

##### Office and residential premises

##### a) As Lessor

The details of minimum future rental towards non-cancellable lease agreements are as under:

<b>Particulars</b>	<b>As at March 31, 2018 (Rs. in '000)</b>	<b>As at March 31, 2017 (Rs. in '000)</b>
not later than one year	36,969	-
later than one but not later than five years	144,281	-
later than five years	-	-

An amount of Rs. 14,685 ('000) [Previous year Rs. Nil ('000)] has been recognized in Revenue Account.

##### b) As Lessee

The Company's significant leasing arrangements include agreements for office and residential premises. In respect of premises taken on operating lease, the lease agreements are generally mutually renewable.

The details of minimum future rental payable towards non-cancellable lease agreements are as under:

Particulars	As at March 31, 2018 (Rs. in '000)	As at March 31, 2017 (Rs. in '000)
not later than one year	134,757	116,035
later than one but not later than five years	430,004	230,974
later than five years	128,186	60,006

An amount of Rs. 142,965 ('000) [Previous year Rs. 143,653 ('000)] has been charged to Revenue Account.

## ii) Motor vehicles

The company takes vehicles on lease. The minimum lease payments to be made in future towards non- cancellable lease agreements are as follows:

Particulars	As at March 31, 2018 (Rs. in '000)	As at March 31, 2017 (Rs. in '000)
Payable not later than one year	2,853	3,393
Payable later than one but not later than five years	4,699	7,537

The aggregate operating lease rental, charged to the Revenue Account in the current year is Rs. 3,185 ('000) [Previous year Rs. 2,648 ('000)]. The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to the company to renew the lease or purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and it is not reasonably certain that the Company will exercise the option.

## 3.21. Earnings per share

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Profit/(Loss) attributable to the Equity Shareholders [A]	Rs. ( '000)	(926,299)	(1,286,336)
Number of Equity Shares at the beginning of the reporting year (par value of Rs 10 each)	No's	1,621,445,322	1,571,445,322
Shares issued during the reporting year	No's	Nil	50,000,000
Total number of equity shares outstanding at the end of the reporting year	No's	1,621,445,322	1,621,445,322
Weighted average number of equity shares outstanding during the end of the reporting year [B]	No's	1,621,445,322	1,609,116,555
Nominal Value of equity shares	Rs.	10	10

<b>Basic and Diluted Earnings per share [C= A/B]</b>	<b>Rs.</b>	<b>(0.57)</b>	<b>(0.80)</b>
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**3.22.** As per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) the Micro and Small Enterprises have been identified by the Company from the available information. Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is as follows:

<b>S.No.</b>	<b>Particulars</b>	<b>As at March 31, 2018 (Rs. '000)</b>	<b>As at March 31, 2017 (Rs. '000)</b>
i)	Principal amount due and remaining unpaid to any Supplier as at the end of reporting year	-	34
ii)	Interest due on principal amount remaining unpaid as at the end of reporting year	Nil	Nil
iii)	Amount of Interest along with principal amount paid to Supplier beyond due date of payment	Nil	Nil
iv)	Amount of interest accrued/ due and remaining unpaid at the end of reporting year	Nil	Nil
v)	Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

### **3.23 Deferred tax**

On a prudent and conservative basis and due to absence of virtual certainty of future taxable income, the deferred tax asset on unabsorbed business losses and depreciation has not been recognized as on the reporting date.

### **3.24 Retirement and other employee benefits**

#### **(a) Defined contribution plan**

The Company has recognized Rs. 52,731 ('000) [Previous year Rs. 48,584 ('000)] as Provident Fund contribution towards defined contribution plan as an expense in the Revenue and Profit and Loss Account.

#### **(b) Defined benefit plan**

The Company has a defined benefit gratuity plan. Every eligible employee is entitled to receive gratuity at 15 days salary (last drawn salary) for each completed year of service. Valuation in respect of Gratuity has been carried out by an independent actuary, as at the reporting date on the basis of Projected Unit Credit method.

The following tables summarize the components of net benefit/expense recognized in the Revenue Accounts/Profit and Loss Account and amounts recognized in the Balance Sheet for the gratuity (funded) and leave encashment plans (unfunded) respectively:

**i) Changes in present value of the defined benefit obligation are as follows:**

**a. Gratuity Defined benefit obligation**

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. ('000)	Rs. ('000)
Present value of obligations as at the beginning of the reporting year (A)	55,533	40,483
Current service cost (B)	13,969	13,212
Interest cost (C)	31,33	2,487
Actuarial loss/(gain) on obligation (D)	(502)	11,335
Benefits paid (E)	(15,248)	(11,984)
Present value of obligations as at the end of the reporting year (F=A+B+C+D+E)	56,885	55,533

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. ('000)	Rs. ('000)
Plans assets at period beginning, at fair value (A)	52,884	38,381
Actuarial Adjustment (B)		
Expected Return on Plan Assets (C)	2,962	2,876
Actuarial Gain /(Loss) (D)	386	433
Contributions (E)	67	23,178
Benefits Settled (F)	(15,248)	(11,984)
Plan Assets at Period End, at fair value [G=A+B+C+D+E+F+G]*	41,051	52,884

\*

Gratuity Fund was managed by Life Insurance Corporation of India (LIC) till 30<sup>th</sup> March, 2018. With effect from 31st March, 2018 onwards, the fund is managed by Bharti AXA Life Insurance company Limited. Individual investment wise details of the plan assets are not being provided by Fund Manager.

**Fair Value of assets and obligations**

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. ('000)	Rs. ('000)
Fair Value of Plan Assets (A)	41,051	52,884
Present value of Obligations (B)	56,885	55,533
Net Asset / (Liability) recognized in Balance Sheet (C = B – A)	(15,833)	(2,649)

**Net cost for the reporting year**

Particulars	Current Year	Previous Year
	Rs. ('000)	Rs. ('000)
Current Service Cost (A)	13,969	13,212
Interest Cost (B)	3,133	2,487
Actuarial loss/(gain) on obligation (C)	(502)	11,335
Actuarial (loss)/gain on plan assets (D)	(386)	(433)
Expected Return on Plan Assets (E)	(2,962)	(2,876)
Actuarial Adjustment (F)	-	-
Expenses recognized in Profit & Loss Account (G) =(A+B+C+D+E+F)	13252	23,725

## **b. Compensated absences**

### **i) Defined benefit obligation**

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. ('000)	Rs. ('000)
Present value of obligations as at the beginning of the reporting year (A)	69,405	42,220
Current service cost (B)	4,450	12,285
Interest cost (C)	4,456	2,312
Actuarial loss/(gain) on obligation (D)	(65,563)	32,902
Benefits paid (E)	(2,550)	(20,314)
Present value of obligations as at the end of the reporting year (F=A+B+C+D+E)	10,199	69,405

### **Net cost for the reporting year**

Particulars	Current Year	Previous Year
	Rs. ('000)	Rs. ('000)
Current Service Cost (A)	4,450	12,285
Interest Cost (B)	4,456	2,312
Actuarial loss/(gain) on obligation (c)	(65,563)	32,902
Expenses recognized in Profit & Loss Account D=(A+B+C)	(56,657)	47,499

During the year, the management has revised the Leave encashment policy, under the new policy, the employees are entitled to carry forward 10 days leave compared to 60 days earlier, and encashment was computed on the basic salary as compared to gross salary earlier. Due to change in policy, there is a reversal accounted in the financials for 56.657 “000 as per actuarial report

### **ii) Principal actuarial assumptions used in determining gratuity and compensated leaves absences-employment benefits.**



	For the year ended 31-Mar-18	For the year ended 31-Mar-17	For the year ended 31-Mar-16	For the year ended 31-Mar-15	For the year ended 31-Mar-14
Discount Rate	7.22%	6.54%	7.21%	7.82%	8.80%
Salary Increase	11%	14%	11%	11%	11%
Mortality rate	Mortality Rate Indian Assured Lives Mortality(2006-08)				
Estimated rate of returns on plan assets	6.54%	6.54%	7.21%	8.00%	8.00%
Retirement Age	58.00	58.00	58.00	58.00	58.00
Attrition Rate	24%	28%	35.50%	33%	29.70%

- (c) The Company has a Long Term Incentive Plan ('LTIP') for select employees. The plan is a discretionary deferred compensation plan with a vesting period of three years from the year of first entitlement of an employee. Provision for LTIP liability is accrued and provided for on the basis of actuarial valuation amounting to Rupees 14,077 (000) as at the reporting date. Once, the liability under the plan is vested on employees, it is carried as liability in the balance sheet till the final disbursement. The company

### 3.25 SUMMARY OF FINANCIAL STATEMENTS

Corresponding previous figures have been given wherever available / applicable. Disclosure in respect of summarized financial statements for the last five years has been compiled and presented hereunder:

S. No	Particulars	2017-18 (Rs '000)	2016-17 (Rs '000)	2015-16 (Rs '000)	2014-15 (Rs '000)	2013-14 (Rs '000)
	<b><u>OPERATING RESULTS</u></b>					
1	<b>Gross Written Premium *</b>	<b>17,716,892</b>	<b>13,259,600</b>	<b>12,845,220</b>	<b>14,741,511</b>	<b>14,333,860</b>
2	Net Premium Income	12,683,282	11,653,019	10,971,700	12,198,159	11,841,605
3	Income from Investments (net)	2,242,975	2,504,448	2,315,726	2,155,298	1,540,510
4	Other Income	27,901	9,089	13,106	7,603	2,196
5	<b>Total Income</b>	<b>1,49,54,158</b>	<b>14,166,556</b>	<b>13,300,532</b>	<b>14,361,060</b>	<b>13,384,311</b>
6	Commission (net)	614,439	381,344	326,931	298,272	349,044
7	Operating Expenses	3,633,401	3,947,521	4,893,535	4,737,498	3,992,396
8	Claims, Increase in Unexpired Risk Reserve and other outflows	10,635,994	10,099,548	10,099,756	10,477,337	9,698,265
9	<b>Operating Profit / (Loss)</b>	<b>70,326</b>	<b>(261,858)</b>	<b>(2,019,690)</b>	<b>(1,152,047)</b>	<b>(655,394)</b>
	<b><u>NON- OPERATING RESULTS</u></b>					
10	Total Income under share holders account	(996,625)	(1,024,478)	(22,688)	(29,823)	27,029
11	Profit / (Loss) before tax	(926,299)	(1,286,336)	(2,042,378)	(1,181,870)	(628,365)
12	Provision for tax	-	-	1,200	683	751

13	Profit / (Loss) after tax	(926,299)	(1,286,336)	(2,043,578)	(1,182,553)	(629,116)
	<b>MISCELLANEOUS</b>					
14	Policyholder's Account					
	Total Funds	26,749,763	28,685,792	28,363,510	5,581,554	4,278,127
	Total Investments	26,749,763	28,685,792	28,363,510	24,609,821	19,574,845
	Yield on Investments	8.64%	8.49%	8.87%	9.15%	9.01%
15	Shareholder's Account					
	Total Funds	5,177,737	6,104,035	6,890,372	7,394	28,363
	Total Investments	5,364,723	36,073	48,503	32,600	129,776
	Yield on Investments	6.31%	3.53%	3.04%	8.36%	8.53%
16	Paid up equity capital	16,214,453	16,214,453	15,714,453	12,386,685	9,765,515
17	Net worth	5,177,737	6,104,036	6,890,372	5,588,949	4,306,490
18	Total Assets	38,722,443	31,852,528	31,612,041	27,785,111	22,262,297
19	Yield on Total Investments	8.63%	8.57%	8.51%	9.15%	9.00%
20	Earnings Per Share - (INR Rs)	(0.57)	(0.80)	(1.58)	(1.09)	(0.70)
21	Book Value Per Share - (INR Rs)	3.19	3.76	4.39	4.51	4.41
22	Total Dividend	-	-	-	-	-
23	Dividend per Share	-	-	-	-	-

\* Gross Written Premium includes Re Insurance Inwards premium and Motor Pool & Terrorism Pool Premium  
 @ Policyholder's fund and Shareholders fund are calculated as per circular IRDA/F&A/CIR/CPM/056/03/2016 dated 4th April 2016

**3.26** The company does not have any long term contracts including derivative contracts wherein the company is required to make provision towards any foreseeable losses. Foreign currency exposure as at March 31, 2018 and March 31, 2017 that has not been hedged by any derivative instrument or otherwise is estimated as follows:

Particulars	Foreign Currency	As at March 31, 2018 (Foreign currency)	As at March 31, 2018 Rs. ('000)	As at March 31, 2017 (Foreign currency)	As at March 31, 2017 Rs. ('000)
Liabilities	EUR	Nil	Nil	115,988	8,041
Liabilities	USD	Nil	Nil	4,644,642	3,01,437
Asset	THB	Nil	Nil	4,680	9

**3.27 Disclosures on penal actions taken against the Company for the period April 1, 2017 to March 31, 2018**

Amt ("000)					
S.NO	Authority	Non-Compliance Violation	Penalty Awarded	Penalty Paid	Penalty Waived/Reduced

1.	Insurance Regulatory And Development Authority	Nil (4,000)	Nil (4,000)	Nil (4,000)	Nil (Nil)
2.	Service Tax Authorities	4,097 (7)	4,097 (7)	4,097 (7)	Nil (Nil)
3.	Income Tax Authorities	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4.	Any other Tax Authorities	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5.	Enforcement Directorate/Adjudicating Authority/Tribunal or any other Authority under FEMA	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6.	Registrar of Companies/NCLT/CLB/ Department of Corporate Affairs or any other Authority	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7.	Penalty Awarded by any Court/Tribunal for any matter including claim settlement but excluding compensation	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8.	Securities and Exchange Board of India	N.A (N.A)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9.	Competition commission of India	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10.	Any other Central/State/Local Government/Statutory Authority	None (None)	Nil (Nil)	Nil (Nil)	Nil (Nil)

### 3.28 Contributions to terrorism pool, solatium fund and environment relief fund

#### (a) Contribution to terrorism pool

The Company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year. Accordingly, as per the statement received from the Pool managers, the Company has recognized the pool retrocession for the three quarters ended December 31, 2017 including a provisional investment income as provided by GIC vide provisional statement as on 31<sup>st</sup> March 2018.

#### (b) Solatium fund

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

Vide letter dated July 26, 2010, the Council recommended the companies w.e.f April 1, 2010 to contribute 0.10% of all the third party premium written as Solatium Fund to the administrator on demand. However, during the year the Company has provided charge to the Revenue Accounts of Rs. ('000) 3,782 [Previous year Rs. ('000) 3,623] on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

#### (c) Contributions to environment relief fund

During the year, an amount of Rs. 822 ('000) [Previous year Rs. 617 ('000)] was collected towards Environment Relief Fund for public liability policies and an amount of Rs.697 ('000)

[Previous year Rs. 552 ('000)] 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.125 ('000) [Previous year Rs.65 ('000)] is included under Sundry Creditors in Schedule 13.

### 3.29 Solvency

The actual solvency ratio of the Company as at March 31, 2018 is 1.86 [Previous Year Ratio 1.65].  
(` in 000's)

Solvency Margin	At March 31, 2018	At March 31, 2017
Required solvency margin under IRDAI Regulations (A)	3,791,234	3,494,683
Available solvency margin (B)	7,069,452	5,758,764
Solvency ratio actual (times) (B/A)	1.86	1.65
Solvency ratio prescribed by Regulation	1.50	1.50

### 3.30 Unclaimed amount of policyholders

Pursuant to Circular No. IRDA/F&I/CIR/CMP/174/11/2010, dated November 4, 2010 the statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders is presented hereunder:

W.e.f. 1 April 2016 separate category of investments corresponding to the unclaimed amounts have been maintained and income of the fund is calculated on actual basis credited to policyholders' unclaimed amounts account. For this purpose these investments have been transferred at book value. The outstanding unclaimed amounts and the corresponding investments of the fund are disclosed in the balance sheet under Schedule 13 and Schedule 12 respectively as at 31<sup>st</sup> March 2018

[Amount in Rs. ('000)]

Authority	Total amount	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Sum due to the insured/policyholders on maturity or otherwise	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Any excess collection of the premium/tax or any charges which is refundable to the policyholders either as terms if conditions of the policy or as per law or as the case may be directed by the authority but not refunded so far.	75,152* (124,775)	- (26,113)	25,600 (22,335)	10,053 (18,660)	6,769 (15,295)	10,982 (16,065)	9,814 (-)	11,935 (26,307)
Cheques issued but	192,427*	31,957	52,050	11,385	12,641	12,208	9,949	62,238

not encashed by the policyholders/insured	(128,899)	(25,030)	(28,417)	(13,008)	(9,158)	(6,411)	(-)	(46,875)
---	-----------	----------	----------	----------	---------	---------	-----	----------

The above ageing include interest payable of Rs 35,252 ('000) on unclaimed amounts of policyholder.

	Rs. In Lakhs	Rs. In Lakhs
Particulars	Current Year	Previous Year
Opening Balance	2,447	1,880
Add: Amount transferred to Unclaimed Amount	1028	521
Add: Cheques issued out of the unclaimed amount but not encashed by the policy holders (To be included only when the cheques are Stale)	-	204
Add: Investment Income#	307	45
Less: Amount paid during the year*	1,107	204
Closing Balance of Unclaimed Amount	2,676	2,447

\* Amount paid includes reconciliation of Coinsurance, Reinsurance & corporate deposits which was earlier shown as unclaimed amount of policyholder

# Investment Income of current year includes unrealized gains of Rs. 110.55 lakhs pertaining to previous year.

### 3.31 Borrowings

During the financial year, the Company has raised ₹ 2,200,000 thousand through an issue of unlisted unsecured sub-ordinated fully paid up redeemable Non - Convertible Debentures bearing a coupon rate of 8.98% through private placements in the nature of Subordinated Debt which qualifies as other forms of capital under Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015.

Maturity Pattern from the date of issue

(₹ in 000's)

Maturity buckets	Borrowings
1 to 5 years	-
Above 5 years	2,200,000
<b>Total</b>	<b>2,200,000</b>

Gist of the terms of issue are as follows;

Type, Nature and Seniority of Instrument	Unsecured, subordinated, fully paid-up, unlisted, redeemable and non-convertible debentures
Face Value (per security)	₹ 10,00,000
Issue Size	₹ 2,200,000 thousand
Issue Date / Date of Allotment	August 23, 2017
Redemption Date	August 23, 2027
Call option Date	August 23, 2022
Coupon Rate	8.98% per annum
Credit Rating	"BWR AA" by Brickworks Ratings India and "[ICRA]AA-" by ICRA
Frequency of the Interest Payment	Annual

Section 71 of the companies Act, 2013 read with relevant rules require the company to create Debenture Redemption Reserve (DRR). However, since the company is not having any profits during the financial year and accordingly, Debenture Redemption Reserve has not been created

### 3.32 Transfer Pricing

The Income Tax Act, 1961 contains provisions for determination of arm's length price for international transactions between the Company and its associated enterprises as well as in respect of certain specified domestic transactions. The regulations envisage taxation of transactions which are not in consonance with the arms-length price so determined, maintenance of prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2017, the Company has complied with the said regulations. Documentations for the current year are in progress. Management believes that such transactions have been concluded on an arm's length basis and there would be no additional tax liability for the financial year ended March 31, 2018 as a result of such transactions.

**3.33** Previous year figures have been regrouped wherever necessary in conformity with the presentation followed in the current financial year.

### For and on behalf of the Board

**RAKESH BHARTI MITTAL**

(CHAIRMAN)  
DIN- 00042494

**JEAN, PAUL, DOMINIQUE, LOUIS DROUFFE**

(DIRECTOR)  
DIN- 07373856

**SANJEEV S**

(CHIEF EXECUTIVE OFFICER & MD)

**BHARAT SUMANT RAUT**

(INDEPENDENT DIRECTOR)  
DIN- 00066080

**NILESH KAMBLI**

(CHIEF FINANCIAL OFFICER)

### Vide our report of even date

**For Singhi & Co**

Chartered Accountants  
(Regn No.302049E)

**For M P Chitale & Co**

Chartered Accountants

**NIKHIL SINGHI**

(Partner)  
Membership No. 061567

**MURTUZA VAJIHI**

(Partner)

Bharti AXA General Insurance Company Limited

## Annexure I

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31 , 2018

Rs '000'

Particulars	Fire	Marine			Miscellaneous														Total
		Cargo	Others	Total	Motor	OD	Motor	TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	Miscellaneous Total	
Premium Earned (Net)	94,821	1,39,878	-	1,39,878	66,15,202		34,85,517		1,01,00,719	46,769	1,14,514	37,777	-	1,30,315	8,67,583	5,61,567	40,316	1,18,99,560	1,21,34,259
Profit on Sale of Investments	2,751	2,031	-	2,031	84,856		46,422		1,31,278	715	1,643	503	-	1,740	15,320	8,171	501	1,59,871	1,64,652
Interest and Dividend	34,544	25,504	-	25,504	10,65,635		5,82,973		16,48,608	8,980	20,632	6,319	-	21,856	1,92,389	1,02,612	6,291	20,07,687	20,67,736
Amortisation	177	131	-	131	5,456		2,985		8,441	46	106	32	-	112	985	525	32	10,279	10,587
Other Income (Including Terrorism pool income/expenses & Contribution to Solatium Fund )	3,170	47	-	47	3,874		(2,711)		1,162	16	38	3,228	-	40	353	188	12	5,038	8,256
Total Segmental Revenue	1,35,463	1,67,591	-	1,67,590	77,75,022		41,15,185		1,18,90,208	56,526	1,36,932	47,859	-	1,54,064	10,76,631	6,73,064	47,152	1,40,82,435	1,43,85,489
Claims Incurred (Net)	60,563	1,34,642	-	1,34,642	48,08,610		34,47,343		82,55,953	37,324	(29,831)	46,160	-	1,31,352	8,51,548	4,77,600	1,02,015	98,72,120	1,00,67,325
Commission Paid (Net)	(26,148)	12,270	-	12,270	8,02,044		(2,230)		7,99,814	6,648	11,417	(9,940)	-	9,098	44,484	(2,30,879)	(2,324)	6,28,316	6,14,439
Operating Expenses related to Insurance	66,530	57,341	-	57,341	18,08,380		9,89,304		27,97,684	17,504	39,323	20,170	-	46,027	3,49,230	1,61,018	78,573	35,09,528	36,33,401
Total Segmental Expenditure	1,00,945	2,04,253	-	2,04,253	74,19,034		44,34,417		1,18,53,450	61,476	20,909	56,390	-	1,86,477	12,45,261	4,07,738	1,78,264	1,40,09,964	1,43,15,161
Segmental Profit	34,518	(36,663)	-	(36,663)	3,55,989		(3,19,231)		36,757	(4,950)	1,16,023	(8,531)	-	(32,413)	(1,68,631)	2,65,325	(1,31,112)	72,471	70,326

**Bharti AXA General Insurance Company Limited**

**SEGMENTAL BREAK-UP OF THE BALANCE SHEET AS AT MARCH 31, 2018**

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

Assets

Particulars	Fire	Marine			Motor	Motor -OD	Motor -TP*	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather	Others	Misc Total	Total
		Cargo	Others	Total													
Outstanding Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	24,87,245	-	24,87,245	24,87,245

Liabilities

Particulars	Fire	Marine			Motor	Motor -OD	Motor -TP*	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather	Others	Misc Total	Total
		Cargo	Others	Total													
Claims Outstanding	1,84,757	1,53,982	-	1,53,982	1,74,84,470	12,80,785	1,62,03,685	43,815	1,30,947	86,209	-	1,01,658	3,22,419	4,77,600	1,19,525	1,87,66,642	1,91,05,382
Reserve for Premium Deficiency	22,411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,411
Reserve for Unexpired Risk	2,39,093	58,180	-	58,180	52,36,205	33,96,181	18,40,024	26,983	58,447	30,871	-	57,057	5,46,336	66,232	18,989	60,41,119	63,38,392

\*Motor TP - Claims O/s includes Motor pool liability



**Bharti AXA General Insurance Company Limited**

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31 , 2017**

**Rs '000'**

Particulars	Fire	Marine			Miscellaneous														Total
		Cargo	Others	Total	Motor	OD	Motor	TP	Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Crop / Weather Insurance	Others	Miscellaneous Total	
Premium Earned (Net)	95,913	1,85,229	-	1,85,229	68,88,998		31,50,037	1,00,39,035	49,399	1,04,611	42,943	-	1,35,148	6,81,149	-	54,548	1,11,06,832	1,13,87,973	
Profit on Sale of Investments	265	567	-	567	26,482		12,921	39,403	168	397	109	-	481	2,416	-	202	43,175	44,007	
Interest and Dividend	14,738	31,491	-	31,491	14,71,186		7,17,802	21,88,988	9,313	22,042	6,043	-	26,713	1,34,222	-	11,248	23,98,571	24,44,800	
Amortisation	94	201	-	201	9,412		4,592	14,004	60	141	39	-	171	859	-	72	15,345	15,641	
Other Income (Including Terrorism pool income/expenses & Contribution to Solatium Fund )	10,981	52	-	52	8,646		(4,016)	4,630	15	37	1,951	-	44	223	-	19	6,919	17,953	
Total Segmental Revenue	1,21,991	2,17,540	-	2,17,541	84,04,724		38,81,337	1,22,86,060	58,955	1,27,228	51,085	-	1,62,557	8,18,869	-	66,089	1,35,70,842	1,39,10,375	
Claims Incurred (Net)	82,890	1,29,822	-	1,29,822	52,37,279		37,06,612	89,43,891	29,459	73,721	41,611	-	92,019	5,35,511	-	(39,705)	96,76,503	98,89,214	
Commission Paid (Net)	(24,380)	14,409	-	14,409	3,25,223		-	3,25,223	3,105	5,918	(15,721)	-	12,371	62,481	-	(2,063)	3,91,315	3,81,345	
Operating Expenses related to Insur	1,72,071	50,327		50,327	22,59,156		11,02,259	33,61,415	21,772	49,509	31,165	-	65,448	1,62,582	-	33,229	37,25,123	39,47,521	
Premium Deficiency	(15,423)	-	-	-				-	-	-	-	-	-	-	-	(30,426)	(30,426)	(45,849)	
Total Segmental Expenditure	2,15,158	1,94,558	-	1,94,558	78,21,658		48,08,871	1,26,30,528	54,337	1,29,149	57,054	-	1,69,838	7,60,575	-	(38,965)	1,37,62,515	1,41,72,231	
Segmental Profit	(93,167)	22,982	-	22,982	5,83,066		(9,27,534)	(3,44,469)	4,619	(1,921)	(5,969)	-	(7,281)	58,294	-	1,05,054	(1,91,673)	(2,61,858)	

**Bharti AXA General Insurance Company Limited**

**SEGMENTAL BREAK-UP OF THE BALANCE SHEET AS AT MARCH 31, 2017**

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

Particulars	Fire	Marine			Motor	Motor -OD	Motor -TP*	Workmen's Compensation	Public Liability	Engineeri	Aviation	Personal Accident	Health Insurance	Crop / Weather	Others	Misc Total	Total
		Cargo	Others	Total													
Claims Outstanding	1,70,411	1,34,747	-	1,34,747	1,58,36,003	7,76,291	1,50,59,712	34,110	1,76,529	67,840	-	60,733	1,56,887	-	58,448	1,63,90,550	1,66,95,707
Reserve for Premium Deficiency	12,065	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,065
Reserve for Unexpired Risk	96,386	42,021	-	42,021	52,50,421	34,91,622	17,58,799	18,809	46,733	23,693	-	53,650	2,36,843	-	20,813	56,50,962	57,89,369

\*Motor TP - Claims O/s includes Motor pool liability

**Details of transaction with related parties for the year ended March 31, 2018 are given below:**

Particulars	Period	Bharti General Private Limited	Societe Beaujon	AXA SA	AXA Business Services Pvt Ltd	Key managerial personnel	Total
		Holding Company	Significant Influence	Significant Influence	Common Director		
Premium income	Current Year	-	-	-	31,639	-	31,639
	Previous Year	-	-	-	47,726	-	47,726
Claim payments net of claims received	Current Year	-	-	-	644	-	644
	Previous Year	-	-	-	4,734	-	4,734
Commission/ Brokerage payouts	Current Year	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-
Remuneration Paid	Current Year	-	-	-	-	26,548	26,548
	Previous Year	-	-	-	-	15,972	15,972
Advertisement and Business Promotion	Current Year	-	-	-	1,991	-	1,991
	Previous Year	-	-	-	-	-	-
Professional Charges	Current Year	-	-	-	40,658	-	40,658
	Previous Year	-	-	-	89,145	-	89,145
Rent, Rates & Taxes	Current Year	-	-	-	749	-	749
	Previous Year	-	-	-	1,407	-	1,407
Communication Charges	Current Year	-	-	-	51,122	-	51,122
	Previous Year	-	-	-	75,567	-	75,567
Miscellaneous Expenses	Current Year	-	-	(5,002)	399	-	(4,603)
	Previous Year	-	-	5,376	1,102	-	6,478

**Balances with related parties at March 31, 2018, are given below:**

(₹ in 000's)

Particulars	Period	Bharti General Private Limited	Societe Beaujon	AXA SA	AXA Business Services Pvt Ltd	Key managerial personnel	Total
		Holding Company	Significant Influence	Significant Influence	Common Director		
<b>ASSETS</b>							
Investments	Current Year	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-
Income accrued on investments	Current Year	-	-	-	-	-	-
	Previous Year	-	-	-	-	-	-
Others assets/ Receivables	Current Year	-	-	-	1447	-	1,447
	Previous Year	-	-	-	159	-	159
<b>LIABILITIES</b>							
Share Capital (Including Share Premium)	Current Year	92,81,151	86,53,487	-	-	-	1,79,34,638
	Previous Year	92,81,151	86,53,487	-	-	-	1,79,34,638
Others liabilities/ Payables	Current Year	-	-	-	-	-	-
	Previous Year	-	-	5,002	-	-	5,002

**FORM IRDAI-GI-TA**  
**STATEMENT OF ADMISSIBLE ASSETS: Bharti Axa General Insurance**  
**As at 31<sup>st</sup> March 2018**

Name of Insurer: BHARTI AXA General Insurance Company Limited
Registration Number: 139
Date of registration: 27th June , 2008
Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

Particulars	Policyholders A/C	Shareholders A/C	Total
<b>Investments</b>			
Investments Shareholder' SCH 8	-	53,647	53,647
Policyholders' SCH 8A	2,67,498	-	2,67,498
<b>Total Investments as per BS ----- (A)</b>	<b>2,67,498</b>	<b>53,647</b>	<b>3,21,145</b>
Inadmissible investment assets as per ---Clause(1) of Schedule I -----(B)	-	-	-
<b>Fixed assets</b>			
<b>Fixed assets as per BS -----(C)</b>	-	<b>2,054</b>	<b>2,054</b>
Inadmissible Fixed assets as per Clause(1) of Schedule I ----- (D)	-	152	152
<b>Current Assets</b>			
Cash & Bank Balances as per BS ----- (E)	-	11,843	11,843
Advances and Other assets as per BS----- (F)	49,107	3,076	52,183
<b>Total Current Assets as per BS ----- (G) = (E) + (F)</b>	<b>49,107</b>	<b>14,918</b>	<b>64,026</b>
Inadmissible Current assets as per Clause (1) of Schedule - I ----- (H)	5,607	-	5,607
<b>Loans</b>			
Loans as per BS ----- (I)	-	-	-
<b>Fair Value Change Account subject to minimum of zero----(J)</b>	480	96	576
<b>Total Assets as per BS ---- (K) = (A) + (C) + (G) + (I) (Excluding current liabilities and provisions)</b>	<b>3,16,605</b>	<b>70,619</b>	<b>3,87,224</b>
<b>Total Inadmissible assets--- (L) = (B) + (D) +(H) + (J)</b>	<b>6,087</b>	<b>248</b>	<b>6,335</b>
<b>Total Admissible assets for Solvency ---- (K) - (L) (Excluding current liabilities and provisions)</b>	<b>3,10,518</b>	<b>70,372</b>	<b>3,80,890</b>

We certify that the statement has been prepared in accordance with **Schedule I**.

**Name and Signature of Appointed Actuary**

**Name and Signature of Statutory Auditor**

**Name and Signature of Principal Officer**

Place: Mumbai

Date: 16th May 2018

**NOTES**

The statement shall show the value of the above-mentioned categories of assets in accordance with Clause (1) in Schedule I.

**FORM IRDAI-GI-TR****Insurance Regulatory and Development Authority of India****(Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016****TABLE I****STATEMENT OF LIABILITIES: Bharti Axa General Insurance As at 31<sup>st</sup> March 2018**

Name of Insurer: BHARTI AXA General Insurance Company Limited  
 Registration Number: 139  
 Date of registration: 27th June , 2008  
 Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

Reserve	Gross Reserve	Net Reserve
Unearned Premium Reserve (UPR) .... (a)	74,795	63,384
Premium Deficiency Reserve (PDR)....(b)	-	224
Unexpired Risk Reserve (URR)....(c)=(a) +(b)	74,795	63,608
Outstanding Claim Reserve (other than IBNR reserve)....(d)	86,853	78,124
IBNR Reserve.... (e)	1,43,152	1,12,930
<b>Total Reserves for Technical Liabilities.....</b> <b>(f) = (c) + (d) + (e)</b>	<b>3,04,801</b>	<b>2,54,662</b>

**Certification****(1) Certification from Statutory Auditor:**

**I certify that** the above statement represents the liabilities of the insurer which have been determined in the manner prescribed in the Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 and amounts of such liabilities are fair and reasonable. I also further certify that the outstanding claims reserves that are estimated using statistical methods, PDR and IBNR reserves in the statement above have been determined by the Appointed Actuary and his certificate is furnished below.

Qualifications, if any (in regard to the determination of liabilities):

Place: Mumbai

Date: 16th May 2018

Name and Signature of the Statutory Auditor

**(2) Certification from the Appointed Actuary:**

**I certify that**, I have checked the data to the best of my ability and I am satisfied that the data is consistent, reliable and complete. **I also further certify that** the outstanding claims reserves that are estimated using statistical methods, PDR and IBNR reserves in the statement above have been determined using actuarial principles and in the manner prescribed in the Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016. These reserves, estimated as on the 31st day of December of 2017 represent, in my opinion, a fair reflection of the expected future experience.

Qualifications, if any:

Name of the Insurer: BHARTI AXA General Insurance Company Limited

Place:

Date:

Name and Signature of the Appointed Actuary

**(3) Certification by Principal officer:**

**I certify that**

(a) Full and accurate particulars of every policy and claim have been furnished to the Appointed Actuary for the purpose of the determination of Technical Reserves as on the 31st Day of December of 2017.

(b) The data provided to the Appointed Actuary reconciles with the Audited Financials as at 31st Day of December 2017.

(c) The Appointed Actuary has been made aware of all the information pertaining to underwriting, claims and reinsurance policies and practices followed by the Insurer

Qualifications, if any:

Name of the Insurer: BHARTI AXA General Insurance Company Limited

Place: Mumbai

Date: 16th May 2018

Name and Signature of CEO & MD

**(4) Certification from Chief Financial Officer : I certify that**

The UPR has been determined as per the extant provisions of the Authority.

Qualifications, if any (in regard to the determination of UPR):

Name of the Insurer: BHARTI AXA General Insurance Company Limited

Place: Mumbai

Date: 16th May 2018

Name and Signature of the Chief Financial Officer


**FORM IRDAI-GI-SM**  
**Insurance Regulatory and Development Authority of India**  
**(Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016**

**TABLE I**  
**STATEMENT OF SOLVENCY MARGIN: Bharti Axa General Insurance**  
**As at 31<sup>st</sup> March 2018**

Name of Insurer: BHARTI AXA General Insurance Company Limited
Registration Number: 139
Date of registration: 27th June , 2008
Classification: Business within India/ Total Business

**TABLE IA: REQUIRED SOLVENCY MARGIN BASED ON NET PREMIUM AND NET INCURRED CLAIMS**

(All amounts in Rupees of Lakhs)

(All amounts in respect of Rupees)										
Item No.	Line of Business	Gross Premium	Net Premium	Gross Incurred Claims		RSM1	RSM2	RSM	Factor A	Factor B
(1)	(2)	(3)	(4)	(5)	redefining / general insurance	(7)	(8)	(9)	(10)	(11)
01	Fire	7,571	2,375	3,164	1,219	757	475	757	0.5	0.5
02	Marine Cargo	3,336	1,560	15,160	1,294	400	2,729	2,729	0.6	0.6
03	Marine - Other than Marine Cargo	-	-	-	-	-	-	-	0.5	0.5
04	Motor	1,07,387	1,00,865	91,832	88,054	20,173	26,416	26,416	0.75	0.75
05	Engineering	1,849	450	(260)	303	185	138	185	0.5	0.5
06	Aviation	-	-	-	-	-	-	-	0.5	0.5
07	Liability	2,960	1,812	1,057	671	444	238	444	0.75	0.75
08	Health	13,435	11,771	7,368	7,208	2,354	2,555	2,555	0.75	0.75
09	Miscellaneous	2,685	1,722	2,146	1,902	376	700	700	0.7	0.7
10	Crop Business	37,946	6,278	9,171	1,592	3,795	4,127	4,127	0.5	0.5
	Total	1,77,169	1,26,833	1,29,639	1,02,242	28,484	37,377	37,912		

**NOTES:**

(3) = Gross Written Premium including Inward Reinsurance

(4) = Net Written Premium

(5) = Gross Incurred Claims including impact of Gross IBNR

(6) = Net Incurred Claims including impact of Net IBNR

(3) and (4) are calculated as 'Trailing 12 Months Data'

(5) and (6) are calculated as Maximum of 'Trailing 12 Months Data' and 'Trailing 36 Months Data divided by 3'

(7) RSM 1 in the above table means Required Solvency Margin based on net premiums, and shall be determined as **Twenty Percent (20%)** of the amount which is the higher of the Gross Premiums multiplied by a Factor A as specified in the Table IA and the Net Premiums.

(8) RSM 2 in the above table means Required Solvency Margin based on net incurred claims and shall be determined as **Thirty Percent (30%)** of the amount which is the higher of the Gross Incurred Claims multiplied by a Factor B as specified in the Table above and the Net Incurred Claims.

(9) RSM means Required Solvency Margin and shall be the higher of the amounts of RSM 1 and RSM 2 for each LOB separately.

**TABLE IB: AVAILABLE SOLVENCY MARGIN AND SOLVENCY RATIO**

Name of Insurer: BHARTI AXA General Insurance Company Limited
Registration Number: 139
Date of registration: 27th June , 2008
Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

(1)	(2)	(3)
ITEM NO.	DESCRIPTION	AMOUNT
(A)	Policyholder's FUNDS	3,10,518
	Available assets(as per Form IRDAI-GI-TA)	
	Deduct:	
(B)	Current Liabilities as per BS	2,54,662
(C)	Provisions as per BS	7,798
(D)	Other Liabilities	41,977
(E)	Excess in Policyholder's funds (A)-(B)-(C)-(D)	6,081
	Shareholder's FUNDS	
(F)	Available Assets	70,372
	Deduct:	
(G)	Other Liabilities	5,758
(H)	Excess in Shareholder's funds (F-G)	64,613
(I)	Total ASM (E+H)	70,695
(J)	Total RSM	37,912
(K)	SOLVENCY RATIO (Total ASM/ Total RSM)	1.86

I \_\_\_\_\_, the Statutory Auditor, hereby certify that the above statements have been prepared in accordance with the Section 64VA of the Insurance Act, 1938, and the amounts mentioned therein are true to the best of my knowledge.

Place: Mumbai

Date: 16th May 2018

Name and Signature of the Statutory Auditor

Counter signature by

CEO & MD

Appointed Actuary

Chief Financial Officer

**NOTES:**

1. Item A shall be the amount of the Adjusted Value of Assets in respect of policyholders' funds as mentioned in FORM IRDAI-GI-TA.
2. Item B shall be the amount of Total Liabilities as mentioned in FORM IRDAI-GI-TR.
3. Item C shall be the amount of other liabilities arising in respect of policyholders' funds and as mentioned in the Balance Sheet
4. Item F shall be the amount of the Total Assets in respect of shareholders' funds as mentioned in FORM IRDAI-GI-TA.
5. Item G shall be the amount of other liabilities arising in respect of shareholders' funds and as mentioned in the Balance Sheet

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