



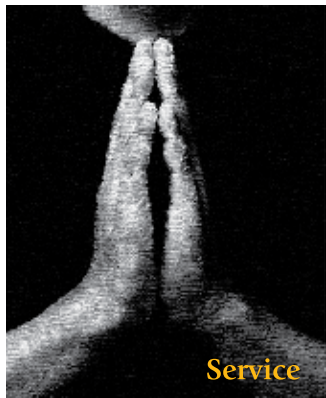
Royal Sundaram  
General Insurance

# Seventeenth Annual Report

2016-2017

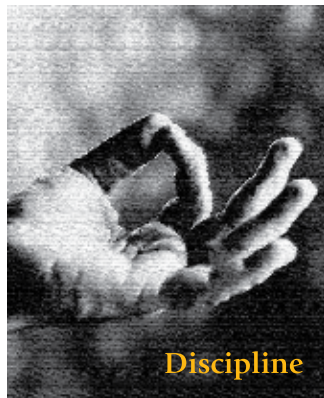
Growth | Quality | Profitability

Royal Sundaram General Insurance Co. Limited



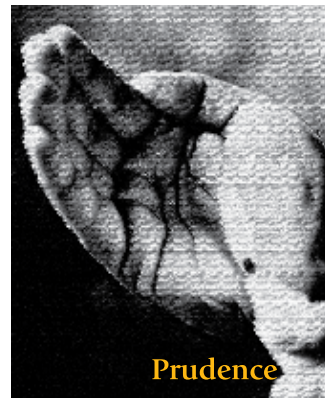
**Service**

*To be of service even when time is against you*



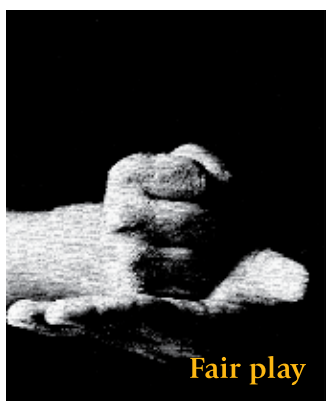
**Discipline**

*To know that discipline is your ally in all situations*



**Prudence**

*To be the voice of prudence in the midst of chaos*



**Fair play**

*To stand for fair play when the odds are stacked against you*



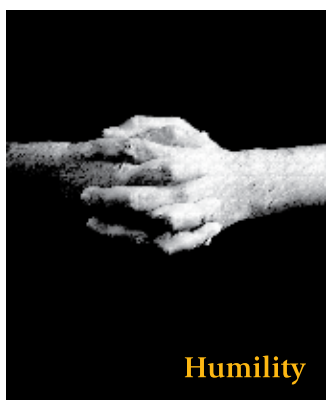
**Honesty**

*To believe that honesty is the only policy*



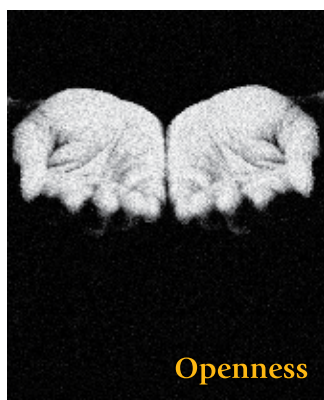
**Integrity**

*To put integrity above all else*



**Humility**

*To realise that humility is the greatest virtue*



**Openness**

*To be open to scrutiny, anywhere, anytime*



**Relationships**

*To know that we are not merely the holders of people's money; but more importantly the custodians of their trust*

THE  
**SUNDARAM**  
WAY

<b>Board of Directors</b>	P M Venkatasubramanian S Viji T T Srinivasaraghavan S Prasad S Acharya M S Sundara Rajan Harsha Viji Radha Unni M S Sreedhar	Chairman         Managing Director
<b>Audit Committee</b>	S Prasad P M Venkatasubramanian M S Sundara Rajan Radha Unni	Chairman
<b>Company Secretary &amp; Chief Compliance Officer</b>	S R Balachandher	
<b>Financial Controller &amp; Chief Financial Officer</b>	Venkatachalam Sekar	
<b>Joint Statutory Auditors</b>	M/s. N C Rajagopal & Co., Chartered Accountants 22, V. Krishnaswamy Avenue, Luz Church Road, Mylapore, Chennai 600004 M/s. Brahmayya & Co., Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600014	
<b>Information Security Assurance Services Auditors</b>	M/s. Tejas Brainware Systems (P) Ltd New No.28, Old No.19, II Main Road, C.I.T.Colony, Mylapore, Chennai 600004	
<b>Internal Auditors</b>	M/s. Sundaram & Srinivasan, Chartered Accountants New No.4, Old No.23, CP Ramaswamy Road, Alwarpet, Chennai 600018	
<b>Concurrent Auditors (Investments)</b>	M/s. T. Selvaraj & Co., Chartered Accountants No.32, Dewan Rama Road, Purasawalkam, Chennai 600084	
<b>Secretarial Auditors</b>	M/s. M. Damodaran & Associates New No.6, Old No.12, Appavoo Gramni 1st Street, Mandaveli, Chennai 600028	
<b>Registered Office</b>	21, Patullos Road, Chennai 600002	
<b>Corporate Identity Number (CIN)</b>	U67200TN2000PLC045611	
<b>IRDAI Registration Number</b>	102	
<b>Corporate Office</b>	Vishranthi Melaram Towers, No.2/319, Rajiv Gandhi Salai, Karapakkam (OMR), Chennai 600097 Tel: 044-7117 7117, 1860 425 0000 Email : customer.services@royalsundaram.in Website: www.royalsundaram.in	
<b>Regional Offices</b>	Chennai, Gurgaon, Kolkata & Mumbai	

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## BOARD'S REPORT TO MEMBERS

Your Directors have pleasure in presenting their Seventeenth Annual Report along with the Audited financial statements of your Company for the financial year ended 31st March 2017. The Management Discussion and Analysis have also been incorporated as part of this report.

### Performance overview and Financial Results for 2016-17

The Gross premium of the general insurance industry, including the stand-alone health insurers and specialised insurers, during the year grew from ₹96,376 cr to ₹1,27,631 cr registering a growth rate of 32.43%. The major growth driver was Crop Insurance which grew more than threefold during 2016-17 to ₹20,611 cr from ₹5,300 cr during 2015-16. The Non-Life Market growth excluding Crop Insurance was 18%.

Your Company achieved a Gross Direct Premium of ₹2,188.8 cr (2015-16: ₹1,694.1 cr) reflecting a growth of 29%. The growth rate of 29% (excluding Crop Insurance) of your Company was one of the best in the market. The market share of your Company stood at 1.73% amongst all general insurance companies.

The highlights of the Financial Results of the Company are:

(₹ in lakhs)

Particulars	2016-17	2015-16
Gross Written Premium	2,18,878	1,69,412
Net Written Premium	1,90,454	1,47,505
Net Earned Premium	1,72,098	1,38,695
Net Incurred Claims	1,32,080	1,04,358
Net Commission Outgo/(Income)	5,991	5,645
Expenses of Management	55,840	45,442
Underwriting Profit /(Loss)	(21,813)	(16,749)
Investment Income - Policyholders	22,945	16,231
General Insurance Results Profit /(Loss)	1,133	(518)
Investment Income - Shareholders	5,900	4,681
Other Income/(Outgo)	(458)	(74)
Profit Before Tax & Motor Pool Losses	6,574	4,090
Motor Pool & DR Pool Losses	(296)	(479)
Provision for Taxation	(1,974)	(945)
Profit/(Loss) After Tax	4,305	2,666

### Commercial Insurances

During 2016-17, the commercial insurance business including commercial motor business recorded a GWP of ₹831 cr recording a growth of 51% as against ₹552 cr in 2015-16. The Company showed a good traction in growth of Commercial Business achieving better than market growth rates in Fire and Engineering portfolios especially - reflecting a good outcome of the various strategies and actions taken during the year to bring more focus on consolidating the Commercial Lines of business. The Company also achieved more than significant growth in Commercial Motor segment, optimizing volumes from distribution channels.

Your company's continued prudence in underwriting and risk management has helped it to grow this business profitably. With the economy expected to do well, we are confident that this segment will continue to gain more visibility and greater momentum in the coming years, with foundation having been well laid.

## Personal Insurances

The Personal Insurance GWP for 2016-17 was at ₹1,373 cr as against ₹1,151 cr in 2015-16 thereby registering at 19% of growth.

During the year, the Company introduced many new products main amongst them being the long term 2-wheeler policy and Gruh Suraksha – a refurbished Home Insurance product - covering 'Home' and 'Home contents'. The flagship health product Lifeline has been doing well and these innovative products are expected to give a fillip to the distribution channels, thus improving the Accident & Health premium of your Company in the coming years.

## Rural and Social Sector obligations

It has been heartening that your Company continued to achieve and surpass its obligations in both the Rural and Social sectors. During the year, it achieved a premium of ₹198.3 cr under Rural sector as against the Regulatory requirement of ₹154.3 cr Further, in the Social sector, it covered 1,47,992 lives as against the Regulatory requirement of 1,02,570 lives.

## Investments

The Investment portfolio had increased appreciably from ₹2,715.60 cr in 2015-16 to ₹3,364.60 cr by 31st March 2017 showing an accretion of ₹649 cr (including infusion of equity capital of ₹30 cr and issue of sub debt of ₹100 cr). The net investment income stood at ₹305 cr as against ₹233 cr in the previous year due to higher yield and better than budgeted accretions. Profit on sale was at ₹62.5 cr during the year as against ₹14.5 cr during 2015-16.

## Market developments

The insurance sector has been receiving greater attention from the point of view of improved penetration and the need to take insurance to the rural and deeper parts of the Country. The Union Budget for 2017-18 has made provisions for paying subsidies in the premiums of Pradhan Mantri Fasal Bima Yojana (PMFBY) and to increase the number of beneficiaries. Further significant amount has been allocated for crop insurance in 2017-18.

There has been a marked shift in the way insurance is being perceived. Critical demographic factors like growing middle class community, more and more younger people seeking insurance cover and added to that the growing awareness of the need for protecting one's health and assets will be the "driving factors" that is expected to spur the growth of the insurance market in India even further double digit growth of Non-Life premium is expected to continue on the back of accelerated economic activity, increased incomes and demographic factors including greater awareness.

Further, post demonetisation, the pace of implementation of the digitisation has been speeded up. As more and more people become technologically literate, the use of digital channels for purchase of insurance policies will increase.

To boost the growth of the insurance industry, the Government has also announced the proposed listing of the Government owned insurance companies. This is expected to enable the companies to raise resources from the capital market to meet their growth opportunities.

The Regulatory Authority has been exploring ways and means to promote e-commerce in the insurance sector to help increase the insurance penetration and thereby bring in financial inclusion.

During the year, IRDAI had given approvals to foreign Reinsurers to open branches in India. This move is expected to bring the foreign Reinsurers closer to the market, provide better knowledge of the local market conditions and trends which will result in quicker response and potentially increased Reinsurance capacity. All these will facilitate further growth and maturity of the Indian Insurance market.

It is quite evident and clear that the future of the insurance industry looks promising with the various above changes and those that are on the anvil.

## Information Technology

During the year, your Company implemented several IT initiatives. The Motor claims software ACME (Automated Claims Management Enterprise) has stabilised well and the teams have been able to experience greater efficiencies in processing and improvements in the overall Turn-around Time (TAT) resulting in better claims settlement.

Your company continues to implement several key IT initiatives in ensuring that our service capabilities to the customers are continuously improved thereby bringing in greater efficiency and transparency in the system.

### **Risk Management Framework**

Your Company continues to monitor the key risks on a regular basis. It has an effective risk management framework in place that ensures that the various risks, which in the opinion of the Management and the Risk Management Committee of the Board need constant monitoring, are identified, measured in terms of their severity and suitable steps are taken on time to ensure that adequate mitigation mechanism is available.

The process for formulating a defined risk assessment framework encompasses, inter alia, a methodology for assessing and identifying risks on an ongoing basis. The various types of risks identified include market related risks, underwriting risks, operational risks and credit risks.

The framework structure includes (a) identification of the risk, its assessment (b) monitoring and management of the risks (c) defining a mitigation process when the risk crystallises, and (d) reporting mechanism to the Risk Management Committee at periodic intervals. This Committee reviews key risks in the areas such as credit risk, market risk, underwriting risk, operational risk and strategic risk on a regular basis.

The Company's reinsurance program defines the retention limit in respect of the various classes of business. In addition, the Company has a well-defined underwriting policy that clearly documents the product-wise approval limits and the underwriting authorities. The underwriting policy of your Company was recently reviewed in the light of the new File & Use Guidelines implemented by IRDAI effective from 1st April 2016 and updated.

On the Investment side, the Company has a well-defined Asset Liability Management policy that ensures adequate liquidity to the Company.

The Actuarial Department conducts stress testing of the portfolios on a periodic basis based on projections made in respect of the Premium written, claims, investment returns and expenses, to identify and quantify the overall impact of different stress scenarios on the Company's financial position.

The Chief Risk officer is responsible for the identification, reporting and monitoring of these risks and report to the Risk Management Committee on a quarterly basis.

The Risk Management Committee and the Board regularly reviews the various risks and the management actions taken to address these risks.

### **Registration**

Your Company has paid to the Insurance Regulatory and Development Authority of India the annual fees for the year 2017-18 as required by the IRDAI (Registration of Indian Insurance Companies) Regulations 2000. Section 3A of the Insurance Act 1938 has been amended by the Insurance Laws (Amendment) Act, 2015 w.e.f 26th December 2014, under which the process of annual renewal of certificate of registration, has been dispensed with.

### **Human Resources**

As on 31st March 2017, your Company had an employee strength of 1794.

Your Company continues to attach lot of importance to employee engagement. Our belief has always been that investing in the training of employees will help to translate the objectives of the Company into reality thereby ensuring that they are well geared up to understanding and fulfilling the needs of our discerning customers.

The Company monitors employee productivity as one of the key parameters to measure performance. The performance management systems are used effectively to improve staff capabilities in areas such as leadership, team building and productivity enhancement. In addition, extensive in house training programmes were conducted during the year to upgrade the skills of employees and achieve functional effectiveness. In addition, where required, executives were deputed for various external training programmes and seminars including overseas. As a result, during 2016-17, there has been significant increase in productivity, both overall and in terms of sales force.

New employees and agents are put through an induction programme that covers business requirements, process orientation, regulatory and compliance related aspects in addition to personality development. Further many knowledge sharing sessions are conducted by the HR team in association with the domain experts to impart technical knowledge as well as for the overall personality development for the employees.

During the year, the Company opened additional offices across the country taking the total count to 125 thereby increasing its footprints in more geographies. The Company sold over 1.78 million policies in FY 2016-17 and settled 3.47 lakh claims.

### Capital

Your Company's Authorized Capital is currently at ₹350 cr. To augment its solvency margin position, your Company infused an additional capital to the tune of ₹30 cr during June 2016, by issue of 1,60,00,000 equity shares of ₹10 each at a premium of ₹8.75 per share. Your Company's paid up capital stands at ₹331 cr.

### Debentures

To strengthen the solvency position, during the year, your Company raised term funding in the form of Unsecured and Redeemable Non-Convertible Debentures (NCDs) to the tune of ₹100 cr in two tranches of ₹50 cr each on a private placement basis, after obtaining necessary approvals as required.

### Dividend

Your Directors do not recommend any dividend on equity shares for the year under review, in order to augment the resources for future growth.

### Public Deposits

As in the past, your Company has not accepted any deposits from Public under the relevant provisions of the Companies Act, 2013.

### Transfer of Unclaimed Dividend to Investor Education and Protection Fund

Since the Company has so far not declared any dividend, there was no unpaid/unclaimed Dividend lying with the Company hence the provisions of Section 125 of the Companies Act, 2013 do not apply.

### Significant and Material Orders Passed by the Regulators/Courts

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

### Corporate Governance

Your Company has complied with the Guidelines on Corporate Governance for Insurance Companies issued by the Insurance Regulatory and Development Authority of India (IRDAI) effective from April 1, 2010. The same was subsequently amended by IRDAI in May 2016 and applicable from 2016-17 onwards. A detailed report on our compliance for the year ended 31st March 2017 is attached as part of this Report.

### Board of Directors

The details regarding the number of Board Meetings held during the financial year and composition of the Audit Committee are furnished in the Corporate Governance Report.

### Retirement by rotation

As per the requirements of Section 152, the Independent Directors of the Company have been excluded from the total number of Directors for determining the number of Directors whose period of office will be liable to retirement by rotation.



Based on the above, at the ensuing Annual General Meeting, Mr. T T Srinivasaraghavan and Mr. Harsha Viji, Non-Executive Directors of your Company, retire by rotation and are eligible for re-appointment. Necessary resolutions are being placed at the ensuing AGM for the approval of the members.

### Independent Directors

The Company currently has three (3) Independent Directors, viz., Mr. M S Sundara Rajan, Mr. S Prasad and Mrs. Radha Unni who are not liable to retire by rotation.

### Declaration by independent Directors

All our Independent Directors have given necessary declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. Further they also satisfy the 'fit and proper' criteria as laid down under the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI).

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder and are independent of the Management.

### Key Managerial Personnel

Mr. M S Sreedhar, Managing Director, Mr. Venkatachalam Sekar, Chief Financial Officer and Mr. S R Balachandher, Company Secretary are the Key Managerial Personnel of the Company in terms of the Companies Act, 2013.

### Appointed Actuary

During the year, the Company's Appointed Actuary resigned in August 2016. The Company had identified another eligible candidate and recommended his name to the Authority for Approval. The Company received necessary approvals in April 2017 for appointing Mr Supriyo Chaki as the Appointed Actuary under the guidance of a Mentor.

### Board Evaluation

As per the Companies Act, 2013, every listed company and such other class of companies as may be required shall carry out the evaluation of every Directors' performance, Board, Chairperson and the Committees. Your Company, having a paid-up share capital, in excess of the prescribed ₹25 cr, or more at the end of the preceding financial year, is required to carry out this evaluation.

Accordingly, the Company carried out an evaluation and the same has been explained as part of the Corporate Governance Report.

### Corporate Social Responsibility (CSR) Committee and Policy

Since Inception, your company has always responded in a responsible manner to the growing needs of the society. Several enriching and enlivening activities that contribute to the community in the areas of health, education, environment and road safety have been taken up, for our participation as part of our CSR Policy.

The CSR Committee comprises of the following members:

Mr. T T Srinivasaraghavan, Chairman

Mr. M S Sundara Rajan, Member

Mr. M S Sreedhar, Member

The Company has implemented many Corporate Social Responsibility initiatives during the year under review. The Annual Report on Company's CSR activities furnished in the "Annexure A" and attached to this report. During the year, steps were taken to put in place necessary mechanism to identify worthy causes and to support them to the extent possible.

The Company had fully met its obligations under CSR Expenditure during this year.

**Details of Meetings of the Board/Committees held during the year:**

<b>Board</b> (28.4.2016, 23.5.2016, 28.6.2016,18.7.2016, 17.8.2016, 3.11.2016, 2.2.2017 and 27.3.2017)	8
<b>Audit Committee</b> (27.4.2016,1.8.2016, 2.11.2016, 1.2.2017, and 23.3.2017)	5
<b>Investment Committee</b> (6.7.2016, 13.10.2016, 10.1.2017 and 23.3.2017)	4
<b>Risk Management Committee</b> (20.6.2016, 13.10.2016, 10.1.2017 and 23.3.2017)	4
<b>Policyholders' Protection Committee</b> (6.7.2016, 25.10.2016, 23.1.2017 and 27.3.2017)	4
<b>Nomination &amp; Remuneration Committee</b> (28.6.2016, 3.11.2016 and 21.3.2017)	3
<b>Corporate Social Responsibility Committee</b> (23.1.2017)	1

**Auditors**

**Internal Auditors**

Your Company has a strong and well-resourced in-house Internal Audit Team, who work in tandem with the external Internal Auditors. M/s Sundaram & Srinivasan., Chartered Accountants, Chennai, (Registration Number 004207S) were appointed as Internal Auditors of the Company for the year 2016-17. The In-house Audit team along with the Internal Auditors carry out an effective internal audit control and risk management measures, highlight areas that require attention and report their main findings and recommendations to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings and actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

**Statutory Auditors**

M/s N C Rajagopal & Co., Chartered Accountants, Chennai (Registration Number 003398S) and M/s Brahmayya & Co., Chartered Accountants, Chennai (Registration Number 000511S) were appointed as the Joint Statutory Auditors of your Company for 2016-17 at the Annual General Meeting held on July 28, 2016 and will retire at the conclusion of the forthcoming Annual General Meeting.

Both the Auditors, being eligible, offer themselves for reappointment.

**Concurrent Auditors for Investment**

M/s T. Selvaraj & Co., Chartered Accountants, Chennai, appointed as concurrent auditors carried out the concurrent audit of the investment transactions, investment management systems, processes and transactions of the Company for the year 2016-17.

**Information Security Assurance Services Auditors**

The Company's operations are highly automated, taking advantage of advances in modern information technology. M/s Tejas Brainware Systems (P) Limited provides the required information security assurance services to the Company for the past many years. Their recommendations have led to the introduction of several additional safeguards in operational and IT security related areas.

### Secretarial Auditors' Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Damodaran & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report confirms that the Company has complied with all the applicable provisions of various laws as mentioned in the Audit Report.

The Report of the Secretarial Auditors is annexed herewith as "Annexure B".

### Related Party Transactions

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013.

All transactions entered into by the Company with Related Parties were in the ordinary course of business and on an arm's length pricing basis. Form AOC 2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, is attached as part of this report vide "Annexure C".

Further there were no materially significant transactions with related parties during the financial year which were in conflict with the interests of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Audit Committee and the Board monitors and approves the said transactions on a periodical basis.

### Vigil Mechanism / Whistle Blower Policy

Your Company is committed to the high standards of Corporate Governance and Vigil Mechanism. The Company has a Whistle Blower Policy that provides employees and other stakeholders a platform to communicate instances of frauds/misconducts that they have come across. In terms of the policy, a Committee has been constituted to look into complaints of any suspected or confirmed incident of fraud / misconduct reported. The Committee reports on a regular basis to the Audit Committee and the Board regarding the same. During the year, the Company has received two complaints and the same were duly actioned.

### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Necessary Committee has been set up to consider and redress complaints as and when received from the employees covered under this policy.

During the year, the Company has received one complaint and the same was duly resolved.

### Explanation or comments on qualifications, reservations/adverse remarks/ disclaimers made by the Auditors and the practicing Company Secretary in their Reports

There were no qualifications, reservations or adverse remarks made by either the Auditors or the Practicing Company Secretary in their respective reports.

### Management Report

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

### Particulars of Employees

Particulars of Employees pursuant to provisions of Rule 5(2) of the Companies (Appointment and Remuneration) of Managerial Personnel) Rules, 2014 under the provisions of the Companies Act, 2013, the particulars of employees are set out in the annexure to the Directors' Report. The Board's Report is being sent to all the Shareholders of the Company

excluding the said information. The annexure is available for Inspection by the Member of the Company during business hours on working days up to the date of ensuing Annual General Meeting. Any Shareholder interested in obtaining a copy of the same, may write to the Company Secretary of the Company.

### **Information relating to particulars regarding Conservation of Energy, Technology Absorption, Foreign exchange earnings and outgo**

Your Company does not have any activities relating to conservation of energy or technology absorption as stated under Section 134(3)(M) of the Companies Act, 2013.

The Company had foreign exchange earnings equivalent to ₹0.49 cr and the outgo amounted to ₹11.89 cr for the year ended 31st March 2017.

### **Company's policy relating to Directors appointment, payment of remuneration and discharge of their duties**

The Nomination and Remuneration Committee carries out a detailed due diligence of the Directors prior to their Appointment and recommends the proposal for the consideration of the Board of Directors.

All the Directors of the Company were paid sitting fees of ₹10,000/- per meeting of the Board and Committees.

The Managing Director is the only Executive Director on the Board. His terms of remuneration are approved by the Board based on the recommendations of the Nomination and Remuneration Committee and are subject to approval by the Shareholders of the Company and the Insurance Regulatory and Development Authority of India.

### **Extract of the Annual Return**

The details forming part of the extract of the Annual Return in Form No. MGT – 9 is annexed herewith as "Annexure D". This is pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014.

### **Subsidiaries, Joint Ventures and Associate Companies**

The Company does not have any Subsidiary or Joint Venture Companies. Sundaram Finance Limited by its holding 75.90% of the total paid up capital in your Company, will be considered as a "Holding" Company under Section 2(46) of the Companies Act, 2013, for the year ended 31.3.2017.

### **Shares**

#### **a. Buy Back Of Securities**

The Company has not bought back any of its securities during the year under review.

#### **b. Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

#### **c. Bonus Shares**

No Bonus Shares were issued during the year under review.

#### **d. Employees Stock Option Plan**

The Company currently has no Stock Option Scheme for its employees.

### **Corporate Identity Number (CIN)**

The Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is U67200TN2000PLC045611.

### Means of Communication

The Company's website [www.royalsundaram.in](http://www.royalsundaram.in) serves as a key awareness platform for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on business segment and financial performance of the Company. The Company periodically publishes its financial performance in print media and hosts the same on its website under Public Disclosure. In addition, the web portal helps the Customers to purchase/ renew their retail insurance policies online through the website.

In accordance with IRDAI circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, half/yearly annual financial results of the Company were published in print media. The quarterly, half-yearly and annual financial information are available on the website of the Company, in addition to the Annual Report.

### Registrar and Transfer Agents

The Company has appointed M/s. Cameo Corporate Services Limited as the Registrar and Transfer Agent for Shares and Debentures. The ISIN allotted to your Company for equity shares is INE 499S01018.

The Company has informed its members about this facility so that they may consider dematerialisation of the equity shares held by them in your Company.

After completion of the dematerialisation formalities, any Investor services related queries/requests/complaints may be directed at the following address:

**Cameo Corporate Services Limited,**  
"Subramanian Building"

No. 1, Club House Road, Chennai 600002.

Ph: 91-44 - 2846 0390, E-mail: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

### Directors' Responsibility Statement

In accordance with the requirements of Section 134(5) of the Companies Act, 2013 and in accordance with the Insurance Act, 1938, with respect to Directors' Responsibility statement, it is hereby confirmed:

- a) that in the preparation of the annual accounts for the financial year ended 31st March 2017, the applicable accounting standards, principles and policies have been followed, along with a proper explanation relating to material departures if any;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating profit and the net profit of the Company for the year ended 31st March 2017;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors have prepared the annual accounts on a going concern basis;
- e) that 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;
- f) that an Internal Audit system, commensurate with the size and nature of the business, exists and is operating effectively.

### Acknowledgement

Your Company sincerely thanks all the policyholders for their continued patronage and faith reposed in our capabilities. Our thanks are also due to our Bankers, Distribution Partners, Reinsurers, Agents and Brokers for all their support and co-operation extended to the Company to consolidate its growth.

The Directors thank the Shareholders who have been a constant source of support and strength.

We acknowledge with thanks the continued support and guidance of all the Members and Officials of the Insurance Regulatory and Development Authority of India (IRDAI) and the General Insurance Council.

We extend our sincere appreciation to the Management and employees of the Company for their continued commitment, teamwork and contribution, in steering the Company in the right direction and delivering good results in a challenging business environment.

For and on behalf of the Board

Date: 27th April 2017

Place: Chennai

**P M Venkatasubramanian**

Chairman

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance involves balancing the interests and expectations of the many stakeholders in a Company, viz., its Shareholders, Management, Customers, Suppliers, Regulatory Authorities and the Community. It also provides the framework for attaining a Company's objectives and practically encompasses every sphere of management, from chalking down the action plans, to laying down systems and internal controls and later evaluating the performance in a transparent and ethical manner.

Corporate Governance for Insurance Companies was introduced in August 2009 by the Insurance Regulatory and Development Authority of India (IRDAI) and came into force from April 1, 2010. The same was subsequently amended by IRDAI in May 2016 and applicable from 2016-17 onwards.

Your Company is committed to follow Corporate Governance practices and has imbibed the Sundaram Finance Group's core values of service, discipline, prudence, fair play, honesty, integrity, humility and transparency in all dealings. All these combined with a commitment to conduct our operations with highest business standards. These values have stood your Company in good stead so far and has enabled us to earn and retain the trust and goodwill of its investors, business partners, employees and the communities, where we operate

Your Company has complied with the prescribed Corporate Governance guidelines for the Financial Year 2016-17 and a Report is furnished hereunder:

### I. Governance Structure

The Company's Governance structure broadly comprises of the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

#### Board of Directors

All the Members of the Board are eminent persons with considerable expertise and varied experience in Insurance, Finance, Transport, Automobile, Engineering and Banking sectors. The Company has been immensely benefited by the range of experience and skills that the Directors bring to the Board.

As on 31st March 2017, your Board consists of nine (9) members, of which eight (8) are Non-Executive Directors. The Managing Director is the only Executive Director. The Board is chaired by Mr. P M Venkatasubramanian, a Non-Executive Director with more than five decades of experience in the General Insurance industry.

Mr. S Prasad, Mr. M S Sundara Rajan and Mrs Radha Unni, are the three (3) Independent Directors and the composition of the Board is in conformity with the IRDAI guidelines on Corporate Governance.

As required under Section 149(3) of the Companies Act, 2013, Mrs Radha Unni, complies with the requirements of a Woman Director on our Board.

The Company has put in a process to familiarise the Independent Directors about their roles, rights and responsibilities in the Insurance Industry. In addition, at every Board and Committee Meetings, the developments and changes on the Regulatory/Statutory sides are provided to the Directors to ensure that they are periodically updated about the industry as well as market.

All Directors have executed the Deed of Covenant and necessary Annual declarations as required by the Corporate Governance guidelines issued by IRDAI are obtained.

Composition of the Board of Directors as at 31st March 2017

Name of the Director	Category	Qualification	Specialisation
P M Venkatasubramanian (DIN: 00124505)	Chairman, Non- Executive	B.Com. (Hons), FIII	Insurance Industry
S Viji (DIN: 00139043)	Non- Executive	B.Com, ACA, M.B.A	Banking, Finance, Insurance & Automotive Component Manufacturing Industry
T T Srinivasaraghavan (DIN: 00018247)	Non- Executive	B.Com, M.B.A	Banking and Financial Services
Sreenivasan Prasad (DIN: 00063667)	Non- Executive Independent	F.C.A	Finance and Audit
M S Sundara Rajan (DIN: 00169775)	Non- Executive Independent	ACS, MA, CAIIB	Banking, Finance, Insurance and Capital Market
Harsha Viji (DIN: 00602484)	Non- Executive	B.Com, ACA, M.B.A	Finance and Strategy, JV negotiations and new business development
Radha Unni (DIN: 03242769)	Non- Executive Independent Woman Director	M.A., B.Ed., CAIIB	Banking
Srinivas Acharya (DIN:00017412)	Non-Executive	B.Sc., CAIIB	Banking and Financial Services
M S Sreedhar (DIN: 07153983)	Managing Director	B.Com.,ACS, FIII	General Insurance

Committee of Directors

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Investment Committee, Risk Management Committee, Policyholders Protection Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee . Each of these Committees has been mandated to operate within a given framework and terms of reference as defined by the Board from time to time.

II. Board Meetings

The Board of Directors are actively involved in formulating the broad business and operational policies and deciding on the strategic issues concerning the Company.

The Board periodically reviews the performance of the Company. Ms. Tania Chakrabarthi, Appointed Actuary was a permanent invitee to the Board Meetings, till the date of her employment with us.

During the year under review, eight meetings of the Board of Directors were held on 28.4.2016, 23.5.2016, 28.6.2016, 18.7.2016, 17.8.2016, 3.11.2016, 2.2.2017 and 27.3.2017.



The details of attendance at Board Meetings held during the year and details of other Directorships, Committee Chairmanships/Memberships held by the Directors are as follows:

Name of the Directors	Board Meetings attended	Directorships in other Public Companies		Committees in which Chairman/Member of other Companies#	
		Chairman	Director	Chairman	Member
P M Venkatasubramanian	7	-	5	4	6
S Viji	8	1	4	1	1
T T Srinivasaraghavan	8	-	8	2	1
S Prasad	8	-	4	4	1
Srinivas Acharya	7	-	5	1	2
Harsha Viji	6	-	3	-	2
M S Sundara Rajan	7	-	9	2	7
Radha Unni	6	-	4	1	2
M S Sreedhar	8	-	-	-	-

(# Foreign companies, private companies and companies under Section 8 of the Companies Act, 2013 are excluded for the above said purpose. Audit Committee and Stakeholders' Relationship Committee have been considered.)

### III. Committee Meetings:

#### a. Audit Committee

##### Terms of Reference

The functions of the Audit Committee includes overseeing the Company's financial reporting process including details of contracts outsourced, disclosure of its quarterly/half-yearly/yearly financial information to ensure that the financial statements as well as the solvency margin position statements are correct and reflect a true and fair view of the affairs of the Company. The Committee also reviews and recommends the appointment/re-appointment of auditor(s), fixation of their remuneration. The Committee also reviews the financial and risk management policies including frauds and grants approval for transactions with related parties as per the requirements of the Companies Act, 2013.

##### Composition

During the year under review, the Composition of the Audit Committee was in line with the requirements of the Companies Act, 2013 and the Corporate Governance Guidelines issued by (IRDAI). Mr. S Prasad, an independent Director, is the Chairman of the Audit Committee.

The Internal Auditor, the Head - Internal Audit, Statutory Auditors and their representatives, Managing Director and other senior officers of the Company are invitees to the Audit Committee, as required.

The composition of the Committee along with the attendance of the members at the Committee Meetings held during the year is as follows:

Name of the Members		No. of meetings attended	Meeting dates
S Prasad, Independent Director	Chairman	5	27.4.2016, 1.8.2016 2.11.2016, 1.2.2017 23.3.2017 (5 meetings)
P M Venkatasubramanian	Member	5	
M S Sundara Rajan, Independent Director	Member	5	
Radha Unni, Independent Director	Member	5	

#### b. Investment Committee

The Company's Investment Committee is constituted in accordance with the IRDAI (Investment) Regulations, 2000.

##### Terms of reference

The functions of the Committee includes overseeing the implementation of the investment policy approved by the Board from time to time and the investment strategies adopted. Necessary modifications are made to the Investment policy to bring them in line with the regulatory requirements.

The Committee also supervises the asset allocation strategy to ensure financial liquidity, security and diversification through liquidity contingency plan and asset liability management policy. The Committee also oversees the assessment, measurement and accounting for other than temporary impairment in investments in accordance with the policy adopted by the company and approve the Investment budget, and determine targets for, the Company in terms of its investment performance and to review and revise these from time to time. The Committee updates the Board periodically on these.

##### Composition

The Committee is chaired by Mr. P M Venkatasubramanian. The Composition of the Investment Committee and attendance of the members at the Committee Meetings held during the year are as follows:

Name of the Members		No. of meetings attended	Meeting date
P M Venkatasubramanian	Chairman	4	6.7.2016 13.10.2016 10.1.2017 23.3.2017 (4 meetings)
M S Sundara Rajan	Member	4	
Harsha Viji	Member	4	
M S Sreedhar	Managing Director	4	
Tania Chakrabarti*	Appointed Actuary	1	
Venkatachalam Sekar	Financial Controller (CFO)	4	
Ramu Govindan	Chief Investment Officer	4	

\* Member till 16th August 2016

### c. Risk Management Committee

#### Terms of reference

The Risk Management Committee is constituted in accordance with the Corporate Governance Guidelines issued by IRDAI for Insurance Companies.

The functions of the Committee include assisting the Board in effective operation of the risk management programme by performing specialised analysis and quality reviews. Ensure that the material risks facing the Company are identified and that appropriate arrangements are in place to manage and mitigate these effectively. The Committee reviews the quarterly risk profile statement detailing all types of risks faced by the Company including the mitigating actions.

A detailed Report on Committee's views/decisions are submitted to the Board, with such recommendations as the Committee may deem appropriate. The Committee ensures that the Risk Management functions have an appropriate and achievable mandate to replicate the Company's risk management structure to the Regions and to ensure compliance with the agreed policies and standards.

#### Composition

The Committee Meetings are chaired by Mr. P M Venkatasubramanian. Along with the other members of the Committee, the Chief Risk Officer and the Chief Compliance Officer take part in the Committee Meetings.

The Composition of the Risk Management Committee and attendance of the members at the Committee Meetings held during the year are as follows:

Name of the Members		No.of meetings attended	Meeting dates
P M Venkatasubramanian	Chairman	4	20.6.2016, 13.10.2016 10.1.2017, 23.3.2017 (4 meetings)
M S Sundara Rajan	Member	4	
M S Sreedhar	Member	4	

### d. Policyholders' Protection Committee

The Policyholders' Protection Committee has been constituted in accordance with the Corporate Governance Guidelines issued by IRDAI for Insurance Companies.

#### Terms of reference

The functions of the Committee includes putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders. The Committee also ensures compliance with the statutory requirements as laid down in the regulatory framework, reviewing the mechanism at periodic intervals to ensure adequacy of "material information" to the policyholders. It also reviews the status of complaints of policyholders at periodic intervals and monitors the details of grievances in such formats as may be prescribed by the Authority including proper disclosure of unclaimed amounts relating to policyholders.

#### Composition

The Committee is chaired by Mr. M S Sundara Rajan, who is an Independent Director. The composition of the Committee is given below along with the attendance of the members:

Name of the Members		No.of meetings attended	Meeting dates
M S Sundara Rajan	Chairman	4	6.7.2016, 25.10.2016 23.1.2017, 27.3.2017 (4 meetings)
T T Srinivasavaraghavan	Member	4	
M S Sreedhar	Member	4	

## e. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has been constituted in accordance with the Section 135 of the Companies Act, 2013.

### Terms of reference

The terms of reference of the Corporate Social responsibility Committee is to formulate and recommend to the Board the CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of the expenditure to be incurred on such activities. Review and recommend the annual CSR plan to the Board, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives as recommended/suggested by Companies Act, 2013. The Committee also takes initiatives in inviting any experts / NGOs / Service organizations to present the details of any welfare activities carried out by them within the objectives approved by the Government under the CSR Rules.

### Composition

Mr. T T Srinivasaraghavan, is the Chairman of the Committee. The composition of the Committee and the attendance of the members are as follows:

Name of the Members		No. of meetings attended	Meeting dates
T T Srinivasaraghavan	Chairman	1	23.1.2017 (1 meeting)
M S Sundara Rajan	Member	1	
M S Sreedhar	Member	1	

## f. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted in accordance with the requirements of Companies Act, 2013 and Corporate Governance guidelines of IRDAI.

### Terms of reference

The Committee reviews the remuneration policy including any performance related pay schemes operated by the Company and the ongoing appropriateness of the same in line with the changing market trends and other business requirements. The Committee further reviews the performance and evaluation of Directors and the appointment/reappointments and also the remuneration and performance pay payable to the Managing Director and recommends the same for approval to the Board. The Committee also broadly reviews the increment and performance pay payable to the other employees including the Key Managerial Personnel in the Company in addition to approving any policy changes.

The Nomination and Remuneration Committee formulates the criteria for determining the experience and qualification, positive attributes and Independence of a Director and also its policy on the remuneration payable to the Managing Director, Key Managerial Personnel and other employees to ensure that:

- the level and composition of the remuneration paid is reasonable and sufficient to attract, retain and motivate talent to effectively run the day to day management of the Company,
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration of Managing Director, Key Managerial Personnel and senior Management involves a balance between fixed and performance based incentive pay, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

### Composition

As required under the Companies Act, 2013, the Nomination and Remuneration Committee comprises of two Independent Directors. During the year, the Committee was reconstituted by appointing Mr. M S Sundara Rajan, Independent Director as the Chairman as per the Corporate Governance guidelines of IRDAI, issued in May 2016. The composition of the Committee and the attendance of the members are given below:

Name of the Members		No. of meetings attended	Meeting dates
M S Sundara Rajan, Independent Director	Chairman	3	28.6.2016, 3.11.2016
T T Srinivasaraghavan	Member	3	21.3.2017
S Prasad, Independent Director	Member	3	(3 meetings)

### IV. Independent Directors' Meeting

During the year under review, the Independent Directors met separately on March 27, 2017 to discuss and evaluate:

- the performance of the non-independent Directors and the Board as a whole
- Chairperson/Chairman of the Company, considering the views of the Executive and Non-Executive Directors, and
- the quality, quantity and the timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the 3 Independent Directors were present at the Meeting.

### Company Secretary:

Mr S R Balachandher, Company Secretary acts as Secretary for the Board and all the above Committees. He has, during the year, attended all the meetings.

### V. Annual General Meetings

The following table shows when and where the last three Annual General Meetings were held:

Financial Year	Date of Meeting	Time	Venue
2015-16	28.7.2016	3:30 p.m	21, Patullos Road, Chennai 600 002
2014-15	7.9.2015	10.00 a.m	21, Patullos Road, Chennai 600 002
2013-14	23.7.2014	2.30 p.m	21, Patullos Road, Chennai 600 002

### VI. Extraordinary General Meeting (EGM)

During the year, the Company has conducted one Extraordinary General Meetings. The details of which are as follows:

Sl No.	Date of the Meeting	Purpose of the Meeting
1	1.8.2016	(a) Issuance of Subordinate Debts in the form of 1,000 unsecured, redeemable, non-convertible debentures having face value of ₹10 lakh each amounting to ₹100 cr on a private placement basis.  (b) Recording the grant of 500 stock options of Sundaram Finance Limited to Mr. M S Sreedhar, Managing Director of the Company.

### VII. Evaluation Mechanism:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the valuation of the working of its Audit, Nomination & Remuneration and the various Committees. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, assessing the quality, quantity and timeliness of flow of information between the company management, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors were carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### Criteria for evaluation

The criteria laid down for evaluation of the directors, as approved and adopted by the Board, are as follows:

#### A. Criteria for evaluation of the Board and Non-independent Directors at a separate meeting of Independent Directors:

1. Composition of the Board and availability of multi-disciplinary skills

Whether the Board comprises of Directors with sufficient qualification and experience in diverse fields to make the Company a versatile institution.

2. Commitment to Good Corporate Governance Practices

- a. Whether the company practices high ethical and moral standards.

- b. Whether the company is fair and transparent in all its dealings with the stake holders.

3. Adherence to regulatory Compliance

Whether the company adheres to the various Government regulations Local, State and Central, in time.

4. Track record of Financial Performance

Whether the company has been constitutently recording satisfactory and profitable financial performance year on year adding to shareholders value. Whether the company is transparent in all its disclosures on financial date.

5. Grievance redressed mechanism:

Whether a proper system is in place to attend to the complaints/grievances from the shareholders, customers, employees and others quickly and fairly.

6. Existence of Integrated Risk Management System

Whether the Company has an Integrated Risk Management System to cover the business risk.

7. Use of Modern technology

Whether the Company has an integrated IT strategy and whether there is any system for periodical technology up-gradation covering both hardware and software.

8. Commitment to Corporate Social Responsibility

Whether the company is committed to social causes and CSR and whether there is system to identify, finance and monitor such social activities.

**B. Criteria for evaluation of Chairman at separate meeting of Independent directors:**

1. Leadership qualities
2. Standard of integrity
3. Understanding of Macroeconomic trends and Micro industry trends.
4. Public Relations
5. Future Vision and Innovation

**C. Criteria for evaluation of independent directors by the entire Board:**

1. Qualification and Experience
2. Standard of integrity
3. Attendance in Board Meetings/General Meetings
4. Understanding of Company's Business
5. Value addition in Board Meetings

**D. Criteria for evaluation of the Audit Committee by the Board:**

1. Qualification and Experience of Members
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of Regulatory Compliance
5. Fraud Monitoring

### **VIII. Remuneration of Directors**

The Managing Director is the only Whole-time Executive Director and his appointment is based on terms approved by the Shareholders and IRDAI. During the year, Sundaram Finance Limited, the holding company, incurred ₹5.78 Lakh (31st March 2016 – NIL) towards the cost of 500 Stock Options issued under Sundaram Finance Employees Stock Option Scheme, 2008 to the Managing Director of the Company.

The Non-Executive Directors including the Independent Directors are paid a sitting fee of ₹10,000/- each, for every meeting of the Board/Committees attended by them.

### **IX. Internal Control**

The Company has adopted the following framework in accordance with the requirements laid down under Corporate Governance guidelines:

#### **Internal Financial Controls**

There is a well-established internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies (b) safeguarding of assets (c) prevention and detection of frauds/errors (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

### Internal Audit Framework

The Company has established an internal audit framework. The internal audit covers auditing of processes as well as transactions. The Company has designed its internal control framework to provide reasonable assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. An annual audit plan is drawn up at the beginning of the year on the basis of risk profiling of the businesses/departments of the Company which is approved by the Audit Committee.

Internal Audit Department's key audit findings, recommendations and compliance status of the previous key audit findings are reported to the Audit Committee. The Audit Committee actively monitors the implementation of its recommendations. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee Meeting in relation to the key audit findings.

### Risk Management structure

The Company is subject to the impact of changes in the business environment from time to time which necessitates continuous evaluation and management of significant risks faced by it. The Company has established appropriate risk assessment and minimisation procedures.

A complete framework has been provided in the Directors' Report pertaining to Risk Management.

### X. Compliance Officer

Mr S R Balachandher, Company Secretary is the Chief Compliance Officer as per the requirements of IRDAI.

For and on behalf of the Board

Date: 27th April, 2017

Place: Chennai

**P M Venkatasubramanian**  
Chairman

### Certification of compliance of the Corporate Governance Guidelines for 2016-17

I, S R Balachandher, Company Secretary and Chief Compliance Officer of Royal Sundaram General Insurance Co. Limited, hereby certify that the Company has complied with the Corporate Governance Guidelines as stated above, for insurance companies for 2016-17, as amended from time to time, and nothing has been concealed or suppressed.

**S R Balachandher**  
Company Secretary & Chief Compliance Officer



## Annexure A

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Under its Corporate Social Responsibility (CSR) initiative, Royal Sundaram is committed towards improving the quality of the lives and safety of the people living in the community. The Company aims to achieve this by working together with Organisations, NGOs' and other agencies involved in social activities and who strive to improve the quality of life in the fields of Road Safety, improving awareness in Education, Environmental Protection, Health & safety and Community living. As a responsible Company, it stands committed to the causes of Education, Environment, Rural Health, Road Safety and Development. The Company also encourages and supports its employees to take part and contribute their time, skills and resources towards the social causes they feel passionate about. The Company's objective is to pro-actively support meaningful socio economic development. The Company has been focusing on improving the road safety and has been actively engaging with organizations that are working with this primary objective.

In line with its objectives, the areas that have been shortlisted for the CSR roadmap are health care, road safety, education, skill development and sustainable livelihoods, support employee volunteering in CSR activities and other areas such as disaster relief. The CSR policy was approved by the Committee in the meeting held on July 15, 2014 and subsequently approved by the Board of Directors. The said policy was put up on the company's website at [www.royalsundaram.in](http://www.royalsundaram.in).

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

As required under Section 135 of the Companies Act, 2013, the CSR Committee comprises of three Directors, out of which one Director is an Independent Director. The present members of the Committee are:

(a) Mr. T T Srinivasaraghavan, (Non-executive Director) is the Chairman of the Committee (b) Mr. M S Sundara Rajan (Independent Director) and (c) Mr. M S Sreedhar (Managing Director) are the other members.

The functions of the Committee include review of CSR initiatives undertaken by the company, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the company and recommendation of the amount of the expenditure to be incurred on such activities. The Committee also reviews and recommends the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives.

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

The average net profit of the Company for the last three financial years is ₹48 cr.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

The prescribed CSR expenditure requirement for FY 2015-16 is ₹96.1 Lakhs

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

(a) Total amount to be spent for the financial year was: ₹96.1 Lakhs

(b) Amount unspent, if any: NIL

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs  (1) Local area or other  (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads:  (1) Direct expenditure on projects or Programs.  (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency *
1	Health care activity contribution	Health	Chennai	₹25 Lakhs	₹25 Lakhs	₹25 Lakhs	Contribution to Sankara Nethralaya
2	Education	Education	Chennai	₹1 Lakh	₹1 Lakh	₹1 Lakh	Contribution to Om Charitable Trust
3	Road Safety - Training for Emergency Response Management	Road Safety	Chennai	₹6.60 Lakhs	₹6.60 Lakhs	₹6.60 Lakhs	Contribution to ALERT
4	Health care activity contribution	Health	Chennai	₹50 Lakhs	₹50 Lakhs	₹50 Lakhs	Contribution to Sundaram Medical Foundation
5	Health care activity contribution	Health	Chennai	₹10 Lakhs	₹10 Lakhs	₹10 Lakhs	Contribution to Ray of Light Foundation
6	Education	Education	Chennai	₹3.5 Lakhs	₹3.5 Lakhs	₹3.5 Lakhs	Contribution to Laxmi Charities
TOTAL				₹96.1 Lakhs	₹96.1 Lakhs	₹96.1 Lakhs	

\*Details of implementing agency:

#### **Sankara Nethralaya:**

Sankara Nethralaya, a not-for-profit charitable hospital, embarked on a relentless journey on September 6, 1978 to provide world-class tertiary eye care in India. Its growth since then has been phenomenal. At the heart of every endeavour of Sankara Nethralaya is a strong focus and emphasis on community service, which has been vehemently pursued over the years. The community service initiatives include conducting eye camps in rural areas, conducting free surgeries to those with an income of less than ₹7,000 per month, through the Jaslok Community Ophthalmic Centre, and successfully and relentlessly taking mobile tele-ophthalmology benefits to the door steps of the poor in rural India. All of this has been possible due to the tremendous support that was received from organizations and individuals over the years. About 50 % of the Out-Patient Department and 35 % of the surgeries are done free of cost to the underprivileged. Donations received have helped to cater to the medical and post-operative needs of indigent patients.

#### **Om Charitable Trust:**

Om Charitable Trust has been supporting those undergoing Heritage studies by paying monthly stipends to the teachers and the parents of the students. Presently there are 16 beneficiaries under this scheme.

The Trust has been financially supporting poor and deserving students in their pursuit of their school and college education without any discrimination as to caste, creed and religion. More than 30 students have benefited from the Trust either on regular or one-time basis.

The Trust honours the many Vedic Pundits every year by inviting them to the competition venue. The Trust also organizes lectures by eminent personalities and Sanskrit programmes for the benefit of students and common public.

#### **ALERT:**

ALERT, is a Chennai based NGO who specialise in Emergency Response Management. One of their major activities has been to raise awareness amongst the public to come forward and get trained in basic emergency response so that they are able to help road accident victims.

The key social impact would be for citizens to get sensitized to the fact that he/she can do their bit to save lives. And when they do, it has a large impact on social values and even potential economic impact. Your Company has been supporting them in the past few years.

#### **Sundaram Medical Foundation (SMF):**

Sundaram Medical Foundation was established in 1990 by Dr.S.Rangarajan with the help of M/s Sundaram Finance Group of Companies as a Community Centered hospital, following the best tradition of medical service. Today SMF is a multispecialty hospital with state-of-the-art health care facilities providing services under one roof.

The vision of SMF are:

- provide Quality Health Care which is cost-effective and Community-centered in an environment which is clean, caring and responsive to the needs of the patient.
- serve as a Role Model of Health Care delivery system in India

#### **Ray of Light Foundation:**

The Ray of Light Foundation was founded in 2002 with the primary goals of (a) improve survival of children diagnosed with cancer (b) adopt children into the program who could not normally afford treatment or be able to access treatment and (c) finally provide the best treatment possible as per Western protocols, regardless of the price, in order to give each child the best chance of survival. The children need to be treated for the entire duration of their illness; therefore the funds from the foundation need to cover 1-2 years of intensive treatment for each child. Children suffering from many different types of cancer are adopted into the program.

This foundation completely undertakes to fund the treatment of Paediatric cancer over the entire duration of the course of treatment. The foundation not only pays for the entire treatment cost, but also ensures that the treatment is provided at a tertiary care Children's Hospital supervised by a team of Paediatric Oncologists.

The foundation also keeps the children under long term surveillance and provide holistic support for the family. The goal is to "adopt" every child and ensure that he/she survive the cancer and goes on to lead a normal life. All the money donated are used for purchase of drugs, consumables, blood products and investigations.

**Laxmi Charities:**

Laxmi Charities is a Trust, registered under the Societies Registration Act 1860. They had been providing for the past more than 4 decades financial assistance to students pursuing their school as well as college education. Many deserving students have been receiving their scholarship every year. Being an activity that is aimed at providing education to the students, we thought it fit to support them in this noble cause.

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

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

Place: Chennai

**M S Sreedhar**

**T T Srinivasaraghavan**

Date: 27th April 2017

Managing Director

CSR Committee Chairman

## Annexure B

**FORM NO. MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED

(Formerly known as Royal Sundaram Alliance Insurance Company Limited)

No. 21, Patullos Road,

Chennai 600 002

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED (CIN: U67200TN2000PLC045611) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, and as applicable to Company (being an unlisted entity) in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, if any, received during the above said Financial Year;
- (iii) The Insurance Act, 1938, together with Amendments as notified, and Insurance Regulatory and Development Authority of India Act, 1999 and the Rules framed there under including the various guidelines, directions and Regulations issued from time to time, as may applicable to the company.

I have also examined compliance with the applicable clauses of the following:

Secretarial Standards (SS-1) – Board Meeting and Secretarial Standards (SS-2) – General Meeting 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. mentioned above including the compliance of Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India and there were no observations to be reported by us.

### **I further report that**

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and no changes in the composition of the Board of Directors that took place during the period under review except change in designation of a Director.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iii) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**I further report that** 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.

**I further report that** during the audit period the company has:

- (i) issued 1,60,00,000 equity shares of ₹10/- each at a premium of ₹8.75 per share vide Board Meeting dated 28.6.2016 on "Rights" basis.
- (ii) passed Special Resolution under Sections 23, 42, 71 and all other applicable provisions of the Companies Act, 2013 vide Extra Ordinary General Meeting dated 1.8.2016 members approval accorded to the Board of directors to offer, issue and allot up to 1,000 (One thousand only) unsecured, subordinated, redeemable, non-convertible debentures having face value of ₹10,00,000/- (Rupees Ten lakh only) each (the "Debentures") to eligible persons, for an aggregate consideration of up to ₹100,00,00,000/- (Rupees One hundred crore only), on a private placement basis.
- (iii) passed Ordinary Resolution vide Extra Ordinary General Meeting dated 1.8.2016 to take on record of the issue of 500 stock options of Sundaram Finance Limited (SFL), granted by SFL to Mr. M S Sreedhar, Managing Director of the Company.

Place : Chennai

Name of Company Secretary in practice/Firm : M. Damodaran

Date : 27th April 2017

FCS No. : 5837

C P No. : 5081

## Annexure C

### FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:  
NIL – All transactions entered into by the Company during the year with related parties were on arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:  
NIL – The transactions entered into by the Company during the year the related parties on an arm's length basis were not material in nature.

Place: Chennai

P M Venkatasubramanian

Date: 27th April 2017

Chairman

**Annexure D**
**FORM MGT 9  
 EXTRACT OF ANNUAL RETURN**

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

**Financial Year ended on 31.03.2017**

**I. REGISTRATION & OTHER DETAILS**

i	Corporate Identification Number (CIN)	U67200TN2000PLC045611
ii	Registration Date	22/08/2000
iii	Name of the Company	Royal Sundaram General Insurance Co. Limited (Formerly Known Royal Sundaram Alliance Insurance Company Limited)
iv	Category/Sub-category of the Company	Company having Share Capital/Indian Non-Government Company
v	Address of the Registered Office & contact details	No. 21, Patullos Road Chennai 600 002  Contact Details: S.R Balachandher Company Secretary & Chief Compliance Officer  Corp Off: Vishranthi Melaram Towers No.2/319, Rajiv Gandhi Salai (OMR) Karapakkam, Chennai 600 097 Ph : 044 7117 7205 Email : sr.balachandher@royalsundaram.in
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	Cameo Corporate Services Limited, Subramanian Building No. 1, Club House Road Chennai 600 002. Ph : 044 - 2846 0390 E-mail : cameo@cameoindia.com

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

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

Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
General Insurance	6512	100%

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

Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
Sundaram Finance Limited 21, Patullos Road, Chennai 600002	L65191TN1954PLC002429	Holding	75.90	2(46)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) CATEGORY-WISE SHARE HOLDING

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1)	Indian									
a)	Individual/HUF	-	17,93,075	17,93,075	0.57	-	18,84,152	18,84,152	0.57	NA
b)	Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	8,19,00,000	23,13,06,925	31,32,06,925	99.43	9,56,41,421	23,34,74,427	32,91,15,848	99.43	NA
d)	Bank/FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL (A) (1)</b>	<b>8,19,00,000</b>	<b>23,31,00,000</b>	<b>31,50,00,000</b>	<b>100.00</b>	<b>9,56,41,421</b>	<b>23,53,58,579</b>	<b>33,10,00,000</b>	<b>100.00</b>	<b>NA</b>
2)	Foreign									
a)	NRI- Individuals	-	-	-	-	-	-	-	-	-
b)	Other individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter A) = (A)(1)+(A)(2)</b>	<b>8,19,00,000</b>	<b>23,31,00,000</b>	<b>31,50,00,000</b>	<b>100.00</b>	<b>9,56,41,421</b>	<b>23,53,58,579</b>	<b>33,10,00,000</b>	<b>100.00</b>	<b>NA</b>



**(i) CATEGORY-WISE SHARE HOLDING**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. PUBLIC SHAREHOLDING</b>									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1)</b>	-	-	-	-	-	-	-	-	-
2) Non Institutions									
a) Bodies corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Any Other (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	8,19,00,000	23,31,00,000	31,50,00,000	100.00	9,56,41,421	23,53,58,579	33,10,00,000	100.00	NA

ii) SHARE HOLDING OF PROMOTERS

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Sundaram Finance Limited	23,90,85,000	75.90	-	25,12,29,000	75.90	-	-
2	India Motor Parts & Accessories Limited	3,14,49,231	9.98	-	3,30,46,652	9.98	-	-
3	T V Sundram Iyengar & Sons Private Limited	2,90,76,924	9.23	-	3,05,53,847	9.23	-	-
4	Sundharams Private Limited	1,35,95,770	4.32	-	1,42,86,349	4.32	-	-
5	S Ram	5,97,694	0.19	-	6,28,053	0.19	-	-
6	S Viji	5,97,691	0.19	-	6,28,050	0.19	-	-
7	R Ramanujam	5,97,690	0.19	-	6,28,049	0.19	-	-
<b>Total</b>		<b>31,50,00,000</b>	<b>100</b>	<b>-</b>	<b>33,10,00,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Sundaram Finance Limited</b>				
	At the beginning of the year	23,90,85,000	75.90	23,90,85,000	75.90
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b>				
	Allotment of shares – Rights Issue	1,21,44,000	-	1,21,44,000	-
	At the end of the Year	25,12,29,000	75.90	25,12,29,000	75.90

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	<b>India Motor Parts &amp; Accessories Limited</b>				
	At the beginning of the year	3,14,49,231	9.98	3,14,49,231	9.98
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b> Allotment of shares – Rights Issue	15,97,421	-	15,97,421	-
	At the end of the Year	3,30,46,652	9.98	3,30,46,652	9.98
3	<b>T.V Sundram Iyengar &amp; Sons Private Limited</b>				
	At the beginning of the year	2,90,76,924	9.23	2,90,76,924	9.23
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b> Allotment of shares – Rights Issue	14,76,923	-	14,76,923	-
	At the end of the Year	3,05,53,847	9.23	3,05,53,847	9.23
4	<b>Sundharams Private Limited</b>				
	At the beginning of the year	1,35,95,770	4.32	1,35,95,770	4.32
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b> Allotment of shares – Rights Issue	6,90,579	-	6,90,579	-
	At the end of the Year	1,42,86,349	4.32	1,42,86,349	4.32

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	<b>S Ram</b>				
	At the beginning of the year	5,97,694	0.19	5,97,694	0.19
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b> Allotment of shares – Rights Issue	30,359	-	30,359	-
	At the end of the Year	6,28,053	0.19	6,28,053	0.19
6	<b>S Viji</b>				
	At the beginning of the year	5,97,691	0.19	5,97,691	0.19
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b> Allotment of shares – Rights Issue	30,359	-	30,359	-
	At the end of the Year	6,28,050	0.19	6,28,050	0.19
7	<b>R Ramanujam</b>				
	At the beginning of the year	5,97,690	0.19	5,97,690	0.19
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	<b>Add:</b> Allotment of shares – Rights Issue	30,359	-	30,359	-
	At the end of the Year	6,28,049	0.19	6,28,049	0.19

iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Director, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-	-	-	-	-	-

**v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr S. Viji, Director				
	At the beginning of the year	5,97,691	0.19	5,97,691	0.19
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	Add: Allotment of shares on Right basis	30,359	-	30,359	-
	At the end of the Year	6,28,050	0.19	6,28,050	0.19

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year (including interest accrued)</b>				
i. Addition	-	10,000	-	10,000
ii. Reduction	-	-	-	-
<b>Net Change (i-ii)</b>	-	10,000	-	10,000
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	-	10,000	-	10,000
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	284	-	284
<b>Total (i+ii+iii)</b>	-	10,284	-	10,284

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager :

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager
		Mr. M S Sreedhar Managing Director
1	Gross salary	210.43
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	c) Profits in lieu of 17(3) Income- tax Act, 1961	-
2.	Stock Option*	NIL
3.	Sweat Equity	NIL
4.	Commission - as % of profit - others, specify	NIL
5.	Others, please specify	NIL
	<b>Total</b>	<b>210.43</b>

\* Company has not issued any Stock option to any of its employees.

B) Remuneration to other Directors:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Fee for attending Board /Committee Meetings	Commission	Others, please specify	Total Amount
1	<b>Independent Directors</b>				
	Mr. S Prasad	1.60	NIL	NIL	1.60
	Mr. M S Sundara Rajan	2.80	NIL	NIL	2.80
	Ms. Radha Unni	1.10	NIL	NIL	1.10
2	<b>Other Non-Executive Directors</b>				
	Mr. P M Venkatasubramanian	2.00	NIL	NIL	2.00
	Mr. S Viji	0.80	NIL	NIL	0.80
	Mr. T T Srinivasaraghavan	1.60	NIL	NIL	1.60
	Mr. Harsha Viji	1.00	NIL	NIL	1.00
	Mr. S Acharya	0.70	NIL	NIL	0.70
	<b>Total</b>				<b>11.60</b>

**C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD :**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		TOTAL
		Mr. Venkatachalam Sekar Chief Financial Officer	Mr. S R Balachandher Company Secretary	
1	Gross salary	39.29	41.77	81.06
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-
	c) Profits under in lieu section of salary 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	<b>Total</b>	<b>39.29</b>	<b>41.77</b>	<b>81.06</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any, (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

Place: Chennai

Date: 27th April 2017

**P M Venkatasubramanian**

Chairman

M/s. N. C. Rajagopal & Co.,  
Chartered Accountants  
22, V. Krishnaswamy Avenue, Luz Church Road,  
Mylapore, Chennai 600004

M/s. Brahmayya & Co.,  
Chartered Accountants  
48, Masilamani Road, Balaji Nagar,  
Royapettah, Chennai 600014

## INDEPENDENT AUDITORS' REPORT

To the Members of Royal Sundaram General Insurance Co. Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and Revenue Accounts, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year ended, and a summary of significant accounting policies and other explanatory information.
2. In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provisions of section 129 of the Companies Act 2013 ("the Act"), the Balance Sheet, the Revenue Accounts and the Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule III of the Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account, are, therefore, drawn up in conformity with the Regulations.

### Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipts and Payments Statement of the Company in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Sub section (1) of Section 129 of the Act, provisions of Section 11 of the Insurance Act read with the IRDA Regulations/Guidelines/Circulars/orders. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes



evaluating the appropriateness of 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

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, The Insurance Regulatory and Development Act, 1999 and The Companies Act, 2013 to the extent applicable and give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
  - in the case of Revenue Accounts, of the operating profit for the year ended on that date;
  - in the case of Profit and Loss Account, the profit for the year ended on that date;
  - in the case of Receipts and Payments Statement, receipts and payments for the year ended on that date;
  - Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations;
  - The Accounting policies selected by the insurer are appropriate and are in compliance with the applicable Accounting Standards and with the Accounting Principles, as prescribed in the Regulations or any order or direction issued by the Authority in this behalf.

### Report on other Legal and Regulatory Requirements - As required under provisions of Section 143(3) of the Act and IRDAI regulations

6. We report that
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - the Balance Sheet, the Revenue Accounts, Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account;
  - the financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches;
  - in our opinion, the Balance Sheet, Profit and Loss Account and Receipts and Payments Statement comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014 read together with IRDAI Regulations/Circulars/Orders;
  - the estimate of claims Incurred But Not Reported [IBNR] and claims Incurred But Not Enough Reported [IBNER] has been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority of India [IRDAI] and Actuarial Society of India in concurrence with IRDAI. We have relied on the appointed actuary's certificate in this regard
  - on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017, from being appointed as a Director in terms of sub-section (2) of Section 164 of the Act;

- h) 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);
  - i) in our opinion and to the best of our information and according to the explanations given to us
    - 1) the Company has disclosed the impact of pending litigations on its financial position in Note No.2(a) of Schedule 17 to the Financial statements;
    - 2) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - 3) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
7. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- a) we have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2017 and there is no apparent mistake or material inconsistency therein with the financial statements;
  - b) the Company has complied with the terms and conditions of registration stipulated by IRDAI vide their letter dated July 15, 2002;
  - c) we have verified the cash balances at the corporate office of the Company and investments of the Company;
  - d) the Company is not a trustee of any trust;
  - e) no part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds;
  - f) all expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts.

**For N. C. Rajagopal & Co.,**  
Chartered Accountants  
Registration No: 003398S

**For Brahmayya & Co.,**  
Chartered Accountants  
Registration No: 000511S

**V Chandrasekaran**  
Partner  
Membership No: 024844

**L Ravi Sankar**  
Partner  
Membership No: 025929

Place: Chennai

Dated: April 27, 2017

## ANNEXURE (A) REFERRED TO IN PARAGRAPH (6)(h) OF OUR REPORT OF EVEN DATE

### To the members of Royal Sundaram General Insurance Co. Limited

We have audited the Internal Financial Controls over financial reporting of ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED as of March 31, 2017 in conjunction with our audit of the standalone 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 issued by the Institute of Chartered Accountants of India". 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.

### 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 on Audit of Internal Financial Controls over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 auditor's 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, 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, 2017, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For N.C. Rajagopal & Co.,**  
Chartered Accountants  
Registration No: 003398S

**For Brahmayya & Co.,**  
Chartered Accountants  
Registration No: 000511S

**V Chandrasekaran**  
Partner  
Membership No: 024844

**L Ravi Sankar**  
Partner  
Membership No: 025929

Place: Chennai

Dated: April 27, 2017

**Form B - RA**
**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017 (FIRE BUSINESS)**

Registration No. and Date of Registration with the IRDAI : 102/23.10.2000

(₹ '000)

Particulars	Schedule	31st March 2017	31st March 2016
1 Premiums earned (Net)	1A	2,42,902	2,17,378
2 Profit/(Loss) on sale/redemption of Investments		17,593	4,280
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹1,00,192 thousand (Previous Year: ₹94,344 thousand)] (Refer note 18 of Schedule 17)		98,836	93,684
<b>Total (A)</b>		<b>3,59,331</b>	<b>3,15,342</b>
1 Claims Incurred (Net)	2A	1,16,832	1,09,581
2 Commission	3A	(20,619)	(33,174)
3 Operating Expenses related to Insurance Business	4	1,18,649	91,969
4 Premium Deficiency		-	-
<b>Total (B)</b>		<b>2,14,862</b>	<b>1,68,376</b>
<b>Operating Profit/(Loss) from Fire Business C = (A-B)</b>		<b>1,44,469</b>	<b>1,46,966</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		1,44,469	1,46,966
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>1,44,469</b>	<b>1,46,966</b>
Significant accounting policies	16		
Notes to financial statements	17		

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Fire Business have been fully debited in the Fire Business Revenue Account as expenses.

As per our report of even date attached

 For N.C. Rajagopal & Co.,  
 Chartered Accountants  
 Registration No. 003398S

 For Brahmayya & Co.,  
 Chartered Accountants  
 Registration No.000511S

 V Chandrasekaran  
 Partner  
 Membership No: 024844

 L Ravi Sankar  
 Partner  
 Membership No: 025929

 Place : Chennai  
 Date : April 27, 2017

For and on behalf of the Board of Directors

 P M Venkatasubramanian  
 Chairman  
 (DIN : 00124505)

 M S Sreedhar  
 Managing Director  
 (DIN : 07153983)

 Harsha Viji  
 Director  
 (DIN : 00602484)

 S Prasad  
 Director  
 (DIN : 00063667)

 Venkatachalam Sekar  
 Financial Controller & CFO

 S R Balachandher  
 Company Secretary

Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017 (MARINE BUSINESS)

Registration No. and Date of Registration with the IRDAI : 102/23.10.2000

(₹ '000)

Particulars	Schedule	31st March 2017	31st March 2016
1 Premiums earned (Net)	1B & 1C	1,47,585	1,41,193
2 Profit/(Loss) on sale/redemption of Investments		3,971	1,023
3 Others - Exchange Gain		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹14,353 thousand (Previous Year: ₹13,610 thousand)] (Refer note 18 of Schedule 17)		14,047	13,452
<b>Total (A)</b>		<b>1,65,603</b>	<b>1,55,668</b>
1 Claims Incurred (Net)	2B & 2C	74,476	1,08,634
2 Commission	3B & 3C	7,154	2,363
3 Operating Expenses related to Insurance Business	4	46,737	35,086
4 Premium Deficiency		-	-
<b>Total (B)</b>		<b>1,28,367</b>	<b>1,46,083</b>
<b>Operating Profit/(Loss) from Marine Business C = (A-B)</b>		<b>37,236</b>	<b>9,585</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		37,236	9,585
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>37,236</b>	<b>9,585</b>
Significant accounting policies	16		
Notes to financial statements	17		

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Marine Business have been fully debited in the Marine Business Revenue Account as expenses.

As per our report of even date attached

For N.C. Rajagopal & Co.,  
Chartered Accountants  
Registration No. 003398S

For Brahmayya & Co.,  
Chartered Accountants  
Registration No.000511S

V Chandrasekaran  
Partner  
Membership No: 024844

L Ravi Sankar  
Partner  
Membership No: 025929

Place : Chennai  
Date : April 27, 2017

For and on behalf of the Board of Directors

P M Venkatasubramanian  
Chairman  
(DIN : 00124505)

M S Sreedhar  
Managing Director  
(DIN : 07153983)

Harsha Viji  
Director  
(DIN : 00602484)

S Prasad  
Director  
(DIN : 00063667)

Venkatachalam Sekar  
Financial Controller & CFO

S R Balachandher  
Company Secretary

**Form B - RA**
**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017 (MISCELLANEOUS BUSINESS)**

Registration No. and Date of Registration with the IRDAI : 102/23.10.2000

(₹ '000)

Particulars	Schedule	31st March 2017	31st March 2016
1 Premiums earned (Net)	1D	1,68,19,391	1,35,41,605
2 Profit/(Loss) on sale/redemption of Investments		4,74,039	1,06,133
3 Others - Transfer fee and Duplicate fee		2,788	2,528
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹19,36,440 thousand (Previous Year: ₹17,11,081 thousand)] (Refer note 18 of Schedule 17)		18,95,862	16,92,017
<b>Total (A)</b>		<b>1,91,92,080</b>	<b>1,53,42,283</b>
1 Claims Incurred (Net)	2D	1,32,55,466	1,05,83,582
2 Commission	3D	6,12,531	5,95,297
3 Operating expenses related to Insurance Business	4	54,19,202	44,18,007
4 Premium Deficiency		-	-
<b>Total (B)</b>		<b>1,92,87,199</b>	<b>1,55,96,886</b>
<b>Operating Profit/(Loss) from Miscellaneous Business C = (A-B)</b>		<b>(95,119)</b>	<b>(2,54,602)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(95,119)	(2,54,602)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>(95,119)</b>	<b>(2,54,602)</b>
Significant accounting policies	16		
Notes to financial statements	17		

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Miscellaneous Business have been fully debited in the Miscellaneous Business Revenue Account as expenses.

As per our report of even date attached

 For N.C. Rajagopal & Co.,  
 Chartered Accountants  
 Registration No. 003398S

 For Brahmayya & Co.,  
 Chartered Accountants  
 Registration No.000511S

 V Chandrasekaran  
 Partner  
 Membership No: 024844

 L Ravi Sankar  
 Partner  
 Membership No: 025929

 Place : Chennai  
 Date : April 27, 2017

For and on behalf of the Board of Directors

 P M Venkatasubramanian  
 Chairman  
 (DIN : 00124505)

 M S Sreedhar  
 Managing Director  
 (DIN : 07153983)

 Harsha Viji  
 Director  
 (DIN : 00602484)

 S Prasad  
 Director  
 (DIN : 00063667)

 Venkatachalam Sekar  
 Financial Controller & CFO

 S R Balachandher  
 Company Secretary

Form B - PL

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017**

Registration No. and Date of Registration with the IRDAI : 102/23.10.2000

(₹ '000)

Particulars	Schedule	31st March 2017	31st March 2016
<b>1 OPERATING PROFIT/(LOSS)</b>			
a) Fire Insurance		1,44,469	1,46,966
b) Marine Insurance		37,236	9,585
c) Miscellaneous Insurance		(95,119)	(2,54,602)
<b>2 INCOME FROM INVESTMENTS</b>			
a) Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹4,70,068 thousand (Previous Year: ₹4,40,127 thousand)] (Refer note 18 of Schedule 17)		4,59,976	4,35,023
b) Profit on sale of investments	1,31,102		56,007
Less : Loss on sale of investments	(1,073)	1,30,029	(22,915)
<b>3 OTHER INCOME</b>			
(i) Profit on Sale of Assets		314	1,684
(ii) Interest on Staff Loan, Insurance Claim Recovery and Other Income		927	508
<b>Total (A)</b>		<b>6,77,832</b>	<b>3,72,256</b>
<b>4 PROVISION (Other than taxation)</b>			
a) For diminution in the value of investments		-	-
b) For doubtful debts		-	-
c) Others		-	-
<b>5 OTHER EXPENSES</b>			
a) Expenses other than those related to Insurance business		-	-
b) Employees' remuneration and welfare benefits		6,043	2,093
c) Bad debts written off (Investments)		-	-
d) Expenses of Investment & Penalties		5,760	823
e) CSR Contribution & Donations		9,695	8,175
f) Interest on Borrowings		28,445	-
<b>Total (B)</b>		<b>49,943</b>	<b>11,091</b>
<b>Profit/(Loss) Before Tax (A - B)</b>		<b>6,27,889</b>	<b>3,61,165</b>
<b>Provision for Taxation</b>			
- Current		1,20,588	2,45,000
- MAT Credit Entitlement		(27,088)	-
- Deferred		1,03,909	(1,50,481)
<b>Profit/(Loss) After Tax</b>		<b>4,30,480</b>	<b>2,66,646</b>
<b>Appropriations</b>			
a) Interim dividends paid during the year		-	-
b) Proposed final dividend		-	-
c) Dividend distribution tax		-	-
d) Transfer to any Reserves or Other Accounts		-	-
Balance of Profit/(Loss) brought forward from last year		19,41,810	16,75,164
<b>Balance carried forward to Balance Sheet</b>		<b>23,72,291</b>	<b>19,41,810</b>
Significant accounting policies	16		
Notes to financial statements	17		
Earning per Share (Basic and Diluted)		1.32	0.85

As per our report of even date attached

For N.C. Rajagopal & Co.,  
Chartered Accountants  
Registration No. 003398S

For Brahmayya & Co.,  
Chartered Accountants  
Registration No.000511S

V Chandrasekaran  
Partner  
Membership No: 024844

L Ravi Sankar  
Partner  
Membership No: 025929

Place : Chennai  
Date : April 27, 2017

For and on behalf of the Board of Directors

P M Venkatasubramanian  
Chairman  
(DIN : 00124505)

M S Sreedhar  
Managing Director  
(DIN : 07153983)

Harsha Viji  
Director  
(DIN : 00602484)

S Prasad  
Director  
(DIN : 00063667)

Venkatachalam Sekar  
Financial Controller & CFO

S R Balachandher  
Company Secretary



**FORM B - BS**
**BALANCE SHEET AS AT 31ST MARCH 2017**

Registration No. and Date of Registration with the IRDAI : 102/23.10.2000

(₹ '000)

Particulars	Schedule	31st March 2017	31st March 2016
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	5	33,10,000	31,50,000
RESERVES AND SURPLUS	6	31,52,291	25,81,810
FAIR VALUE CHANGE ACCOUNT			
- SHAREHOLDER FUNDS		21,731	(4,401)
- POLICYHOLDER FUNDS		82,827	(17,975)
BORROWINGS	7	10,00,000	-
<b>Total</b>		<b>75,66,849</b>	<b>57,09,433</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS - SHAREHOLDERS	8	69,92,814	53,41,587
INVESTMENTS - POLICYHOLDERS	8A	2,66,53,061	2,18,14,424
LOANS	9	-	-
FIXED ASSETS	10	2,86,017	3,26,869
DEFERRED TAX ASSETS - NET		2,40,026	3,43,935
(Refer note 7 of Schedule 17)			
<b>CURRENT ASSETS</b>			
CASH AND BANK BALANCES	11	7,74,356	5,81,807
ADVANCES AND OTHER ASSETS	12	23,10,716	20,30,981
<b>Sub- Total (A)</b>		<b>30,85,072</b>	<b>26,12,788</b>
<b>CURRENT LIABILITIES</b>			
PROVISIONS	13	1,94,20,641	1,62,86,078
	14	1,02,69,500	84,44,092
<b>Sub - Total (B)</b>		<b>2,96,90,141</b>	<b>2,47,30,170</b>
<b>NET CURRENT ASSETS (C) = (A - B)</b>		<b>(2,66,05,069)</b>	<b>(2,21,17,382)</b>
MISCELLANEOUS EXPENDITURE	15	-	-
(to the extent not written off or adjusted)			
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		-	-
<b>Total</b>		<b>75,66,849</b>	<b>57,09,433</b>
Significant accounting policies	16		
Notes to financial statements	17		

As per our report of even date attached

**For N.C. Rajagopal & Co.,**  
 Chartered Accountants  
 Registration No. 003398S

**V Chandrasekaran**  
 Partner  
 Membership No: 024844

 Place : Chennai  
 Date : April 27, 2017

**For Brahmayya & Co.,**  
 Chartered Accountants  
 Registration No.000511S

**L Ravi Sankar**  
 Partner  
 Membership No: 025929

For and on behalf of the Board of Directors

**P M Venkatasubramanian**  
 Chairman  
 (DIN : 00124505)

**Harsha Viji**  
 Director  
 (DIN : 00602484)

**Venkatachalam Sekar**  
 Financial Controller & CFO

**M S Sreedhar**  
 Managing Director  
 (DIN : 07153983)

**S Prasad**  
 Director  
 (DIN : 00063667)

**S R Balachandher**  
 Company Secretary

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹ '000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 1A</b>		
<b>PREMIUM EARNED (NET) - FIRE BUSINESS</b>		
Premium from direct business written	11,83,890	9,40,907
Add: Premium on reinsurance accepted	1,88,224	1,04,862
Less: Premium on reinsurance ceded	(10,55,091)	(8,09,618)
Net Premium	3,17,023	2,36,151
Adjustment for change in reserve for unexpired risks	(74,121)	(18,773)
<b>Total Premium Earned (Net)</b>	<b>2,42,902</b>	<b>2,17,378</b>
<b>SCHEDULE 1B</b>		
<b>PREMIUM EARNED (NET) - MARINE CARGO BUSINESS</b>		
Premium from direct business written	3,30,826	3,23,363
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(1,76,264)	(1,83,726)
Net Premium	1,54,562	1,39,637
Adjustment for change in reserve for unexpired risks	(7,462)	867
<b>Total Premium Earned (Net)</b>	<b>1,47,100</b>	<b>1,40,504</b>
<b>SCHEDULE 1C</b>		
<b>PREMIUM EARNED (NET) - MARINE HULL BUSINESS</b>		
Premium from direct business written	13,715	8,679
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(13,003)	(8,194)
Net Premium	712	485
Adjustment for change in reserve for unexpired risks	(227)	204
<b>Total Premium Earned (Net)</b>	<b>485</b>	<b>689</b>
<b>SCHEDULE 1D</b>		
<b>PREMIUM EARNED (NET) - MISCELLANEOUS BUSINESS</b>		
Premium from direct business written	2,03,59,402	1,56,68,256
Add: Premium on reinsurance accepted	21,209	16,450
Less: Premium on reinsurance ceded	(18,07,441)	(13,28,412)
Net Premium	1,85,73,170	1,43,56,294
Adjustment for change in reserve for unexpired risks	(17,53,779)	(8,14,689)
<b>Total Premium Earned (Net)</b>	<b>1,68,19,391</b>	<b>1,35,41,605</b>

All premium written, less reinsurance, is from business in India.

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	(₹ '000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 2A</b>		
<b>CLAIMS INCURRED (NET) - FIRE BUSINESS</b>		
Claims paid		
Direct	5,41,643	3,50,090
Add: Reinsurance accepted	24,472	4,512
Less: Reinsurance ceded	(4,87,779)	(2,67,490)
Net Claims paid	78,336	87,112
Add: Claims outstanding at the end of the year	2,00,660	1,62,164
Less: Claims outstanding at the beginning of the year	(1,62,164)	(1,39,695)
<b>Total Claims Incurred</b>	<b>1,16,832</b>	<b>1,09,581</b>
<b>SCHEDULE 2B</b>		
<b>CLAIMS INCURRED (NET) - MARINE CARGO BUSINESS</b>		
Claims paid		
Direct	2,07,508	1,74,977
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	(1,13,546)	(91,183)
Net Claims paid	93,962	83,794
Add: Claims outstanding at the end of the year	95,165	1,14,608
Less: Claims outstanding at the beginning of the year	(1,14,608)	(89,761)
<b>Total Claims Incurred</b>	<b>74,519</b>	<b>1,08,641</b>
<b>SCHEDULE 2C</b>		
<b>CLAIMS INCURRED (NET) - MARINE HULL BUSINESS</b>		
Claims paid		
Direct	-	-
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	-	-
Net Claims paid	-	-
Add: Claims outstanding at the end of the year	207	250
Less: Claims outstanding at the beginning of the year	(250)	(257)
<b>Total Claims Incurred</b>	<b>(43)</b>	<b>(7)</b>
<b>SCHEDULE 2D</b>		
<b>CLAIMS INCURRED (NET) - MISCELLANEOUS BUSINESS</b>		
Claims paid		
Direct	1,16,32,887	1,00,61,961
Add: Reinsurance accepted	62,785	188
Less: Reinsurance ceded	(8,36,209)	(9,11,425)
Net Claims paid	1,08,59,463	91,50,724
Add: Claims outstanding at the end of the year	1,65,96,601	1,42,00,598
Less: Claims outstanding at the beginning of the year	(1,42,00,598)	(1,27,67,740)
<b>Total Claims Incurred</b>	<b>1,32,55,466</b>	<b>1,05,83,582</b>

All claims paid, less reinsurance, are to claimants in India.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹ '000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 3A</b>		
<b>COMMISSION - FIRE BUSINESS</b>		
Commission paid		
Direct	1,07,189	77,266
<b>Total</b>	<b>1,07,189</b>	<b>77,266</b>
Add: Commission on Reinsurance Accepted	15,727	5,139
Less: Commission on Reinsurance Ceded	(1,43,535)	(1,15,579)
<b>Net Commission</b>	<b>(20,619)</b>	<b>(33,174)</b>
<b>Break-up of the expenses (Gross) incurred to procure business</b>		
Agents	15,904	10,353
Brokers	78,040	54,115
Corporate Agency	13,245	12,798
Referral	-	-
Others	-	-
<b>Total</b>	<b>1,07,189</b>	<b>77,266</b>
<b>SCHEDULE 3B</b>		
<b>COMMISSION - MARINE CARGO BUSINESS</b>		
Commission paid		
Direct	36,919	36,934
<b>Total</b>	<b>36,919</b>	<b>36,934</b>
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(28,695)	(33,939)
<b>Net Commission</b>	<b>8,224</b>	<b>2,995</b>
<b>Break-up of the expenses (Gross) incurred to procure business</b>		
Agents	12,662	5,960
Brokers	23,609	23,676
Corporate Agency	648	7,298
Referral	-	-
Others	-	-
<b>Total</b>	<b>36,919</b>	<b>36,934</b>

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	(₹ '000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 3C</b>		
<b>COMMISSION - MARINE HULL BUSINESS</b>		
Commission paid		
Direct	52	-
<b>Total</b>	<b>52</b>	<b>-</b>
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(1,122)	(632)
<b>Net Commission</b>	<b>(1,070)</b>	<b>(632)</b>
<b>Break-up of the expenses (Gross) incurred to procure business</b>		
Agents	-	-
Brokers	52	-
Corporate Agency	-	-
Referral	-	-
Others	-	-
<b>Total</b>	<b>52</b>	<b>-</b>
<b>SCHEDULE 3D</b>		
<b>COMMISSION - MISCELLANEOUS BUSINESS</b>		
Commission paid		
Direct	10,30,938	8,60,335
<b>Total</b>	<b>10,30,938</b>	<b>8,60,335</b>
Add: Commission on Reinsurance Accepted	1,257	2,667
Less: Commission on Reinsurance Ceded	(4,19,664)	(2,67,705)
<b>Net Commission</b>	<b>6,12,531</b>	<b>5,95,297</b>
<b>Break-up of the expenses (Gross) incurred to procure business</b>		
Agents	1,74,596	1,22,467
Brokers	6,26,259	5,00,165
Corporate Agency	2,30,083	2,37,703
Referral	-	-
Others	-	-
<b>Total</b>	<b>10,30,938</b>	<b>8,60,335</b>

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

For the year ended 31st March 2017

(₹ '000)

Particulars	Fire Revenue Account						Marine Revenue Account						Miscellaneous Revenue Account						Grand Total								
	Fire		Marine Cargo		Marine Hull		Total Marine		Total Motor		Workmen's Compensation / Employees Liability		Total Public / Product Liability		Engineering		Total Personal/Accident		Total Health Insurance		Others		Miscellaneous Total				
	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017	31st Mar 2016	31st Mar 2017		
<b>Premium Earned (Net)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Premium from direct business written	11,83,890	9,40,907	3,30,826	3,23,363	13,715	8,679	3,44,541	3,32,042	170,42,309	127,39,149	58,295	48,655	68,738	63,911	4,32,592	3,62,897	4,72,818	3,93,883	21,72,460	19,65,621	1,12,190	94,140	203,59,402	203,59,402	156,68,256	21,88,78,833	1,69,41,205
Add: Premium on reinsurance accepted	1,88,224	1,04,862	-	-	-	-	-	-	(17,967)	-	-	-	-	21,209	34,417	-	-	-	-	-	-	-	21,209	16,450	2,09,433	1,21,312	
Less: Premium on reinsurance ceded	(10,55,091)	(8,09,618)	(1,76,264)	(1,83,726)	(13,003)	(8,194)	(1,89,267)	(1,91,920)	(9,33,366)	(7,30,069)	(8,320)	(6,402)	(36,956)	(3,22,773)	(3,86,628)	(3,34,205)	(48,494)	(35,298)	(3,38,545)	(1,48,574)	(55,132)	(41,591)	(18,07,441)	(13,28,412)	(30,51,799)	(23,29,950)	
<b>Net Premium</b>	3,17,023	2,36,151	1,54,562	1,39,637	712	485	1,55,274	1,40,122	16,08,943	19,91,113	49,975	42,253	31,782	31,638	67,173	63,109	4,24,324	3,58,585	18,33,915	18,17,047	57,058	52,549	185,73,770	145,56,294	190,45,467	147,32,567	
Adjustment for change in reserve for unexpired risks	(74,121)	(18,773)	(7,462)	867	(227)	204	(7,689)	1,071	(17,47,155)	(7,82,446)	(3,370)	(2,615)	(307)	1,178	(2,517)	(3,294)	(15,804)	(16,471)	19,791	(2,622)	(4,417)	(8,419)	(17,53,779)	(8,14,689)	(18,35,589)	(8,32,391)	
<b>Total Premium Earned (Net)</b>	2,42,902	2,17,378	1,47,100	1,40,504	485	689	1,47,585	1,41,193	14,56,788	112,08,667	46,605	39,638	31,475	32,816	64,656	59,815	4,08,520	3,42,114	18,53,706	18,14,425	52,641	44,130	168,19,391	135,41,605	172,09,878	139,00,176	
<b>Claims Incurred (Net)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Claims paid</b>	5,41,643	3,50,090	2,07,508	1,74,977	-	-	2,07,508	1,74,977	99,27,479	85,37,048	5,193	4,851	5,465	14,331	1,63,927	61,289	1,51,697	1,57,454	13,56,552	12,73,348	22,574	13,640	116,32,887	100,61,961	123,82,038	105,87,028	
Add: Reinsurance accepted	24,472	4,512	-	-	-	-	-	-	61,647	-	-	-	-	-	1,138	188	-	-	-	-	-	-	62,785	188	87,257	4,700	
Less: Reinsurance ceded	(4,87,779)	(2,67,490)	(1,13,546)	(91,183)	-	-	(1,13,546)	(91,183)	(5,63,479)	(7,62,924)	(319)	(318)	(639)	(7,897)	(14,29,970)	(46,272)	(15,885)	(20,564)	(1,09,030)	(69,932)	(3,867)	(3,518)	(8,36,209)	(9,11,425)	(14,37,354)	(12,70,098)	
<b>Net Claims paid</b>	78,336	87,112	93,962	83,794	-	-	93,962	83,794	94,25,647	77,74,124	4,874	4,533	4,826	6,434	22,095	15,205	1,35,812	1,36,890	12,47,502	12,03,416	18,707	10,122	108,59,463	91,50,724	110,31,761	93,21,630	
Add: Claims remaining unpaid at the end of the year	2,00,660	1,62,164	95,165	1,14,608	207	250	95,372	1,14,858	160,48,549	136,76,099	25,235	16,576	18,055	19,254	64,477	66,237	1,82,474	1,65,890	2,38,969	2,34,270	18,842	22,272	165,96,601	142,00,598	168,92,633	144,77,620	
Less: Claims remaining unpaid at the beginning of the year	(1,62,164)	(1,39,695)	(1,14,608)	(89,761)	(250)	(257)	(1,14,858)	(90,018)	(136,76,099)	(121,71,743)	(16,576)	(18,976)	(19,254)	(19,169)	(66,237)	(62,509)	(1,65,890)	(2,02,949)	(2,34,270)	(2,74,411)	(22,272)	(17,983)	(142,00,598)	(127,67,740)	(144,77,620)	(129,97,453)	
<b>Total Claims Incurred</b>	1,16,832	1,09,581	74,519	1,08,641	(43)	(7)	74,476	1,08,634	117,98,096	92,78,480	13,533	2,133	3,627	6,519	20,335	18,933	1,52,397	99,831	12,52,201	11,63,275	15,277	14,411	132,55,466	105,83,582	134,46,774	108,01,797	
<b>Commissions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commissions paid</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct	1,07,189	77,266	36,919	36,934	52	-	36,971	36,934	6,65,029	5,20,475	4,801	3,973	7,263	7,249	41,934	35,629	47,318	44,597	2,55,045	2,41,012	9,548	7,400	30,30,938	8,60,335	11,75,098	9,74,535	
<b>Total</b>	1,07,189	77,266	36,919	36,934	52	-	36,971	36,934	6,65,029	5,20,475	4,801	3,973	7,263	7,249	41,934	35,629	47,318	44,597	2,55,045	2,41,012	9,548	7,400	30,30,938	8,60,335	11,75,098	9,74,535	
Add: Commission on reinsurance accepted	15,727	5,139	-	-	-	-	-	-	-	-	-	-	-	-	1,257	2,667	-	-	-	-	-	-	-	1,257	2,667	16,984	7,806
Less: Commission on reinsurance ceded	(1,43,535)	(1,15,579)	(28,693)	(33,939)	(1,122)	(632)	(29,817)	(34,571)	(97,385)	(75,199)	(531)	(424)	(7,511)	(2,651)	(11,145,4)	(1,19,675)	(7,528)	(4,902)	(1,86,801)	(57,935)	(8,454)	(6,919)	(41,19,664)	(2,67,705)	(5,93,016)	(41,78,855)	
<b>Net commission</b>	(20,619)	(33,174)	8,224	2,995	(1,070)	(632)	7,154	2,363	5,67,644	4,45,276	4,270	3,549	(248)	4,598	(68,263)	(81,379)	39,790	39,695	68,244	1,83,077	1,094	481	612,531	5,95,297	5,99,066	5,64,486	
<b>Operating Expenses</b>	1,18,649	91,969	46,659	35,024	78	62	46,737	35,086	47,81,197	38,40,264	8,650	7,605	5,405	5,303	23,427	19,788	1,19,716	86,981	4,63,246	4,43,137	17,561	14,729	54,19,202	44,18,007	55,84,588	45,45,062	

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	(₹ '000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 4</b>		
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>		
1 Employees' remuneration and welfare benefits	12,18,045	11,05,412
2 Travel, conveyance and vehicle running expenses	76,612	61,519
3 Training expenses	6,594	1,258
4 Rents, rates and taxes	1,40,732	1,26,758
5 Repairs and maintenance	43,753	40,787
6 Printing and stationery	53,284	43,346
7 Communication	90,650	80,222
8 Legal and professional charges	13,671	6,480
9 Auditors' fees and expenses		
(a) as auditors	2,400	2,000
(b) as adviser or in any other capacity, in respect of		
(i) Taxation matters	250	200
(ii) Insurance matters	-	-
(iii) Management services	-	-
(c) in any other capacity - certification	301	637
(d) out of pocket expenses	237	147
10 Advertisement and publicity	1,30,135	73,708
11 Bank charges	28,557	21,001
12 Others		
- Data processing and outsourcing expenses	30,73,758	23,25,746
- Marketing and related expenses	2,54,418	2,42,074
- Software and Hardware maintenance charges	2,26,215	1,85,759
- Policy Stamp expenses	1,527	1,404
- Directors' sitting fees	1,166	1,000
- Miscellaneous expenses	1,06,536	82,810
13 Depreciation	1,12,402	1,28,290
14 Service tax on premium (Net)	3,345	14,504
<b>Total</b>	<b>55,84,588</b>	<b>45,45,062</b>
Allocation of expenses (As per Accounting Policy 12, Schedule 16)		
Revenue Account - Fire Business	1,18,649	91,969
Revenue Account - Marine Business	46,737	35,086
Revenue Account - Miscellaneous Business	54,19,202	44,18,007
<b>Total</b>	<b>55,84,588</b>	<b>45,45,062</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 5</b>		
<b>SHARE CAPITAL</b>		
1 Authorised Capital 350,000,000 (31st March 2016 - 350,000,000) Equity shares of ₹10/- each	35,00,000	35,00,000
2 Issued Capital 331,000,000 (31st March 2016 - 315,000,000) equity shares of ₹10/- each, fully paid up	33,10,000	31,50,000
3 Subscribed Capital 331,000,000 (31st March 2016 - 315,000,000) equity shares of ₹10/- each, fully paid up	33,10,000	31,50,000
4 Called-up Capital 331,000,000 (31st March 2016 - 315,000,000) equity shares of ₹10/- each, fully paid up	33,10,000	31,50,000
Less: Calls unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid-up)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses (to the extent not written off)	-	-
<b>Total</b>	<b>33,10,000</b>	<b>31,50,000</b>

## SCHEDULE 5A

**SHARE CAPITAL  
PATTERN OF SHAREHOLDING  
[As certified by the Management]**

Shareholders	31st March 2017		31st March 2016	
	Number of Shares	% of holding	Number of Shares	% of holding
<b>Promoters</b>				
Indian	33,10,00,000	100%	31,50,00,000	100%
Foreign	-	-	-	-
	33,10,00,000	100%	31,50,00,000	100%
Others	-	-	-	-
<b>Total</b>	<b>33,10,00,000</b>	<b>100%</b>	<b>31,50,00,000</b>	<b>100%</b>



## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE 6</b>		
<b>RESERVES AND SURPLUS</b>		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	7,80,000	6,40,000
4 General Reserves	-	-
Less: Debit balance in Profit and Loss Account		
Less: Amount utilized for Buy-back		
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	23,72,291	19,41,810
<b>Total</b>	<b>31,52,291</b>	<b>25,81,810</b>
<b>SCHEDULE - 7</b>		
<b>BORROWINGS</b>		
1 Debentures / Bonds (Refer note 28 of Schedule 17)	10,00,000	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
<b>Total</b>	<b>10,00,000</b>	<b>-</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE - 8</b>		
<b>INVESTMENTS - SHAREHOLDERS</b>		
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	23,75,581	19,98,328
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	15,96,137	12,02,743
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	14,29,564	12,54,866
5 Other than Approved Investments - Alternative Investment Funds/ Corporate Debentures	1,07,753	20,241
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	10,382	1,57,068
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	3,96,327	58,842
(bb) Preference	-	-
(b) Mutual Funds	1,21,345	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	4,57,318	4,42,471
(e) Other Securities-CD/CBLO/CP	1,91,358	98,831
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	2,38,423	1,08,198
5 Other than Approved Investments - Corporate Debentures / Equity	68,625	-
<b>Total</b>	<b>69,92,814</b>	<b>53,41,587</b>
Aggregate market value of quoted investments other than Equity Shares	61,98,946	52,06,835
Aggregate book value of quoted investments other than Equity Shares	61,59,859	51,63,674
Historical cost of Equity Shares valued on fair value basis	3,94,267	63,814
Historical cost of Alternative Investment Funds/Mutual Funds valued on fair value basis	1,94,918	19,670
Aggregate book value of unquoted investments	2,22,039	98,831

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE - 8A</b>		
<b>INVESTMENTS - POLICYHOLDERS</b>		
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	90,54,511	81,60,941
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	60,83,665	49,11,861
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	54,48,771	51,24,726
5 Other than Approved Investments - Alternative Investment Funds/ Corporate Debentures	4,10,700	82,661
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	39,572	6,41,449
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	15,10,597	2,40,305
(bb) Preference	-	-
(b) Mutual Funds	4,62,505	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	17,43,066	18,07,002
(e) Other Securities-CD/CBLO/CP	7,29,359	4,03,613
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	9,08,749	4,41,866
5 Other than Approved Investments - Corporate Debentures / Equity	2,61,565	-
<b>Total</b>	<b>2,66,53,061</b>	<b>2,18,14,424</b>
Aggregate market value of quoted investments other than Equity Shares	2,36,27,240	2,12,64,110
Aggregate book value of quoted investments other than Equity Shares	2,34,78,259	2,10,87,845
Historical cost of Equity Shares valued on fair value basis	15,02,747	2,60,610
Historical cost of Alternative Investment Funds/Mutual Funds valued on fair value basis	7,42,927	80,330
Aggregate book value of unquoted investments	8,46,299	4,03,613

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE - 9</b>		
<b>LOAN</b>		
1. SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of Property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
Unsecured	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
2. BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
3. PERFORMANCE-WISE CLASSIFICATION		
(a) Loans Classified as standard	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performance loans less provisions	-	-
(aa) In India	-	-
(bb) Outside India	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
4. MATURITY-WISE CLASSIFICATION		
(a) Short-Term	-	-
(b) Long-Term	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**
**FIXED ASSETS**

(₹'000)

Particulars	Cost/Gross Block				Depreciation				Net Block	
	Opening as at 31st March 2016	Additions	Deductions	Closing as at 31st Mar 2017	Upto 31st March 2016	For the year	On sales	Upto 31st Mar 2017	As at 31st March 2017	As at 31st March 2016
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Information Technology Software	3,51,703	40,306	-	3,92,009	2,78,051	42,907	-	3,20,958	71,051	73,652
Furniture and Fittings	30,442	2,228	28	32,642	18,850	1,810	28	20,632	12,010	11,592
Improvements to Leased premises	2,50,921	9,849	2,992	2,57,778	1,34,180	23,055	2,992	1,54,243	1,03,535	1,16,741
Information Technology Equipment - Server	2,61,943	8,929	7,416	2,63,456	2,13,495	15,094	7,415	2,21,174	42,282	48,448
Information Technology Equipment - Others	1,93,665	5,291	-	1,98,956	1,75,456	13,161	-	1,88,617	10,339	18,209
Vehicles	8,143	211	1,165	7,189	5,164	1,484	1,047	5,601	1,588	2,979
Office Equipment	1,28,940	3,887	189	1,32,638	88,714	14,891	183	1,03,422	29,216	40,226
<b>Total</b>	<b>12,25,757</b>	<b>70,701</b>	<b>11,790</b>	<b>12,84,668</b>	<b>9,13,910</b>	<b>1,12,402</b>	<b>11,665</b>	<b>10,14,647</b>	<b>2,70,021</b>	<b>3,11,847</b>
Work in progress	15,022	26,326	25,352	15,996	-	-	-	-	15,996	15,022
<b>Grand Total</b>	<b>12,40,779</b>	<b>97,027</b>	<b>37,142</b>	<b>13,00,664</b>	<b>9,13,910</b>	<b>1,12,402</b>	<b>11,665</b>	<b>10,14,647</b>	<b>2,86,017</b>	<b>3,26,869</b>
As at 31st March 2016	11,54,475	1,00,265	13,961	12,40,779	7,92,008	1,28,290	6,388	9,13,910	3,26,869	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE - 11</b>		
<b>CASH AND BANK BALANCES</b>		
1 Cash (including cheques, drafts and stamps)	97,424	57,283
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current Accounts	6,76,932	5,24,524
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
<b>Total</b>	<b>7,74,356</b>	<b>5,81,807</b>

Included in bank balances - current accounts, are balances held outside India amounting to NIL (31st Mar 2016 - NIL) with non-scheduled banks and the other bank balances are with scheduled banks.

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE - 12</b>		
<b>ADVANCES AND OTHER ASSETS</b>		
<b>ADVANCES</b>		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	44,659	40,889
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source [Net of provision for tax amounting to ₹11,92,564 thousand (Previous Year: ₹ 10,99,064 thousand)]	2,23,938	99,908
6 MAT Credit Entitlement	27,088	-
7 Others - Deposits for premises and advance rent	75,984	73,725
- Service Tax unutilised credit/Advance Payments	42,390	38,989
- Other Advances	30,721	29,226
<b>Total (A)</b>	<b>4,44,780</b>	<b>2,82,737</b>
<b>OTHER ASSETS</b>		
1 Income accrued on investments	10,07,005	9,17,674
2 Outstanding Premiums	1,06,523	1,06,523
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	81,179	65,513
6 Due from subsidiaries / holding Company	-	-
7 Deposit with Reserve Bank of India [Pursuant to section 7 of the Insurance Act, 1938]	-	-
8 Others		
- Balance with Terrorism Pool	6,70,317	5,89,842
- Balance with Declined Risk Pool (IMTPDRIP)	-	68,588
- Investment Related Receivables	912	104
<b>Total (B)</b>	<b>18,65,936</b>	<b>17,48,244</b>
<b>Total (A+B)</b>	<b>23,10,716</b>	<b>20,30,981</b>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(₹'000)	
	31st March 2017	31st March 2016
<b>SCHEDULE - 13</b>		
<b>CURRENT LIABILITIES</b>		
1 Agents' Balances	84,524	77,137
2 Balances due to other insurance companies (including reinsurers)	3,03,888	1,06,173
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	2,70,709	1,61,421
5 Unallocated Premium	5,89,094	4,30,813
6 Sundry creditors	9,21,758	7,28,869
7 Unclaimed amount of Policyholders	1,51,231	1,25,810
8 Due to subsidiaries / holding company	35,802	5,947
9 Claims Outstanding	1,68,92,633	1,44,77,622
10 Due to Officers / Directors	7,000	6,357
11 Others - Service Tax payable	24,585	8,836
- Claims approved under settlement	1,39,417	1,57,093
<b>Total</b>	<b>1,94,20,641</b>	<b>1,62,86,078</b>
<b>SCHEDULE - 14</b>		
<b>PROVISIONS</b>		
1 Reserve for Unexpired Risk	1,02,32,923	83,97,333
2 For taxation (less advance tax paid and taxes deducted at source)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others - Employee Benefits - Gratuity	26,121	16,774
- Long Term Incentive	-	21,852
- Leave compensated absence	10,456	8,133
<b>Total</b>	<b>1,02,69,500</b>	<b>84,44,092</b>
<b>SCHEDULE - 15</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
1 Discount Allowed in issue of shares / debentures	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



## SCHEDULE 16

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting practices and accounting requirements prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Accounting Regulations') and amendments if any, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, Orders / Circulars / Notifications issued by IRDAI from time to time, the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the other requirements of the said Act, to the extent applicable.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates, and any changes arising there from are accounted for prospectively.

The Company follows the mercantile system of accounting and recognises items of income and expenditure on accrual basis.

#### 2. Revenue recognition for insurance business

Premium (net of service tax) is recognized as income over the contract period or period of risk, as appropriate and for installment cases, it is recognized on installment due dates after adjusting for unearned premium (unexpired risk) and premium deficiency, if any. For Government sponsored Health Scheme (RSBY), premium is recognized based on enrollment of lives and acknowledgement of the invoices by the Government. Subsequent revisions to or cancellations of premium are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

Premium deficiency is recognised whenever expected claims cost, related expenses and maintenance cost exceed related reserve for unexpired risk in Fire, Marine and Miscellaneous Revenue Accounts.

The reserve for unexpired risks represents the proportion of premium written relating to periods of insurance subsequent to the Balance Sheet date, calculated principally on a daily pro-rata basis and is subject to a minimum of 50% as stipulated in the Insurance Act, 1938. However, in respect of Marine Cargo and Marine Hull business a fixed percentage of 50 and 100 respectively on Net Written Premium of the year, is adopted.

#### 3. Claims

- (a) Claims paid include claims settlement costs, comprising survey, legal and other directly attributable expenses.
- (b) Estimated liability for outstanding claims in respect of direct business is provided on the basis of claims reported till the end of the financial year.
- (c) Estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER') is based on available statistical data and is as certified by the Appointed Actuary.
- (d) Premium deficiency if any is calculated based on actuarial valuation duly certified by the Appointed Actuary.
- (e) Salvage is accounted for, on realisable basis.

#### 4. Reinsurance

Reinsurance premium ceded is accounted for in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Unearned premium on reinsurance ceded is carried forward to the period of risk and set off against related unearned premium.

## SIGNIFICANT ACCOUNTING POLICIES

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

Claims recoverable from reinsurers are accounted for in the same period as Claims.

Commission on reinsurance ceded is recognised as income during the year in which the reinsurance premium is ceded. Profit commission is accounted when due.

### 5. Indian Market Terrorism Risk Insurance Pool

The Company has subscribed to a pool created by Indian non life insurers for insurance of terrorism risk ('the Pool') from 1<sup>st</sup> April 2002, managed by General Insurance Corporation of India ('the Pool Manager'). In terms of the Pool agreement, the Company reinsures the entire terrorism risk underwritten by it with the Pool and the Pool Manager is required to protect the portfolio for common account and retrocede it back to all Pool members including the Pool Manager, in proportion to their accepted share.

Accordingly, based on statements received from the Pool Manager up to the finalisation of financial statements, the Company combines its proportionate retrocession share of the Pool's income and expenses with similar items in its financial statements, on a line-by-line basis.

A reserve for unexpired risks is recorded at 100 per cent of the net premium retroceded to the Company from the Pool during the year.

### 6. Indian Motor Third Party Pool

The Company was a member of the Indian Motor Third Party Insurance Pool under which it collectively, mandatorily and automatically participated in a pooling arrangement to share all motor third party insurance business underwritten between 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2012, in respect of commercial vehicles.

IRDAI had vide its Orders IRDA /NL/ORD/MPL/277/12/2011 dated 23<sup>rd</sup> December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implies that the insurers liability on motor third party insurance on commercial vehicles gets restated from industry market share basis to actual policy issued basis.

### 7. Indian Motor Third Party Declined Risk Insurance Pool (DR Pool)

In accordance with the directions of IRDAI, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool (DR Pool), a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR pool (based on underwriting policy approved by IRDAI). The DR Pool is administered by General Insurance Corporation of India ('GIC').

In terms of the DR Pool agreement, the company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year. 75% of the premium written by the member insurer is to be ceded to the DR Pool. The fulfillment or shortfall of the mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool. The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

IRDAI had vide its Circular IRDA/NL/CIR/MISC/051/03/2016 dated 15<sup>th</sup> March 2016 directed dismantling of the IMTPDRP with effect from April 1, 2016.

The Company accounts for the pool transactions for the financial year on the basis of Full and Final statements received from Pool for the period ended 31<sup>st</sup> March 2016.

## SIGNIFICANT ACCOUNTING POLICIES

### 8. Investments

- (a) Investments are made in accordance with the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) (Amendment) Regulations.
- (b) Investments maturing within or intended to be held for a period of less than twelve months from the Balance Sheet date are classified as 'Short term investments' while those maturing beyond or intended to be held for a period of twelve months or above are classified as 'Long term investments'.
- (c) Investments are recorded at cost including acquisition charges (such as brokerage, transfer stamps etc), if any, and exclude interest paid on purchase.
- (d) Investments though not so separately classified in the accounts, are identified on an aggregate basis with the Policyholders' and Shareholders' Funds on the same lines as Investment income, as stated in item 9 herein below.
- (e) Debt securities
  - i. Debt securities, which include government securities are considered as 'held-to-maturity' and are measured at historical cost. The premium / discount, if any, on purchase of debt securities is amortised over the period to maturity based on their intrinsic yield.
  - ii. The net realised gains or losses on debt securities are the differences between the net sale consideration and the amortized cost, which is computed on a weighted average basis..
  - iii. The difference between the acquisition price and the maturity value of money market instruments is recognised as income in the Revenue Accounts or the Profit and Loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.
- (f) Equity securities that are traded in active markets
  - i. Measured at each Balance Sheet date at the fair value, being the last quoted closing prices available on the Balance Sheet date on the National Stock Exchange.
  - ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change – Equity Account" and carried to the Balance Sheet
  - iii. Profit/Loss on actual sale of a particular security shall include the accumulated fair value change thereof and is recycled to the Profit and Loss account.
  - iv. At each Balance Sheet date the company assesses impairment if any in the value, by examining if the investee company has been making losses continuously for the last three years and also its net worth is eroded, and recognizes the resultant impairment as an expense in the Revenue/Profit and Loss account.
- (g) Mutual funds – Liquid Funds / Gilts / Debt Funds
  - i. Measured at each Balance Sheet date at the fair value, being the realisable Net Asset Value.
  - ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change - Mutual Fund Account" and carried to the Balance Sheet.
  - iii. Profit/Loss on actual sale of units of a particular mutual fund shall include the accumulated fair value change thereof and is recycled to the Profit and Loss account.
  - iv. At each Balance Sheet date the company assesses impairment if any in the value, by examining if the realisable net asset value of each mutual fund is lower than the weighted average cost thereof, and recognizes such impairment as an expense in the Revenue/Profit and Loss account.
- (h) Alternative Investment Funds
 

Investments in Alternative Investment Funds (AIFs) are valued at latest available NAV. Unrealised gains or losses arising due to change in the fair value of Alternative Investment Funds (AIFs) are recognised in the Balance Sheet under "Fair value change account".

## SIGNIFICANT ACCOUNTING POLICIES

### 9. Investment Income

- a) Investment income other than that from pool accounts (including profit/loss on sale of investments) is allocated to the respective Revenue Accounts and the Profit and Loss Account based on the ratio of average 'Policyholder Funds' and "Shareholders' Funds" respectively (average of funds at the beginning and end of the year).
- b) 'Policyholder Funds' are the aggregate of outstanding claims, estimates for IBNR (including IBNER), reserve for unexpired risk, premium deficiency, catastrophe reserve and other liabilities net off other assets excluding the technical funds relating to pool accounts. "Shareholders' Funds" are the aggregate of funds available to the Company's shareholders, i.e., Share Capital + Reserve & Surplus.
- c) Investment income arising from pool accounts is allocated directly to respective Revenue Accounts.
- d) Dividend is accounted for as income as and when the right to receive is established.

### 10. Fixed Assets and Depreciation

Depreciation on tangible assets is provided on straight line method over the useful lives of assets estimated by the management. The management estimates the useful lives of assets as under.

Useful Life and Depreciation:

Asset	Method of Depreciation	Useful Life ( in years )	Rate
Furniture and Fittings	Straight Line Method	10	10%
Improvements to leased premises	Straight Line Method	Equally over the maximum period of the lease initially agreed upon and in case of Improvement to existing leased premises, over the balance lease period. *	
Information Technology Software	Straight Line Method	3	33.33%
Information Technology Equipment - Servers	Straight Line Method	6	16.67%
Information Technology Equipment - Other Hardware	Straight Line Method	3	33.33%
Vehicles	Straight Line Method	4	25% on 90% of the cost *
Office Equipment	Straight Line Method	5	20%

\* For these class of assets, based on internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

### 11. Impairment of Assets other than Investments

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price of the assets and their value in use.

### 12. Operating Expenses

- (a) Operating expenses, in the nature of acquisition costs, are expensed as incurred.
- (b) Operating expenses relating to insurance business are assigned to respective business segments as follows:
  - (i) Expenses directly identifiable to the business segments are allocated on an actual basis.
  - (ii) Other expenses, which are not directly identifiable, are apportioned on the basis of the Net Written Premium - Direct in each business segment during the year.

## SIGNIFICANT ACCOUNTING POLICIES

### 13. Operating Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments for the non-cancellable period of the operating leases are recognised as an expense over the lease term.

### 14. Employee Benefits

- (a) Defined Contribution Plans - Superannuation, Employee State Insurance and Provident Fund contributions are charged to as expenses on accrual.
- (b) Defined Benefit Plans- Retirement gratuity liability is funded with an Insurance Company through contributions to an approved gratuity trust. Liability therefore at each Balance sheet date is arrived at by external actuarial valuation by the fund manager using the projected unit credit method. Differential liability therefore is recognized in the accounts each year.
- (c) Costs of the Company's accumulating Compensated Absence Plans are valued and accounted for based on actuarial assumptions at each Balance Sheet date.
- (d) Costs of the Company's Retention Awards are valued and accounted for based on actuarial assumptions at each Balance Sheet date.
- (e) Actuarial gains/losses are recognized in the Revenue Accounts.

### 15. Income Tax

Tax expense comprises current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing difference 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 recognised on carried forward unabsorbed depreciation and tax losses only if there is a virtual certainty that such deferred tax assets can be realised against future taxable profits. Other deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which, such deferred tax assets can be realised.

### 16. Transactions in Foreign Exchange

- (a) Transactions in foreign currency are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the year end.
- (b) Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

### 17. Provision for Contingencies

In accordance with Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets', to the extent applicable to the Company, provisions are created in respect of obligations as a result of past events and it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These will be reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

### 18. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

SCHEDULE 17

NOTES TO FINANCIAL STATEMENTS

1. The assets of the Company are free from encumbrances.

2. a) Contingent liabilities

	(₹ '000)	
	31st March 2017	31st March 2016
Partly paid investments	Nil	Nil
Underwriting commitments relating to investment activities	Nil	Nil
Claims, other than those under policies, not acknowledged as debts	Nil	Nil
Guarantees given by or issued on behalf of the Company	Nil	Nil
Statutory demands/liabilities in dispute, not provided for :		
- Disputed Income Tax Liability	5,46,223*	6,99,382*
- Disputed Service tax Liability (Including penalty of ₹4,88,373 thousands)	11,24,495**	8,60,427**
Reinsurance obligations, to the extent not provided for in the accounts	Nil	Nil
Others	6,853***	6,853***

\* The contested Income Tax Demands have been ascertained on the basis of the relief allowed by the Commissioner of Income Tax (Appeals) and the principles adopted vide orders of Commissioner of Income Tax (Appeals) on similar disputed issues in the earlier assessment years.

Based on the Directorate General of Central Excise Intelligence (DGCEI) Order, in respect of certain payments, the Income Tax Department made certain additions for earlier years. This has resulted in the additional tax demand of ₹21,22,093 Thousands, which has not been considered as a contingent liability on the basis of expert legal advice that the demands are not sustainable and the likelihood of outflow of resources on this account is remote.

\*\* Based on the Show Cause Notice issued by Directorate General of Central Excise Intelligence (DGCEI), the Commissioner – Service Tax LTU, Chennai has confirmed the disallowance of certain input credits availed by the company for earlier years and demanded service tax inclusive of penalty and interest. The Company has not considered the demand of ₹7,44,194 thousands as a contingent liability on the basis of expert legal advice that the demands are not sustainable and the likelihood of outflow of resources is remote. The company has disclosed the demand on account of this for one financial year prior to the date of Show Cause Notice as a contingent liability, based on legal advice.

\*\*\* The company is of the view that retrospective payment of bonus is not appropriate and accordingly for bonus computation such retrospective amendment has not been taken into consideration. The additional liability on account of retrospective amendment is ₹6,853 thousands. The retrospective amendment is being challenged by various parties in the High court and based on the final outcome on determination of court cases would be accounted for on that date.

b) Commitments made for Investments and Fixed Assets

	(₹ '000)	
	31st March 2017	31st March 2016
Commitments made and outstanding for Loans and Investments	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	65,569	38,447

## NOTES TO FINANCIAL STATEMENTS

- c) Service Tax Advance Payments under "Advances & Other Assets" (Sch.12) includes ₹24,200 thousands (previous year ₹24,200) of cenvat credit reversed & held under protest with service tax authorities. Pending finality on this matter, the said amount is considered good & recoverable based on the legal opinion obtained by the company.

### 3. The disclosures in respect of operating leases are as follows

	(₹ '000)	
	31st March 2017	31st March 2016
Lease payments debited to the Profit and Loss Account	1,27,131	1,16,116
Future minimum lease payments		
- Not later than one year	1,16,046	1,03,678
- Later than 1 year but not later than 5 years	2,31,904	2,54,196
- Later than 5 years	26,194	41,403

### 4. Ageing of Gross Outstanding Claims

	(₹ '000)			
	31st March 2017		31st March 2016	
	Nos.	Amount	Nos.	Amount
Claims outstanding for a period exceeding 6 months	19,512	81,01,993	19,170	76,81,454
Other Claims (less than 6 months)	14,355	28,50,167	12,506	27,89,212
Grand Total	33,867	1,09,52,160	31,676	1,04,70,667

The claims were outstanding predominantly due to non-submission of essential documents by the insured and in respect of motor third party claims due to legal process involved. As at the year ended March 31, 2017, there are Nil claims (Previous Year – Nil) outstanding for a period exceeding six months from the date when settlement has been agreed.

### 5. Investments

	(₹ '000)	
	31st March 2017	31st March 2016
Contracts for sales where payments are overdue	Nil	Nil
Contracts for Purchases due for delivery on the Balance Sheet date	Nil	Nil

b)

Non-Performing Investment	Nil	Nil
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### 6. A) Employee Benefits - Gratuity

Disclosures as required under Accounting Standard 15 "Employee Benefits - Gratuity"

	(₹ '000)	
	31st March 2017	31st March 2016
a) The amounts recognized in the Balance Sheet		
Present value of obligations as at the end of the year	1,09,494	81,509
Fair value of plan assets as at the end of the year	83,373	64,735
Funded status Asset/(Liability)	(26,121)	(16,774)
Net Asset/(Liability) recognised in the Balance Sheet	(26,121)	(16,774)

## NOTES TO FINANCIAL STATEMENTS

## b) Expenses recognised in Revenue Accounts (₹ '000)

	31st March 2017	31st March 2016
Current Service cost	13,949	13,480
Interest Cost	7,324	6,339
Expected return on plan assets	(5,406)	(4,776)
Net Actuarial loss recognized in the year	12,484	(326)
Expenses to be recognised in Revenue Accounts	28,352	14,716

## c) Reconciliation of Benefit Obligation &amp; Plan Assets for the period (₹ '000)

	31st March 2017	31st March 2016
<b>Changes in present value of obligations :</b>		
Present value of obligations as at the beginning of the year	81,509	68,931
Interest cost	7,324	6,339
Current Service Cost	13,949	13,480
Benefits Paid	(7,363)	(6,993)
Actuarial (gain)/loss on obligation	14,074	(248)
Present value of obligations as at the end of the year	1,09,494	81,509

(₹ '000)

	31st March 2017	31st March 2016
<b>Changes in the fair value of plan assets – LIC Fund :</b>		
Fair value of plan assets at the beginning of the year	64,735	56,874
Expected return on plan assets	5,406	4,776
Contributions	19,004	10,000
Benefits paid	(7,363)	(6,993)
Actuarial gain on plan assets	1,590	78
Fair value of plan assets at the end of the year	83,373	64,735

## d) Asset Information

Category of Assets (% Allocation)	Period Ended			
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
	(%)	(%)	(₹'000 )	(₹'000 )
Government of India Securities	0%	0%	0	0
Corporate Bonds	0%	0%	0	0
Special Deposit Scheme	0%	0%	0	0
Equity Shares of Listed Companies	0%	0%	0	0
Property	0%	0%	0	0
Insurer Managed Funds	100%	100%	83,373	64,735
Others	0%	0%	0	0
Grand Total			83,373	64,735



## NOTES TO FINANCIAL STATEMENTS

### e) Experience Adjustments (₹ '000)

	Period Ended				
	31st March 2013	31st March 2014	31st March 2015	31st March 2016	31st March 2017
Defined benefit Obligation	45,999	54,814	68,931	81,509	1,09,494
Plan Assets	41,720	50,290	56,874	64,735	83,373
Surplus / (Deficit)	(4,279)	(4,524)	(12,057)	(16,774)	(26,121)
Exp. Adj. on Plan Liabilities	1,990	3,282	(204)	473	6,926
Exp. Adj. on Plan Assets	0	845	229	78	1,590

### f) Assumptions

	31st March 2017	31st March 2016
i) Discount rate	7.25%	7.85%
ii) Salary Escalation	8.00%	8.00%
iii) Expected return on plan assets	7.50%	8.00%
iv) Mortality has been considered as per the published rates under the Indian Assured Lives Mortality (2006-08) Ult table		
v) Rates of leaving service has been assumed as under		

Age (Years)	Rates (p.a.)
21-30	8.03%
31-40	11.03%
41-50	0.98%
51-59	0.40%

### B) Employee Benefits – Compensated absence

The present value of obligations towards compensated absences as at March 31, 2017 as per Actuarial Certificate is ₹10,456 thousands (Previous Year: ₹8,133 thousands) and is provided for in the books of Accounts. The basis of provision for compensated absences is as follows:

	31st March 2017	31st March 2016
<b>Changes in present value of obligations</b>		
Present value of obligations as at the beginning of the year	8,133	2,708
Interest cost	-	-
Current Service Cost	2,323	5,425
Benefits Paid	-	-
Actuarial (gain)/loss on obligation	-	-
Present value of obligations as at the end of the year	10,456	8,133

## NOTES TO FINANCIAL STATEMENTS

## Assumptions

	31st March 2017	31st March 2016
Discount rate	7.25%	7.85%
Salary Escalation	8.00%	8.00%
Earned leave	As per Company rules	
Retirement age	60 Years	60 Years
Mortality rate Table	IALM (2006-2008)	IALM (2006-2008)

## C) Employee Benefits – Retention Awards

The present value of obligations towards retention awards as at March 31, 2017 as per Actuarial Certificate is NIL (Previous Year: ₹21,852 thousands) and is provided for in the books of Accounts. The basis of provision for retention awards is as follows:

(₹ '000)

	31st March 2017	31st March 2016
<b>Changes in present value of obligations:</b>		
Present value of obligations as at the beginning of the year	21,852	34,664
Interest cost	-	-
Current Service Cost	5,948	8,388
Benefits Paid	(27,800)	(21,200)
Actuarial (gain)/loss on obligation	-	-
Present value of obligations as at the end of the year	-	21,852

## Assumptions

	31st March 2017	31st March 2016
Discount Rate	NA	7.85%
Increase in Incentive Amount	NA	0.0%
Retirement Age	NA	60 Years
Mortality Rate Table	NA	Nil
Leaving Service	NA	21%
Disability	NA	Nil

## 7. Deferred Tax

(₹ '000)

	31st March 2017	31st March 2016
<b>Deferred Tax Assets</b>		
Reserve for Unexpired Risk	2,24,176	3,36,971
Depreciation	12,232	4,149
Accumulating Compensated Absence	3,619	2,815
Total	2,40,026	3,43,935
Deferred Tax Liability	-	-
Net Deferred Tax Asset	2,40,026	3,43,935

## NOTES TO FINANCIAL STATEMENTS

### 8. Participation in Indian Terrorism Risk Insurance Pool

The Company has accounted for the retro cession for 4 Quarters upto December 2016 during the year.

	(₹'000)	
	31st March 2017	31st March 2016
Due from the Pool Manager, beginning of the year	5,89,842	5,09,973
Premium on reinsurance accepted	50,368	47,593
Investment Income	45,750	46,778
Premium on reinsurance ceded	(7,775)	(8,243)
Claims paid on reinsurance accepted	(1,442)	(204)
Operating expenses related to insurance business	(6,425)	(6,055)
Profit Commission on XL	Nil	Nil
Due from the Pool Manager, end of the year	6,70,317	5,89,842
Claims outstanding, end of the year	(1,000)	(1,000)
Reserve for Unexpired risk, end of the year	(42,593)	(39,351)
Reserve for Unexpired risk, beginning of the year	39,351	38,718

### 9. Indian Motor Third Party Declined Risk Insurance Pool (DR Pool)

In accordance with the directions of IRDAI, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles. The company has accounted upto March 31, 2016, based on the Full and Final statement received from the pool administrator during the year.

	(₹ '000)	
	31st March 2017	31st March 2016
Premium on reinsurance accepted	(86)	(17,967)
Incremental Reserve for unexpired risk	-	48,595
Claims Paid on Reinsurance Accepted	61,647	-
Claims Outstanding, end of the year	65,684	1,32,158
Claims Outstanding, beginning of the year	1,32,158	72,757
Claims Incurred	66,473	59,400
Operating expenses related to DR Pool	559	910
Profit / (Loss) from Pool	(67,118)	(29,682)

### 10. Solatium Fund

	(₹ '000)	
	31st March 2017	31st March 2016
Contribution to the Solatium Fund @ 0.1% of the Gross Written Premium of Motor Third Party Business	6,345	3,995

NOTES TO FINANCIAL STATEMENTS

11. The Sector-wise Gross Written Premium Direct

	(₹ '000)			
	31st March 2017		31st March 2016	
	Amount	%	Amount	%
Rural Sector (including Social Sector)	19,83,437	9.06	13,40,295	7.91
Other Sectors	1,99,04,396	90.94	1,56,00,910	92.09
Total Gross Direct Premium	2,18,87,833	100	1,69,41,205	100

Social Sector	31st March 2017	31st March 2016
No. of Lives Covered	1,47,992	1,09,481
No. of Policies Issued	290	242

The business written under rural / social sector is higher than the stipulated target set out in the IRDAI Regulations.

12. Premium Recognition on Varying Risk Pattern

Premium income recognised based on varying risk pattern is Nil (Previous Year : Nil)

13. Risk retention / Reinsurance

	31st March 2017	31st March 2016
Risk retained (%)	86	86
Risk reinsured (%)	14	14

14. Remuneration to Managing Director (as approved by IRDAI)

	(₹ '000)	
	2016-17	2015-16
1. Mr. Ajay Bimbhet (till 24th April 2015)		
Salary	-	357
Allowances and perquisites	-	1,036
2. Mr. M S Sreedhar (from 25th April 2015 * @)		
Salary	4,530	3,931
Allowances and perquisites	16,513	13,019
Total	21,043	18,343
Less: Transferred to Revenue Account	15,000	16,250
Balance Transferred to Profit & Loss Account	6,043	2,093

\* Includes Retention Bonus vested ₹1,600 thousands in respect of the period before becoming a Managing Director.

@ During the year Retention Bonus of ₹1,600 thousands has been paid out of earlier year provisions.

15. Related Party Transactions :

(a) Particulars of Related Parties

Enterprise having significant influence on the reporting enterprise

i) Holding company

Sundaram Finance Limited

## NOTES TO FINANCIAL STATEMENTS

### ii) Fellow Subsidiaries

Name of the related party	Relationship
Infreight Logistics Solutions Ltd.	Fellow subsidiary
LGF Services Ltd.	Fellow subsidiary
Sundaram Asset Management Company Ltd.	Fellow subsidiary
Sundaram Asset Management Singapore Pte Ltd.	Fellow subsidiary
Sundaram BNP Paribas Fund Services Ltd.	Fellow subsidiary
Sundaram BPO India Ltd.	Fellow subsidiary
Sundaram Business Services Ltd.	Fellow subsidiary
Sundaram Finance Distribution Ltd.	Fellow subsidiary
Sundaram Infotech Solutions Ltd.	Fellow subsidiary
Sundaram Insurance Broking Services Ltd.	Fellow subsidiary
Sundaram Trustee Company Ltd.	Fellow subsidiary
Sundaram BNP Paribas Home Finance Co. Ltd.	Fellow subsidiary
Sundaram Finance Distribution Ltd.	Fellow subsidiary

### iii) Key Management personnel (KMP)

Mr. M S Sreedhar	Managing Director
------------------	-------------------

### (b) Transactions with related parties and balances

(₹'000)

Sl No	Name of the Related Party	Nature of Relationship with the Company	Description of Transactions / Categories	Transactions for the Current Year	Outstanding Amt Carried to Balance Sheet Payable/ (Receivable)	Transactions for the Previous Year	Outstanding Amt Carried to Balance Sheet Payable/ (Receivable)
1	Sundaram Finance Ltd.	Holding Company	Insurance Premium Received - as beneficiary	9,726		10,319	
			Insurance Premium Received - as others	14,167		10,754	
			Interest on Investment Received	41,957		59,157	
			Rent Paid	6,122		6,396	
			Payment for Services Received	43,058		39,270	
			Agency Commission Paid	70,835		40,243	
			Insurance Claims Paid - as beneficiary	7,149		4,728	
			Insurance Claims Paid - as others	11,146		20,517	
			Investment Purchase	2,55,297		1,00,000	
			Investment Redemption	1,50,000		1,00,000	
			Interest on debentures	28,445		-	
			Other Receivables		(20,627)		(58,694)
			Investment Held		(5,07,002)		(6,00,000)
			Rental Deposit		(3,625)		(3,625)
			Other Payable		38,647		5,947
			Insurance Deposit		16,473		11,500
			Share Capital		25,12,290		23,90,850
Subscription of debentures		10,00,000		-			

## NOTES TO FINANCIAL STATEMENTS

(₹'000)

Sl No	Name of the Related Party	Nature of Relationship with the Company	Description of Transactions / Categories	Transactions for the Current Year	Outstanding Amt Carried to Balance Sheet Payable/ (Receivable)	Transactions for the Previous Year	Outstanding Amt Carried to Balance Sheet Payable/ (Receivable)
2	Sundaram BNP Paribas Home Finance Ltd.	Fellow Subsidiary	Insurance Premium Received	2,132		1,286	
			Interest on Investment Received	66,448		62,466	
			Insurance Claims Paid	163		610	
			Investment Purchase	-		1,50,000	
			Investment Redemption	50,000		50,000	
			Other Receivables		(26,620)		(27,083)
			Other Payable		2,921		-
			Investment Held		(6,50,000)		(7,00,000)
			Insurance Deposit		1,675		1,675
3	RSA Insurance Plc	Joint Promoter till 29-07-2015	Claims in Reinsurance Received	-		4,062	
			Commission on Reinsurance Ceded	-		1,914	
			Payment for Services Received	-		3,635	
			Reinsurance Premium Paid	-		13,885	
4	Sundaram Business Services Ltd.	Fellow Subsidiary	Insurance Premium Received	219		256	
			Insurance Claims Paid	55		96	
5	Sundaram BPO India Ltd.	Fellow Subsidiary	Insurance Premium Received	208		294	
			Insurance Claims Paid	27		840	
6	Sundaram Asset Management Company Ltd.	Fellow Subsidiary	Insurance Premium Received	2,502		240	
			Insurance Claims Paid	1,385		10	
			Rent received	206		206	
			Other Payable		84		-
7	Sundaram BNP Paribas Fund Services Ltd.	Fellow Subsidiary	Insurance Premium Received	108		120	
8	Sundaram Trustee Company Ltd.	Fellow Subsidiary	Insurance Premium Received	258		171	
9	Sundaram Finance Distribution Ltd.	Fellow Subsidiary	Insurance Premium Received	10		-	
10	Ajay Bimbhet	Key Managerial Personnel	Insurance Premium Received	-		60	
			Remuneration	-		1,394	
11	M S Sreedhar	Key Managerial Personnel	Insurance Premium Received	57		54	
			Remuneration	21,043		16,949	
			Other Payable		7,000		6,357

## NOTES TO FINANCIAL STATEMENTS

### 16. Penal Actions by various statutory authorities

(For the year ended 31st March 2017)

(₹ '000)

Sl No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority of India	Nil	Nil	4000	Nil
2	Service Tax Authorities	Nil	Nil	Nil	Nil
3	Income Tax Authorities	Nil	Nil	Nil	Nil
4	Any other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies / NCLT / CLB / Department of Corporate Affairs or any Authority under Companies Act, 2013	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central/State/Local Government / Statutory Authority	Nil	Nil	Nil	Nil

(For the year ended 31st March 2016)

(₹ '000)

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

## NOTES TO FINANCIAL STATEMENTS

### 17. Segment Reporting

The Company carries on non-life insurance business in India. The Company has provided primary segmental information, in Annexure I, as required by Accounting Standard 17 – ‘Segment Reporting’ issued by ICAI, read with Accounting Regulations.

### 18. Interest earned on investments is shown net of amortisation of premium / (discount) on securities. The details of such amortisation are as below

	(₹ '000)	
	31st March 2017	31st March 2016
Revenue Account – Policyholders’ Funds		
Fire	1,355	660
Marine	306	158
Miscellaneous	40,658	19,064
Profit and Loss Account – Shareholders’ Funds	10,012	5,104
<b>Total</b>	<b>52,330</b>	<b>24,986</b>

### 19. Summary of Financial Statements and Accounting Ratios

A summary of financial statements and Accounting Ratios as per the formats prescribed by the IRDAI in its master circular dated 5th October, 2012 and subsequent clarifications thereon dated 3rd July, 2013, are provided in Annexure 2 and Annexure 3.

### 20. The liability of IBNR & IBNER for the year ending March 31, 2017 has been estimated by the appointed actuary in compliance with the guidelines issued by the IRDAI.

### 21. Details of Outsourcing Expenses:

	(₹ '000)	
	31st March 2017	31st March 2016
<b>Nature of Outsourcing</b>		
Data processing and outsourcing expenses	30,73,758	23,25,746
Marketing and related expenses	2,54,418	2,42,074
Other Outsourcing expenses	2,68,150	1,95,840
<b>Total</b>	<b>35,96,326</b>	<b>27,63,661</b>



## NOTES TO FINANCIAL STATEMENTS

### 22. Statement showing the age-wise analysis of the unclaimed amount of the Policyholders

(For the year ended 31st March 2017)

(₹ '000)

Particulars	Total Amount	AGE-WISE ANALYSIS					
		4-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims Settled but not paid to the policyholders	-	-	-	-	-	-	-
Excess Premium & Refunds (Due to the Insured)	9,893	3,333	255	244	228	364	5,469
Chq issued but not encashed by the Policyholder/Insured	1,33,966	44,971	21,000	31,564	20,665	1,272	14,494

The above given figures do not include the Policyholders dues for the ageing 0-3 months & hence would differ from the amount given under the head "Unclaimed Amount of Policyholders" in Schedule 13.

(For the year ended 31st March 2016)

(₹ '000)

Particulars	Total Amount	AGE-WISE ANALYSIS					
		4-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims Settled but not paid to the policyholders	-	-	-	-	-	-	-
Excess Premium/Refunds (Due to the Insured)	7,380	1,303	294	313	-	-	5,469
Chq issued but not en-cashed by the Policyholder/Insured	1,11,624	56,709	22,859	9,454	4,036	2,982	15,584

The above given figures do not include the Policyholders dues for the ageing 0-3 months & hence would differ from the amount given under the head "Unclaimed Amount of Policyholders" in Schedule 13.

23. In accordance with the regulatory guidelines, there is no premium deficiency to be recognized at segmental level (i.e Fire, Marine and Miscellaneous), however there is a premium deficiency in respect of sub-segment within miscellaneous segment as under

(₹ '000)

	At March 31,2017	At March 31,2016
Motor TP (Including Declined Risk Pool)	5,46,000	4,69,000

### 24. Earning Per Share (EPS)

(Amount in ₹)

	2016-17	2015-16
Profit/(Loss) After Tax - A	43,04,79,551	26,66,46,356
No. of Shares	33,10,00,000	31,50,00,000
Weighted avg. no. of Shares - B	32,71,42,466	31,50,00,000
(31,50,00,000 Shares for 1st April 2016 to 27th June 2016 & 33,10,00,000 Shares for 28th June to 31st March 2017)		
EPS - Basic & Diluted - (A / B)	1.32	0.85

NOTES TO FINANCIAL STATEMENTS

25. During the year the foreign exchange gain/(loss) included in the Revenue account of the Company is loss of ₹44 thousands (Previous year loss ₹1258 thousands).

26. Expenses not directly identifiable to business segments, apportioned to Revenue Accounts

(₹ '000)

Product Segment	31st March 2017*		31st March 2016*	
	Investment Expenses	Other Expenses	Investment Expenses	Other Expenses
Fire	238	30,806	106	25,879
Marine Cargo	54	17,062	25	17,885
Marine Hull	-	78	-	62
Miscellaneous	6,416	20,37,512	2,640	18,24,948
<b>Total</b>	<b>6,708</b>	<b>20,85,458</b>	<b>2,771</b>	<b>18,68,774</b>
<b>*Basis of Allocation</b>	Mean Policy Holder Fund	NWP - Direct	Mean Tech Fund	NWP - Direct

27. Previous Year figures have been reclassified / regrouped, wherever necessary, to conform with the current year's classification.

28. During the year company has issued Unsecured Sub-ordinate redeemable non-convertible Debentures in two tranches having tenor of 10 years. The company has raised ₹5,00,000 (in thousands) on 30th September 2016 at a coupon rate of 11.00% p.a. and ₹5,00,000 (in thousands) on 27th March 2017 at a coupon rate of 10.50% p.a.

29. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as below:

(₹ '000)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8.11.2016	2,403	145	2,547
(+) Permitted receipts	466	47,077	47,542
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	2,868	45,893	48,761
Closing cash in hand as on 30.12.2016	-	1,329	1,329

As per our report of even date attached

For N.C. Rajagopal & Co.,  
Chartered Accountants  
Registration No. 003398S

For Brahmayya & Co.,  
Chartered Accountants  
Registration No.000511S

V Chandrasekaran  
Partner  
Membership No: 024844

L Ravi Sankar  
Partner  
Membership No: 025929

Place : Chennai  
Date : April 27, 2017

For and on behalf of the Board of Directors

P M Venkatasubramanian  
Chairman  
(DIN : 00124505)

M S Sreedhar  
Managing Director  
(DIN : 07153983)

Harsha Viji  
Director  
(DIN : 00602484)

S Prasad  
Director  
(DIN : 00063667)

Venkatachalam Sekar  
Financial Controller & CFO

S R Balachandher  
Company Secretary

## SEGMENT REPORTING

## ANNEXURE 1

- The company's business is organised on a National basis and caters to the non-life insurance business. Accordingly, the Company has provided primary segmental information as per Accounting Standard 17 - 'Segment Reporting' issued by ICAI, read with the Accounting Regulations.
  - Segment revenues are either directly attributed to or, in the case of bundled products, allocated to the individual segments. There are no inter segment revenues.
  - Operating expenses are attributed to the business segments in line with accounting policy 12 in Schedule 16.
  - Investments and other Assets and liabilities are identified with the respective segments in the ratio of Shareholders and Technical Funds as defined in Policy 8 of Schedule 16.
  - Since the business operations of the Company are entirely in India, the same is considered as one geographical segment.
- For the year ended 31st March 2017**

Particulars	Fire	Maine Cargo	Maine Hull	Motor OD	Motor TP	Motor Total	Workmen Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total Excluding Motor TP Pool	Motor Pool & Declined Pool	Total Including Motor TP Pool
Gross Direct Premium	11,83,890	3,30,826	13,715	1,06,97,174	63,451,135	1,70,42,309	58,295	68,738	4,32,592	4,72,818	21,72,460	1,12,190	-	2,18,87,833	-	2,18,87,833
Premium inward	1,88,224	-	-	-	-	-	-	-	21,209	-	-	-	-	2,09,433	-	2,09,433
Net Written Premium	3,17,023	1,54,562	712	1,01,16,173	59,92,684	1,61,08,857	49,975	31,782	67,173	4,24,324	18,33,915	57,058	-	1,90,45,381	86	1,90,45,467
Premium earned (net)	2,42,902	1,47,100	485	93,34,450	50,27,252	1,43,61,702	46,605	31,475	64,656	4,08,520	18,53,706	52,641	-	1,72,09,792	86	1,72,09,878
Profit/(Loss) on sale/redemption of investments	17,593	3,948	23	1,22,466	3,12,118	4,34,583	837	733	2,398	7,079	27,355	1,054	1,30,029	6,25,631	-	6,25,631
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (net of amortisation)	98,836	13,965	81	4,33,222	11,04,117	15,37,339	2,962	2,592	17,632	25,041	96,768	3,729	4,59,976	22,58,921	2,09,800	24,68,721
Total segmental revenue	3,59,332	1,65,013	589	98,90,138	64,43,486	1,63,33,624	50,405	34,800	84,685	4,40,640	19,77,829	57,424	5,90,005	2,00,94,345	2,09,886	2,03,04,231
Claims incurred (net)	(1,16,832)	(74,519)	43	(63,67,445)	(51,91,269)	(1,15,58,714)	(13,533)	(3,627)	(20,335)	(1,52,396)	(12,52,201)	(15,277)	-	(1,32,07,391)	(2,39,383)	(1,34,46,774)
Commission received / (paid), net	20,619	(8,224)	1,070	(5,64,098)	(3,546)	(5,67,644)	(4,270)	248	68,263	(39,790)	(68,244)	(1,094)	-	(5,99,066)	-	(5,99,066)
Operating expenses related to insurance business	(1,18,649)	(46,659)	(78)	(41,18,779)	(6,61,859)	(47,80,638)	(8,650)	(5,405)	(23,427)	(1,19,716)	(4,63,246)	(17,561)	-	(55,84,029)	(559)	(55,84,588)
Total segmental expenses	(2,14,862)	(1,29,402)	1,035	(1,10,50,322)	(58,56,674)	(1,69,06,996)	(26,453)	(8,784)	24,501	(3,11,902)	(17,83,691)	(33,932)	-	(1,93,90,486)	(2,39,942)	(1,96,30,428)
Segmental Profit / (Loss)	1,44,470	35,611	1,624	(11,60,184)	5,86,812	(7,73,372)	23,952	26,016	1,09,186	1,28,738	1,94,138	23,492	5,90,005	7,03,859	(30,056)	6,73,803
Other income	-	-	-	2,788	-	2,788	-	-	-	-	-	-	1,241	4,029	-	4,029
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(49,943)	(49,943)	-	(49,943)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(1,97,409)	(1,97,409)	-	(1,97,409)
Net Profit (Loss) for the year	1,44,470	35,611	1,624	(11,57,396)	5,86,812	(7,70,584)	23,952	26,016	1,09,186	1,28,738	1,94,138	23,492	3,43,894	4,60,536	(30,056)	4,30,480
Segment Assets	15,04,782	2,13,043	1,196	63,80,670	1,62,61,871	2,26,42,541	43,838	38,207	2,70,274	3,68,819	15,39,083	55,629	66,99,670	3,33,77,530	36,39,433	3,70,16,963
Segment Liabilities	10,46,078	2,10,929	2,514	72,81,549	1,71,11,263	2,43,92,813	50,931	40,538	1,62,000	3,93,962	14,84,892	60,790	-	2,78,46,049	18,44,093	2,96,90,141
Capital Expenditure	5,850	1,456	60	47,078	27,925	75,002	257	303	1,964	2,081	9,561	494	-	97,027	-	97,027
Amortisation of premium & discount	(1,355)	(304)	(2)	(9,430)	(24,033)	(33,463)	(64)	(56)	(185)	(545)	(2,106)	(81)	(10,012)	(48,174)	(4,157)	(52,330)
Depreciation	6,777	1,687	70	54,538	32,349	86,887	297	350	2,276	2,411	11,076	572	-	1,12,402	-	1,12,402
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2016-17- Nil

NOTES TO FINANCIAL STATEMENTS

(₹ '000)

For the year ended 31st March 2016

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmen Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total Excluding Motor TP Pool	Motor Pool & Declined Pool	Total including Motor TP Pool
Gross Direct Premium	9,40,907	3,23,363	8,679	87,43,825	39,95,324	1,27,39,149	48,655	63,911	3,62,897	3,93,883	19,65,621	94,140	-	1,69,41,205	-	1,69,41,205
Premium inward	1,04,862	-	-	-	-	-	-	-	34,417	-	-	-	-	1,39,279	(17,967)	1,21,312
Net Written Premium	2,36,151	1,39,637	485	82,46,044	37,63,036	1,20,09,080	42,253	31,638	63,109	3,58,585	18,17,047	52,549	-	1,47,50,534	(17,967)	1,47,32,567
Premium earned (net)	2,17,378	1,40,504	689	78,26,371	33,51,668	1,11,78,039	39,638	32,816	59,815	3,42,114	18,14,425	44,130	-	1,38,69,348	30,628	1,39,00,176
Profit/(Loss) on sale / redemption of investments	4,280	1,018	5	28,644	66,923	95,567	189	201	590	1,871	7,477	239	33,092	1,44,529	-	1,44,529
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (net of amortisation)	93,684	13,387	65	3,76,544	8,79,760	12,56,304	2,485	2,638	17,111	24,600	98,288	3,136	4,35,023	19,46,722	2,87,455	22,34,177
Total segmental revenue	3,15,342	1,54,909	759	82,31,559	42,98,351	1,25,29,910	42,312	35,655	77,516	3,68,585	19,20,190	47,505	4,68,115	1,59,60,799	3,18,083	1,62,78,881
Claims incurred (net)	(1,09,581)	(1,08,641)	7	(49,57,219)	(39,55,262)	(89,12,481)	(2,133)	(6,519)	(18,933)	(99,831)	(11,63,275)	(14,411)	-	(1,04,35,798)	(3,65,999)	(1,08,01,797)
Commission received / (paid), net	33,174	(2,995)	632	(4,39,601)	(5,675)	(4,45,276)	(3,549)	(4,598)	81,379	(39,695)	(1,83,077)	(481)	-	(5,64,486)	-	(5,64,486)
Operating expenses related to insurance business	(91,969)	(35,024)	(62)	(33,59,906)	(4,79,648)	(38,39,554)	(7,605)	(5,303)	(19,788)	(86,981)	(4,43,137)	(14,729)	-	(45,44,152)	(910)	(45,43,062)
Total segmental expenses	(1,68,376)	(1,46,660)	577	(87,56,726)	(44,40,585)	(1,31,97,311)	(13,287)	(16,420)	42,659	(2,26,507)	(17,89,489)	(29,621)	-	(1,55,44,436)	(3,66,909)	(1,59,11,345)
Segmental (loss) / profit	1,46,966	8,249	1,336	(5,25,167)	(1,42,234)	(6,67,401)	29,025	19,235	1,20,175	1,42,078	1,30,701	17,884	4,68,115	4,16,363	(48,826)	3,67,536
Other income	-	-	-	2,528	-	2,528	-	-	-	-	-	-	2,192	4,720	-	4,720
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(11,091)	(11,091)	-	(11,091)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(94,519)	(94,519)	-	(94,519)
Net profit (Loss) for the year	1,46,966	8,249	1,336	(5,22,639)	(1,42,234)	(6,64,873)	29,025	19,235	1,20,175	1,42,078	1,30,701	17,884	3,64,697	3,15,473	(48,826)	2,66,646
Segment Assets	12,72,411	1,92,254	878	50,71,573	1,18,49,248	1,69,20,821	33,474	35,532	2,26,527	3,31,629	14,33,109	42,415	57,62,143	2,62,51,192	38,44,475	3,00,95,668
Segment Liabilities	8,88,484	2,19,647	1,680	59,87,720	1,31,01,447	1,90,89,167	37,420	40,396	1,52,277	3,49,474	14,61,371	57,008	-	2,22,96,923	24,33,246	2,47,30,170
Capital Expenditure	5,925	1,903	51	51,471	23,519	74,990	286	376	2,289	2,319	11,571	554	-	1,00,265	-	1,00,265
Amortisation of premium & discount	(660)	(157)	(1)	(4,418)	(10,323)	(14,741)	(29)	(31)	(91)	(289)	(1,153)	(37)	(5,104)	(22,293)	(2,692)	(24,986)
Depreciation	7,582	2,436	65	65,858	30,092	95,950	366	481	2,929	2,967	14,805	709	-	1,28,290	-	1,28,290
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2015-16 - NIL

## ANNEXURES TO THE FINANCIAL STATEMENTS

### SUMMARY OF FINANCIAL STATEMENTS

### ANNEXURE 2

(₹ in Lakhs)

Sl No	Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
<b>OPERATING RESULTS</b>						
1	Gross Premiums Written-Direct	2,18,878	1,69,412	1,56,920	1,43,704	1,56,000
2	Net Premium Income#	1,90,455	1,47,326	1,38,809	1,26,866	1,32,010
3	Income from investments (net)@	25,043	19,106	17,608	15,005	12,989
4	Other income -Transfer fee etc	28	25	10	10	13
5	<b>Total Income</b>	<b>2,15,526</b>	<b>1,66,457</b>	<b>1,56,427</b>	<b>1,41,880</b>	<b>1,45,012</b>
6	Commissions (net)	5,991	5,645	5,686	4,809	3,617
7	Operating Expenses	55,846	45,451	42,618	35,748	37,656
8	Net Incurred Claims	1,34,468	1,08,018	1,01,665	1,00,419	92,442
9	Change in Unexpired Risk Reserve	18,356	8,324	8,463	(4,706)	7,948
10	<b>Operating Profit/ (loss)</b>	<b>866</b>	<b>(981)</b>	<b>(2,004)</b>	<b>5,610</b>	<b>3,349</b>
<b>NON OPERATING RESULT</b>						
11	Total income shareholders' account	5,413	4,602	4,821	4,473	2,977
12	Profit/(loss) before tax	6,279	3,612	2,817	10,082	6,326
13	Provision for tax	(1,974)	(945)	(618)	(3,260)	(859)
14	Profit/(loss) after tax	4,305	2,666	2,199	6,824	5,467
<b>MISCELLANEOUS</b>						
15	Policyholders'Account :					
	Total funds	2,77,705	2,28,750	2,05,624	1,82,090	1,66,350
	Total investments	2,66,531	2,18,020	1,94,110	1,70,240	1,58,923
	Yield on investments	10.1%	8.9%	9.3%	8.7%	8.7%
16	Shareholders' Account :					
	Total funds	64,840	57,094	54,975	52,536	45,590
	Total investments	69,928	53,541	55,035	52,100	49,037
	Yield on investments	10.1%	8.9%	9.3%	8.7%	8.7%
17	Paid up equity capital	33,100	31,500	31,500	31,500	31,500
18	Net worth	64,840	57,094	54,975	52,536	45,590
19	Total assets	3,72,570	3,04,396	2,80,814	2,52,074	2,35,935
20	Yield on Total investments	10.1%	8.9%	9.3%	8.7%	8.7%
21	Earnings per share (₹)*	1.32	0.85	0.70	2.17	1.88
22	Book Value per share (₹)	19.59	18.13	17.45	16.68	14.47
23	Total Dividend	-	-	-	-	-
24	Dividend per share (₹)	-	-	-	-	-
	# Net of reinsurance					
	@ Net of losses					
	EPS has been calculated in accordance with AS-20 Basic & Diluted					
	* (Face Value ₹10/- each)					
	Profit / (Loss) for the year	4,305	2,666	2,199	6,824	5,467
	Weighted Average Number of Shares at the end of the year	32,71,42,466	31,50,00,000	31,50,00,000	31,50,00,000	29,02,73,973

Note: (1) The Company determine the Policyholders' Fund and the Shareholders' Fund on the basis stipulated IRDAI Circular no. IRDA/F&A/CIR/CPM/010/01/2017 (Refer Point 8 of Schedule 16 relating to Accounting Policy).

ANNEXURES TO THE FINANCIAL STATEMENTS

RATIOS FOR NON-LIFE INSURANCE COMPANIES

ANNEXURE 3

Sl No	Performance Ratio	2016 -17	2015-16
1	Gross premium growth rate (segment wise) (Gross premium for the current year divided by gross premium for the previous year) Refer Accounting Ratios Schedule 1	29.2%	8.0%
2	Gross premium to shareholders' fund ratio: (Gross premium for the current year divided by the paid up capital plus free reserves)	3.38	2.97
3	Growth rate of shareholders' funds: (Shareholders' funds as at the current balance sheet date divided by the shareholders' funds at the previous balance sheet date)	13.2%	3.9%
4	Net retention ratio (segment wise) (Net premium divided by gross premium) Refer Accounting Ratios Schedule 2	86.2%	86.3%
5	Net commission ratio (segment wise) (Commission net of reinsurance for a class of business divided by net premium) Refer Accounting Ratios Schedule 3	3.1%	3.8%
6	Expenses of Management to Gross Direct Premium ratio (Expenses of Management divided by the Total gross direct premium)	30.9%	32.6%
7	Expenses of Management to Net Written Premium ratio (Expenses of Management divided by the net written premium)	35.5%	37.5%
8	Net Incurred Claims to Net Earned Premium	78.1%	77.7%
9	Combined ratio: (Net Incurred Claims divided by Net Earned Premium plus Expenses of Management divided by Net Written Premium)	110.6%	112.4%
10	Technical reserves to net premium ratio (Reserve for Unexpired Risks plus Premium Deficiency Reserve plus reserve for Outstanding Claims divided by Net Written Premium)	1.42	1.55
11	Underwriting balance ratio (segment wise) (Underwriting profit divided by net premium for the respective class of business) Refer Accounting Ratios Schedule 4	-0.14	-0.14
12	Operating profit ratio (Underwriting Profit plus Investment Income divided by Net Earned Premium)	0.50%	-0.71%
13	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.29	0.22
14	Net earnings ratio (Profit after tax divided by Net Written Premium)	2.3%	1.8%
15	Return on networth (Profit after tax divided by net worth)	6.6%	4.7%
16	Available Solvency Margin(ASM) to Required Solvency Margin (RSM) Ratio	1.69	1.55

## ANNEXURES TO THE FINANCIAL STATEMENTS

### ACCOUNTING RATIOS - SCHEDULE 1

#### GROSS PREMIUM GROWTH RATE

Segment	Growth (%)	
	2016-17	2015-16
Fire	26%	18%
Marine	4%	-2%
Motor	34%	10%
Workmen's Compensation / Employers Liability	20%	21%
Public / Product Liability	8%	25%
Engineering	19%	-1%
Personal Accident	20%	5%
Health Insurance	11%	-4%
Others	19%	12%
Total	29%	8%

### ACCOUNTING RATIOS - SCHEDULE 3

#### NET COMMISSION RATIO

Segment	% to NWP	
	2016-17	2015-16
Fire	-7%	-14%
Marine	5%	2%
Motor	4%	4%
Workmen's Compensation / Employers Liability	9%	8%
Public / Product Liability	-1%	15%
Engineering	-102%	-129%
Personal Accident	9%	11%
Health Insurance	4%	10%
Others	2%	1%
Total	3%	4%

### ACCOUNTING RATIOS - SCHEDULE 2

#### NET RETENTION RATIO

Segment	% to GWP	
	2016-17	2015-16
Fire	23%	23%
Marine	45%	42%
Motor	95%	94%
Workmen's Compensation / Employers Liability	86%	87%
Public / Product Liability	46%	50%
Engineering	15%	16%
Personal Accident	90%	91%
Health Insurance	84%	92%
Others	51%	56%
Total	86%	86%

### ACCOUNTING RATIOS - SCHEDULE 4

#### UNDERWRITING BALANCE RATIO

Segment	to NEP	
	2016-17	2015-16
Fire	0.12	0.23
Marine	0.13	-0.03
Motor	-0.19	-0.21
Workmen's Compensation / Employers Liability	0.43	0.66
Public / Product Liability	0.72	0.50
Engineering	1.38	1.71
Personal Accident	0.24	0.34
Health Insurance	0.04	0.01
Others	0.36	0.33
Total	-0.14	-0.14

## MANAGEMENT REPORT

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002, the following Report is submitted by the Management:

1. We confirm that the Certificate of Registration granted by the Insurance Regulatory and Development Authority of India, to transact general insurance business, continues to be valid. The fee for renewal of the Certificate of Registration has been paid for 2016 - 2017.
2. We certify that all dues payable to the Statutory Authorities have been duly paid.
3. We confirm that the shareholding pattern during the year ended 31<sup>st</sup> March 2017 has been in accordance with the Statutory/Regulatory requirements.
4. We declare that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. The Company has maintained the required solvency margins.
6. The values of all the assets have been reviewed on the date of the Balance Sheet and in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings 'Investments', 'Interest, Dividends and Rents accruing but not due', 'Amounts due from other persons or Bodies carrying on insurance business', 'Cash' and the several items specified under 'Other Accounts', except debt securities which are shown at amortised cost.
7. The Company is exposed to a variety of risks such as quality of risks underwritten, fluctuations in the value of assets, operational risks and higher expenses.

The Company through an appropriate reinsurance programme has kept its risk exposure at a level commensurate with its capacity.

During the year under report, the Company's Management expense are within the allowable limit in all segments prescribed in IRDAI (Expense of Management of Insurer transacting General and Health Insurance Business) Regulation, 2016.

The Company during the year was not able to collect the full premium from the Government of India/State Government in respect of Health Insurance Covers to BPL families of a State under the RSBY scheme within 30 days from the date of intimation of the premium to the Government as per Rule 59(a) of the Insurance Rules.

The Company monitors these risks closely and effective remedial action is taken wherever required.

8. The Company does not have operations in other countries and hence related country/currency fluctuation risk is not applicable.
9. The Company's appointed actuary resigned and was relieved by the Company on August 16, 2016. Thereafter, the Company had made an application to the Authority vide its letter dated November 4, 2016 proposing a fresh candidate to be considered for approval as appointed actuary. The new actuary joined the company on March 22, 2017 and post Authority's approval for appointing him as the appointed actuary, has assumed charge as appointed actuary on April 14, 2017.



10. The trend in average claim settlement time for various Segments for the past 5 years are given hereunder:

#### Ageing as on 31st March 2017

(₹ '000)

Line of Business	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 year		5 year and above		Total	
	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	2,537	61,646	409	1,77,770	200	1,70,380	92	1,48,316	2	7,699	3,240	5,65,811
Marine Cargo	1,774	23,648	1,906	95,633	107	61,555	32	24,976	2	1,696	3,821	2,07,508
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	2,34,255	37,06,564	46,975	30,34,710	2,755	7,58,195	3,645	19,87,697	660	4,40,313	2,88,290	99,27,479
Workmen compensation	2	10	14	534	9	2,279	3	1,765	2	604	30	5,193
Liability	5	855	14	3,178	5	639	3	793	-	-	27	5,464
Engineering	5	21,666	59	53,331	64	37,534	39	51,395	-	-	167	1,63,927
Personal Accident	1,653	95,554	49	56,142	-	-	-	-	-	-	1,702	1,51,697
Health	47,450	7,47,856	1,922	6,08,696	-	-	-	-	-	-	49,372	13,56,552
Others	344	13,966	27	5,827	5	1,731	4	1,051	-	-	380	22,575
<b>Total</b>	<b>2,88,025</b>	<b>46,71,765</b>	<b>51,375</b>	<b>40,35,822</b>	<b>3,145</b>	<b>10,32,312</b>	<b>3,818</b>	<b>22,15,992</b>	<b>666</b>	<b>4,50,313</b>	<b>3,47,029</b>	<b>1,24,06,205</b>

#### Ageing as on 31st March 2016

(₹ '000)

Line of Business	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 year		5 year and above		Total	
	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	8,218	1,24,759	675	1,04,918	143	69,435	47	49,883	3	5,591	9,086	3,54,585
Marine Cargo	1,884	47,085	2,635	85,047	189	33,534	(28)	9,558	(1)	(246)	4,679	1,74,977
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	2,03,966	31,45,984	39,030	26,51,673	1,753	5,73,170	3,149	18,72,396	964	2,93,824	2,48,862	85,37,047
Workmen compensation	-	-	7	570	9	2,358	4	1,925	-	-	20	4,852
Liability	1	163	15	2,909	10	10,975	3	283	-	-	29	14,330
Engineering	8	512	35	21,125	36	14,448	29	25,190	-	14	108	61,289
Personal Accident	901	68,900	205	88,554	-	-	-	-	-	-	1,106	1,57,454
Health	35,564	6,82,236	27,068	5,80,720	4,751	10,391	-	-	-	-	67,383	12,73,348
Others	263	11,106	36	1,962	4	336	1	238	-	-	304	13,641
<b>Total</b>	<b>2,50,802</b>	<b>40,78,984</b>	<b>69,700</b>	<b>35,36,663</b>	<b>6,891</b>	<b>7,14,145</b>	<b>3,199</b>	<b>19,58,050</b>	<b>966</b>	<b>2,99,183</b>	<b>3,31,577</b>	<b>1,05,91,523</b>

Ageing as on 31st March 2015

(₹ '000)

Line of Business	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 year		5 year and above		Total	
	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	444	13,663	706	1,13,443	113	91,118	49	1,30,222	1	184	1,313	3,48,630
Marine Cargo	3,461	22,537	2,470	4,12,453	191	66,385	30	25,764	(1)	(977)	6,151	5,26,162
Marine Hull	-	26	-	16	-	16	-	(270)	-	-	-	(212)
Motor	1,65,617	25,55,991	46,627	20,84,670	6,111	6,65,977	11,382	17,89,231	1,679	2,45,283	2,31,416	73,41,152
Workmen Compensation	1	2	20	1,791	4	857	3	1,152	-	-	28	3,802
Liability	24	261	172	3,838	5	530	-	163	-	(5)	201	4,787
Engineering	20	1,307	180	11,494	36	9,170	34	27,847	-	12	270	49,829
Personal Accident	856	24,165	894	1,00,606	38	25,924	8	11,381	-	4	1,796	1,62,080
Health	91,732	5,67,459	7,489	5,53,733	703	34,841	147	8,740	4	1,313	1,00,075	11,66,086
Others	371	6,640	90	6,655	6	4,481	8	481	-	-	475	18,257
Grand Total	2,62,526	31,92,051	58,648	32,88,698	7,207	8,99,298	11,661	19,94,712	1,683	2,45,813	3,41,725	96,20,572

Ageing as on 31st March 2014

(₹ '000)

Line of Business	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 year		5 year and above		Total	
	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	125	47,261	342	1,42,102	121	70,957	36	1,73,854	-	-	624	4,34,174
Marine cargo	1,955	24,584	2,107	74,962	84	39,338	15	9,925	-	-	4,161	1,48,810
Marine Hull	1	37	2	364	1	8	-	-	-	-	4	409
Motor	1,75,564	20,19,272	41,780	22,84,645	4,012	6,40,944	5,142	14,29,899	386	98,069	2,26,884	64,72,829
Workmen compensation	-	-	20	1,098	8	733	1	1,114	3	885	32	3,830
Liability	12	303	37	3,891	11	827	1	183	-	-	61	5,205
Engineering	20	9,157	66	20,551	47	48,951	24	18,116	2	23	159	96,797
Personal Accident	518	22,047	839	1,16,779	122	24,094	43	19,680	2	1,013	1,524	1,83,613
Health	76,944	6,72,792	51,125	5,85,160	1,180	10,811	272	4,224	28	940	1,29,549	12,73,926
Others	344	7,146	93	10,483	14	1,400	6	1,276	-	-	457	20,304
Total	2,55,483	28,02,599	96,411	32,40,035	5,600	8,38,062	5,540	16,58,272	421	1,00,929	3,63,455	86,39,897

**Ageing as on 31st March 2013**

(₹ '000)

Line of Business	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 year		5 year and above		Total	
	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	127	6,507	320	1,06,106	130	71,441	36	28,049	2	201	615	2,12,303
Marine cargo	867	37,510	2,981	58,542	84	12,854	24	7,948	(3)	(212)	3,953	1,16,641
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	1,75,397	21,14,505	59,594	25,79,715	3,894	6,58,360	4,683	11,83,938	309	83,231	2,43,877	66,19,749
Workmen compensation	4	126	19	4,354	5	169	4	1,032	1	379	33	6,060
Liability	6	247	22	2,203	9	620	1	316	-	-	38	3,385
Engineering	26	4,240	92	11,362	63	12,661	78	26,812	3	1,309	262	56,384
Personal Accident	465	15,525	623	1,22,338	64	18,461	18	16,128	2	1,560	1,172	1,74,011
Health	19,701	5,49,643	10,408	3,19,130	193	6,373	52	3,802	2	654	30,356	8,79,602
Others	445	13,985	92	2,313	32	2,280	12	2,226			581	20,805
<b>Total</b>	<b>1,97,038</b>	<b>25,70,939</b>	<b>74,151</b>	<b>32,16,495</b>	<b>4,474</b>	<b>7,83,218</b>	<b>4,908</b>	<b>12,70,249</b>	<b>316</b>	<b>87,121</b>	<b>2,80,887</b>	<b>80,88,940</b>

## 11. We certify that

- The Investments in Government Securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortisation.
- The market values of debt securities including Government Securities have been ascertained by reference to the quotations published for the last working day of the Financial Year by the CRISIL Security level valuation.
- The market values of quoted equity investments have been ascertained by reference to the last quoted closing prices available on the Balance Sheet date on the National Stock Exchange.
- The market value of Mutual Fund Investments has been ascertained based on the NAV declared by the Asset Management Companies as on Balance Sheet date.
- Investments in Alternative Investment Funds (AIFs) are valued at latest available NAV. Unrealised gains or losses arising due to change in the fair value of Alternative Investment Funds (AIFs) are recognised in the Balance Sheet under "Fair value change account".

## 12. The Company has adopted a prudent investment policy with emphasis on optimising return with minimum risk. Significant weighting of the assets has been made towards low risk/liquid investments such as Government securities, Treasury bills and other good quality debt instruments. Fair value of investments is computed for quoted investments, on the basis of the last available market price/yield-to-maturity valuation.

The average yield on investments after considering the profit on sale and amortisation of costs of investments is 10.06%. All investments in our portfolio as at 31<sup>st</sup> March 2017 are performing investments.

## 13. The Management of Royal Sundaram General Insurance Co. Limited certifies that:

- In the preparation of financial statements, the applicable Accounting Standards, principles and policies have been followed. To the best of our knowledge there were no material departures from such standards during the year under report.

- b) 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 net profit of the Company for the year ended 31<sup>st</sup> March 2017.
- c) The Management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by the Insurance Law (amendment) Act 2015 / Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Management has prepared the financial statements on a going concern basis.
- e) The Management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

14. Particulars of payment made to individuals, firms, companies and organizations in whom / which the directors of the company are interested is as under.

(₹ '000)

Sl No.	Entity in which Director is interested	Name of the Director	Interested as	Amount	Nature of Payments
1	Sundaram Finance Limited	S Viji	Director	6,658	Rent
		T T Srinivasaraghavan	Director	42,893	Information Technology
		S Prasad	Director	70,835	Agency Commission
		Harsha Viji	Director	18,926	Insurance Claims
2	Sundaram BNP Paribas Home Finance Limited	S Viji	Director	163	Insurance Claims
		T T Srinivasaraghavan	Director		
		Srinivas Acharya	Director		
		Radha Unni	Director		
3	Sundaram Asset Management Company Limited	T T Srinivasaraghavan	Director	1,385	Insurance Claims
		Harsha Viji	Director		
4	Sundaram BPO India Limited	T T Srinivasaraghavan	Director	27	Insurance Claims
5	Sundaram Business Services Limited	T T Srinivasaraghavan	Director	55	Insurance Claims
6	T V Sundaram Iyengar & Sons Private Limited	S Viji	Director	3,647	Insurance Claims
				99,299	Data Processing

Transactions with related parties in terms of Accounting Standard 18 are included in note 15 of Schedule 17.

For and on behalf of the Board of Directors

**P M Venkatasubramanian**  
Chairman  
(DIN : 00124505)

**M S Sreedhar**  
Managing Director  
(DIN : 07153983)

**Harsha Viji**  
Director  
(DIN : 00602484)

**S Prasad**  
Director  
(DIN : 00063667)

Place : Chennai  
Date : April 27, 2017

**Venkatachalam Sekar**  
Financial Controller & CFO

**S R Balachandher**  
Company Secretary

## RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

Registration No. and Date of Registration with the IRDAI : 102/23.10.2000

	(₹ '000)	
Particulars	31st March 2017	31st March 2016
<b>Cash flows from operating activities</b>		
Premium received from policyholders, including advance receipts & Service Tax	2,56,72,979	1,94,92,534
Other receipts	3,715	3,035
Payments to the re-insurers, net of commissions and claims	(7,91,639)	(7,90,487)
Payments to co-insurers, net of claims recovery	28,800	(5,796)
Payments of claims	(1,24,55,154)	(1,06,20,497)
Payments of commission and brokerage	(11,83,977)	(9,62,072)
Payments of other operating expenses	(52,95,714)	(44,11,992)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(1,250)	(2,197)
Income taxes paid (Net)	(2,42,687)	(1,27,747)
Service tax paid	(33,49,772)	(23,97,260)
Other payments	(190)	(1,820)
Cash flows before extraordinary items	-	-
Cash flow from extraordinary operations	-	-
<b>Net cash flow from operating activities</b>	<b>23,85,111</b>	<b>1,75,701</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(78,035)	(1,08,680)
Proceeds from sale of fixed assets	438	4,268
Purchases of investments	(2,67,88,718)	(1,04,26,124)
Loans disbursed	-	-
Sales of investments	2,21,21,480	84,42,103
Repayments received	-	-
Rents/Interests/Dividends received	23,83,231	21,94,108
Investments in money market instruments and in liquid mutual funds (Net)	(11,22,389)	(1,92,742)
Expenses related to investments	(8,467)	(3,595)
<b>Net cash flow from investing activities</b>	<b>(34,92,460)</b>	<b>(90,662)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	3,00,000	-
Proceeds from borrowing	10,00,000	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
<b>Net cash flow from financing activities</b>	<b>13,00,000</b>	<b>-</b>
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	(101)	(148)
Net increase in cash and cash equivalents	1,92,550	84,891
Cash and Cash equivalents at the beginning of the year	5,81,806	4,96,915
<b>Cash and cash equivalents at the end of the year</b>	<b>7,74,356</b>	<b>5,81,806</b>

As per our report of even date attached

 For N.C. Rajagopal & Co.,  
 Chartered Accountants  
 Registration No. 003398S

 For Brahmayya & Co.,  
 Chartered Accountants  
 Registration No.000511S

 V Chandrasekaran  
 Partner  
 Membership No: 024844

 L Ravi Sankar  
 Partner  
 Membership No: 025929

 Place : Chennai  
 Date : April 27, 2017

For and on behalf of the Board of Directors

 P M Venkatasubramanian  
 Chairman  
 (DIN : 00124505)

 M S Sreedhar  
 Managing Director  
 (DIN : 07153983)

 Harsha Viji  
 Director  
 (DIN : 00602484)

 S Prasad  
 Director  
 (DIN : 00063667)

 Venkatachalam Sekar  
 Financial Controller & CFO

 S R Balachandher  
 Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

(Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956, as amended)

1. **Registration Details:**

Registration No.	1	8	-	4	5	6	1	1
State Code							1	8
Balance Sheet Date	3	1	-	0	3	-	1	7

2. **Capital raised during the year: (Amount in ₹000)**

Public Issue						N	I	L
Rights Issue			1	6	0	0	0	0
Bonus Issue						N	I	L
Private Placement						N	I	L

3. **Position of mobilisation and deployment of funds: (Amount in ₹ 000)**

Total Liabilities		7	5	6	6	8	4	9
Total Assets		7	5	6	6	8	4	9
<b>Source of Funds:</b>								
Paid-up Capital		3	3	1	0	0	0	0
Reserves and Surplus		3	1	5	2	2	9	1
Fair Value Change Account			1	0	4	5	5	8
Secured Loans						N	I	L
Unsecured Loans		1	0	0	0	0	0	0
<b>Application of Funds:</b>								
Net Fixed Assets			2	8	6	0	1	7
Investments	3	3	6	4	5	8	7	5
Net Deferred Tax Assets			2	4	0	0	2	6
Net Current Assets	(2	6	6	0	5	0	6	9)
Miscellaneous Expenditure						N	I	L
Accumulated Losses						N	I	L

4. **Performance of Company: (Amount in ₹ 000)**

Turnover	2	0	3	0	8	2	6	0
(Net Earned Premium, income from Investments and other incomes)								
Total Expenditure	1	9	6	8	0	3	7	0
Profit before Tax			6	2	7	8	8	9
Profit after Tax			4	3	0	4	8	0
Earnings per share (₹)					1	.	3	2
Dividend Rate (%)						N	I	L

5. **Generic names of 3 principal products, services of the Company (as per monetary terms):**

Item Code No.	N	.	A	.												
Product Description	G	E	N	E	R	A	L	I	N	S	U	R	A	N	C	E

For and on behalf of the Board of Directors

**P M Venkatasubramanian**  
Chairman  
(DIN : 00124505)

**M S Sreedhar**  
Managing Director  
(DIN : 07153983)

**Harsha Viji**  
Director  
(DIN : 00602484)

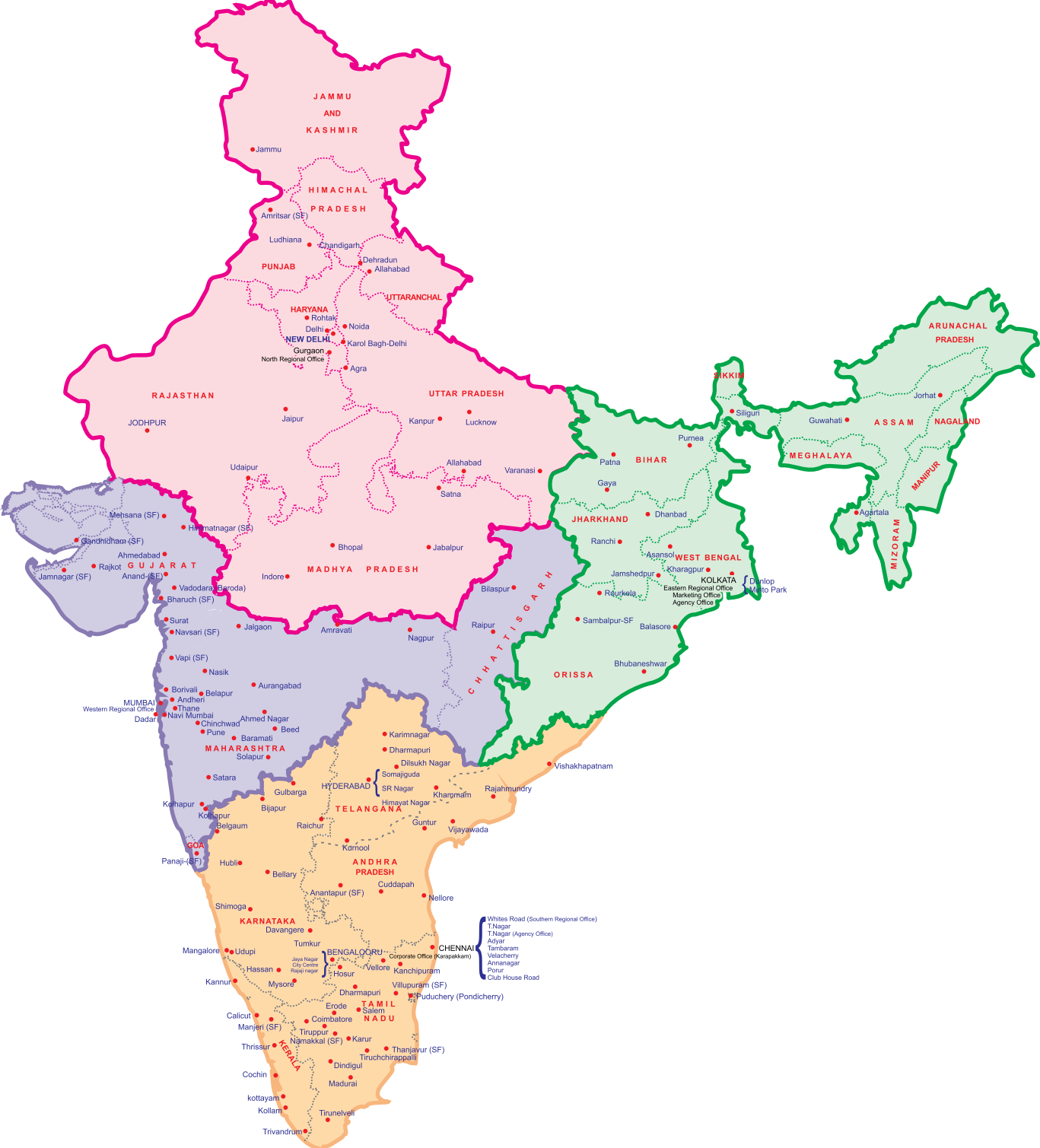
**S Prasad**  
Director  
(DIN : 00063667)

**Venkatachalam Sekar**  
Financial Controller & CFO

**S R Balachandher**  
Company Secretary

Place : Chennai  
Date : April 27, 2017

# Royal Sundaram Branch Network - 125 Branches





**Royal Sundaram**

General Insurance

**Royal Sundaram General Insurance Co. Limited**

(Formerly known as Royal Sundaram Alliance Insurance Company Limited)

Corporate Office: Vishranthi Melaram Towers, No.2/319, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600097.

Registered Office: 21, Patullos Road, Chennai - 600002.

**We Insure:**

Health



Motor



Home



Accident



Travel



Marine



Establishment



Rural



Industry



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