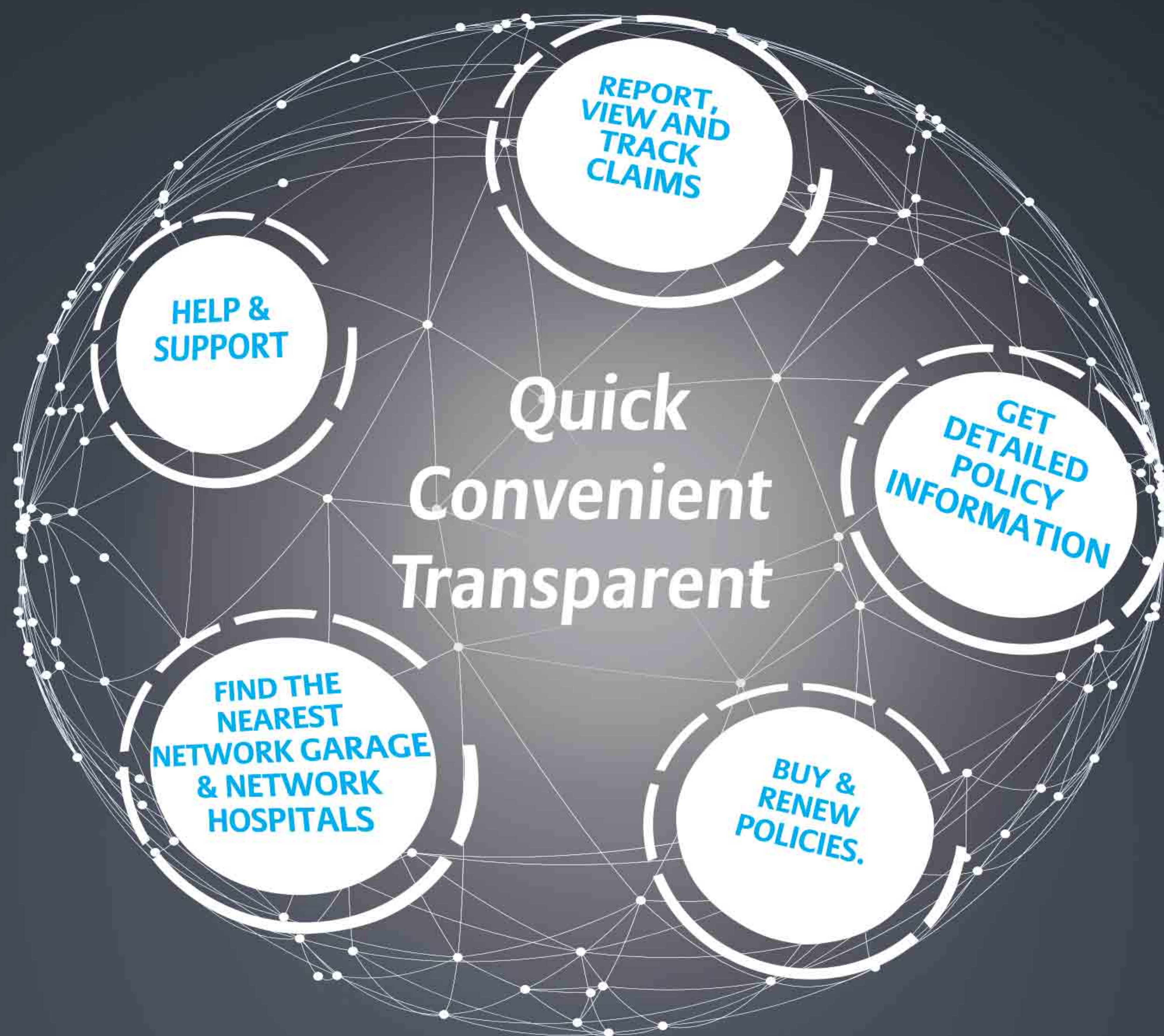




Leveraging Digitization in Insurance



17th | **ANNUAL
REPORT**
2016 - 2017

Bajaj Allianz General Insurance Company Limited

Digitization in Insurance – Ushering a New Dimension

Bajaj Allianz General Insurance, since its inception, had set the pace with its innovative product and service offerings. The company envisioned itself into becoming an industry trendsetter to keep up with the ever evolving market trends. Even when digitization was still at its nascent stages in the Indian service sector, its implicit role as a trend setting tool was envisaged by the company. It seized onto the possibility of putting technology driven solutions to use which eventually led to ensuring seamless and hassle free processes for its customers. By being the first insurance company to issue policies online, it ushered an era of digitization in the Indian insurance industry, giving away manual intervention, complicated paperwork and lengthy processes.

EZEE Tab

An app that was designed to facilitate on the move insurance services to its agents and surveyors. Using this tab agents could instantly issue or renew motor insurance policies for their customers. It ensured an easy & smooth solution for insurance transactions, allying with our promise of going Digital.

Insurance Wallet – Insurance on the Go

All in one mobile app for our customers for on the go policy related transactions. This one stop shop facilitates purchasing as well as renewing policies, intimating and tracking claims and provides an easy access to any policy or company related information.

TweetInsurance

Leveraging the commonly used social media channel, Twitter, BAGIC launched #TweetInsurance, offering customer centricity and services like never before. This innovative tool offers convenience to company's customers and non-customers alike in getting insurance information and services instantly by simply sending a tweet (#TweetInsurance) at the Bajaj Allianz Twitter handle (@BajajAllianz)

Claim by Direct Click (CDC)

With the launch of this unique facility the company has empowered its customers to register and manage their health insurance reimbursement claims through the company's self-service mobile application – 'Insurance wallet'. Using this facility customers can instantaneously submit digital documents through the app for further assessment and settlement. This new facility empowers a health insurance customer as he/she can now receive a claim of up to Rs. 20,000 within 2 working days. It saves up on the costs involved in document processing and provides a seamless claim settlement experience to the customer.



Digitization in Insurance – Ushering a New Dimension

Virtual Offices

This as a concept incepted with an aim to increase distribution as well as penetration of insurance industry into the tier II and III cities by many folds. The concept does away with the usual brick and mortar offices. It rather operates through a digital agent, who shall be the virtual office, armed with a tab & an internet connection. He travels across his region and operates just like an office using the tab sans any physical documentation and even settles the claims at the customer's doorstep.

Drive Smart

Drive Smart is India's first Telematics based service offering provided with a motor insurance policy, paving way for usage based insurance in India through Big Data Analytics. Provided by no other Indian insurance company, Drive Smart provides valuable insights to customers on their driving habits and health of their vehicle through an easily understandable user interface.



Awards & Recognition

Awards won by Bajaj Allianz General Insurance in 2016 - 2017



General Insurance Company of the Year (Private Sector)

by Indian Insurance Awards 2016, for demonstrating market leadership through innovative products and practices

**Domestic General Insurer of the Year
New Insurance Product of the Year
CEO of the Year**

by Insurance Asia Awards 2016

Employer Branding Award

by Employer Branding Institute

BFSI Innovators Award in 'Digital Pioneer Category'

for India's Best Telematics Offering - DriveSmart

People Matters L&D League Awards 2016

"Best in Redefining Technology in Learning"
for MobiBuZZ

SKOCH Smart Technology

Award 2016
for Drive Smart

SKOCH Insurance Award 2016

for Virtual Office

Awards & Recognition

Awards won by Bajaj Allianz General Insurance in 2016 - 2017



**'The World's Greatest Brands 2016-2017,
Asia & GCC'**
by PricewaterhouseCoopers

**India's Most Attractive
Brands 2016**
by TRA study

**"Best Motor Insurance
Provider"**
by the Outlook Money Awards

**The Economic Times Best
Brands-Premium Edition**
for Being a symbol of Excellence

Accredited with iAAA rating
by ICRA for the 11th consecutive
time

**India's Leading Insurance
Company for Private Non-Life**
by BFSI Companies & Awards 2017

Motor Insurance of the Year
by Money Today Financial Awards
2017

**HR Team of the Year & Most
Innovative use of HR Technology
(MobiBUZZ)**
by HR Innovation Awards 2016

Board of Directors

Mr. Sanjiv Bajaj

Chairman, Also MD,
Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.

Mr. Sanjay Asher

Independent Director, Also Partner,
Crawford Bayley & Co.

Mr. Niraj Bajaj

Director, Also Chairman &
MD, Mukand Ltd.

Mr. Rahul Bajaj

Director, Also Chairman,
Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.

Mr. Sergio Balbinot

Director, Also member of
Board of Management,
Insurance Western &
Southern Europe, Middle East,
Africa and Asia at Allianz SE.

Mr. Heinz Dollberg

Director, Also Consultant
to Allianz SE.

Mr. Ranjit Gupta

Director, Also President (Insurance)
Bajaj Finserv Ltd.

Mr. Suraj Mehta

Independent Director,
Also former CEO,
NABIL Bank Ltd.

Mr. Nanoo Pamnani

Independent Director,
Also Vice Chairman,
Bajaj Finserv Limited.

Mr. Dipak Poddar

Director, Also Executive Chairman,
Poddar Developers Ltd.

Mrs. Lila Poonawalla

Independent Director,
Also Chairperson, Board of Governance
of Indian Institute of Technology,
Ropar, Former CMD,
Alfa Laval – Tetra Pak India

Mr. Hicham Raissi

Director, also Head of Business
Division - Africa, MENA & India
Allianz SE

Mr. Tapan Singhel

Managing Director &
Chief Executive Officer

Mr. Milind Choudhari

Chief Financial Officer

Dr. (Mrs.) Asha Joshi

Appointed Actuary

Mr. Onkar Kothari

Company Secretary & Compliance Officer

Statutory Auditors

M/s. BSR & Co. LLP.
M/s. Dalal & Shah LLP.

MD & CEO's Message



Tapan Singhel
MD & CEO

Dear Friends

The last financial year has been very exciting for the industry, we saw technology transforming traditional insurance operations, Govt. insurance schemes bringing the potential of tier 2 and 3 and rural India to the map along with new tech driven entrants. Simultaneously we saw consolidations and multiple windows being created by center for fresh capital infusion. Be it paving the way for listing of PSUs, permitting more foreign investment or allowing reinsurers to set up shop in India. All this activity signals towards the available potential the country has to offer and which the industry needs to harvest. While there was rigorous activity on accumulating capital, some questions remain unanswered. The most important being how does the industry intend to utilize this capital and expertise? In the coming years will this capital infusion transform the industry and fuel demand? Will this additional capital and new entrants continue to fuel the price war or will it restore market discipline? Whether the industry and its players will be able to replicate the growth story of the telecom industry we will have to wait and watch.

While the market continued to grapple with challenges such as penetration and fierce competition eroding profitability, at Bajaj

Allianz we channelized our energies towards creating distinction in our offerings. We did not participate in the price war to gain ground, instead keeping customer at the center we devised and fuelled strategies that resulted in the following 3 outcomes. One seamless and faster insurance experience, two ensuring availability of insurance solutions in remotest corners of our country and three sustainable growth. To achieve this we heavily invested in building our digital capabilities. Drive Smart, India's first telematics based solution, Virtual Offices taking insurance solutions to 833 new tier 2 and 3 towns and empowering customers with an end to end self-servicing app Insurance Wallet, that allows them to even settle their own health and motor claims within minutes are few examples towards creating an unmatched insurance experience. Every year we strive to come up with unique products and service interfaces that are in line with the changing need of the discerning Indian consumers. Our new personalized line of products such as Global Personal Guard, Bharat Bhraman and Drive Smart launched last year are the testimony to the same. These products advocate customization and usage based insurance.

MD & CEO's Message

We ensured that the premium we charged commensurated with the service we agreed to provide and risks we undertook. The company, in line with its promise to stand by its customers in case of any untoward incident settled over 9 Lakh claims and serviced close to 1 Crore policies. Not limiting our services to providing solutions or settling claims, we took our relationship beyond insurance by providing our customers with a bevy of value added services which helped them manage their risks effectively and promoted wellness. Our new-age and enhanced solutions, uptake in health and agriculture insurance policies and continuous improvement in the quality of services being offered, were the growth elixirs for BAGIC in FY2017. Increased footprint in tier 2 and 3 towns along with new bank tie-ups such as Canara and Karnataka Bank further strengthened our distribution network and ensured more customers into our fold. While all these initiatives resulted in a 30% year on year GWP growth for the company, our prudent underwriting ensured profitability. With a PAT of Rs. 728 Crore and underwriting profit of Rs. 62 Crore, today, Bajaj Allianz is not only one of the most profitable private general insurance player in the country, in fact it is one of the few general insurance companies making profits out of its business operations.

Over the years our philosophy of sustainable growth and judicious selection of risks has ensured less dependence on capital or reserves. We have always reinvested the money made through our operations towards achieving scale and crafting creative solutions to address challenges put forth by the dynamic business environment. Bajaj Allianz with 96.8% combined ratio and a solvency ratio of 261%, minimum regulatory requirement being 150%, is one of the most financially sound insurer. These are some key indicators of a healthy entity and reflects on its ability and commitment to honor claims.

The underlying idea behind every initiative has always been to change the way Indian consumers perceive insurance and break the glass

ceiling that will create a need for insurance in our country. We are humbled when these endeavors are recognized by the industry bodies and peers. Once again Bajaj Allianz was recognized as the Best General Insurer in Asia by Insurance Awards Asia and was also honored as the Best GI Company by India Insurance Awards 2016 and Outlook Money Awards 2016. ICRA for the 11th consecutive year recognized the company with an iAAA rating, showcasing the company's highest claim paying ability.

Behind every milestone that we achieve is the passion, hard work and commitment of every single partner and employee. At Bajaj Allianz we believe that to succeed we must create synergies and present opportunities for collaboration. We believe in inclusive growth and a culture that supports diversity and innovation. As a result, we were recognized as one of the best employers and places to work for both by Aon Hewitt in FY2016 and Great Places to Work for in FY2017.

As the Company enters the new financial year, the commitment is to transform the Indian consumer's experience. As an organization we also aim to generate direct and indirect employment opportunities for millions of Indians while we aspire to become the household name when it comes to Insurance. It has been a great privilege for us to serve our customers, employees, partners, regulator and each and every stakeholder. We would wholeheartedly like to thank each one of you for your support that has helped the company walk the talk and deliver on all accounts whilst emerging as one of India's largest tech driven and financially strong insurance companies. We look forward to serving and working closely with all of you in the coming years and achieve new benchmarks.

Best Regards

Tapan Singhel

MD & CEO

Financials Highlights

₹ in Cr.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Gross Written Premium	7,687	5,901	5,301	4,584	4,109	3,676	3,129	2,725	2,866	2,578
Net Written Premium	5,301	4,572	4,009	3,761	3,203	2,696	2,311	1,972	2,007	1,753
Net Earned Premium	4,937	4,224	3,832	3,493	2,924	2,475	2,150	1,884	1,891	1,415
Net Incurred Claims	(3,476)	(3,054)	(2,756)	(2,525)	(2,118)	(1,908)	(1,701)	(1,387)	(1,360)	(946)
Net Commissions	(36)	(94)	(49)	(135)	(99)	(75)	(40)	(32)	(24)	19
Management Expenses	(1,361)	(1,141)	(943)	(836)	(769)	(672)	(646)	(549)	(599)	(520)
Underwriting Results	64	(65)	83	(4)	(62)	(180)	(238)	(83)	(91)	(31)
Recurring Investment Income	803	726	648	570	472	366	278	219	204	140
Non-Recurring Investment Income	210	111	40	7	(4)	(1)	2	9	16	50
Others	1	(1)	6	14	16	9	20	34	20	9
Profit Before Tax	1,078	771	777	587	422	194	62	180	150	168
Provision for Tax	(350)	(207)	(215)	(178)	(126)	(70)	(19)	(59)	(55)	(62)
Profit After Tax	728	564	562	409	295	124	43	121	95	106
Shareholder's Equity	3,535	2,790	2,225	1,664	1,255	959	836	793	673	575
Assets Under Management	10,829	9,211	7,859	6,967	5,845	4,758	3,975	2,828	2,479	2,048
Employee Count (In Nos)	5,311	4,464	4,025	3,687	3,582	3,473	3,654	3,506	3,973	3,603

Key Ratios

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Growth in Gross Written Premium	30.3%	11.3%	15.6%	11.5%	11.8%	17.5%	14.8%	-4.9%	11.2%	43.0%
Growth in Net Earned Premium	16.9%	10.2%	9.7%	19.4%	18.2%	15.1%	14.1%	-0.4%	33.6%	68.8%
Growth Rate of Net Worth	26.7%	25.4%	33.7%	32.6%	30.9%	14.7%	5.4%	17.9%	17.0%	39.7%
Net Retention Ratio	69.0%	77.5%	75.6%	82.0%	77.9%	73.3%	73.8%	72.4%	70.0%	68.0%
Net Incurred Claims to Net Earned Premium	70.4%	72.3%	71.9%	72.3%	72.4%	77.1%	79.1%	73.6%	71.9%	66.8%
Net Commission Ratio	0.7%	2.1%	1.2%	3.6%	3.1%	2.8%	1.7%	1.6%	1.2%	-1.1%
Expenses of Management to Net Written Premium Ratio	32.2%	31.7%	30.1%	28.7%	30.8%	31.5%	33.9%	34.6%	37.5%	36.9%
Combined Ratio	96.8%	99.3%	96.7%	98.1%	99.5%	104.8%	108.9%	103.0%	102.9%	95.4%
Technical Reserves to Net Premium Ratio	141.9%	136.1%	129.6%	138.2%	141.0%	144.6%	138.4%	131.2%	108.4%	93.2%
Underwriting Balance Ratio	1.3%	-1.6%	2.2%	-0.1%	-2.1%	-7.4%	-10.9%	-4.6%	-5.1%	-2.0%
Operating Profit Ratio	16.2%	13.1%	16.0%	13.2%	11.0%	4.4%	-0.8%	4.5%	3.7%	8.1%
Liquid Assets to liabilities ratio	0.25	0.23	0.24	0.24	0.31	0.38	0.41	0.27	0.32	0.36
Return on Net worth	20.6%	20.2%	25.3%	24.6%	23.5%	12.9%	5.2%	15.2%	14.2%	18.4%
Available Solvency Margin (ASM) to Required Solvency Margin (RSM) Ratio	2.61	2.51	1.82	1.96	1.79	1.56	1.73	1.71	1.62	1.55

Ratios are computed in accordance with and as per definition given in the Master Circular on Preparation of Financial Statements dated 5 October 2012 and subsequent corrigendum thereon dated 3 July 2013.

Directors' Report

Directors' Report for the financial year ended 31 March 2017



Sanjiv Bajaj
Chairman

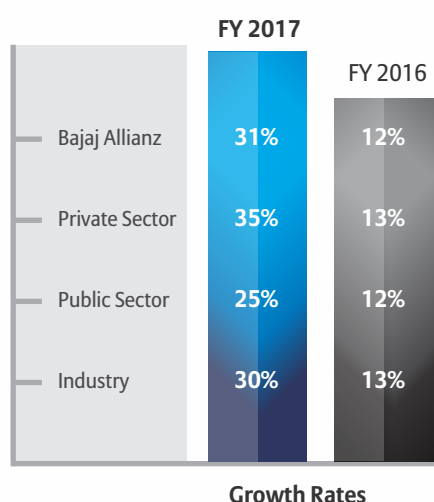
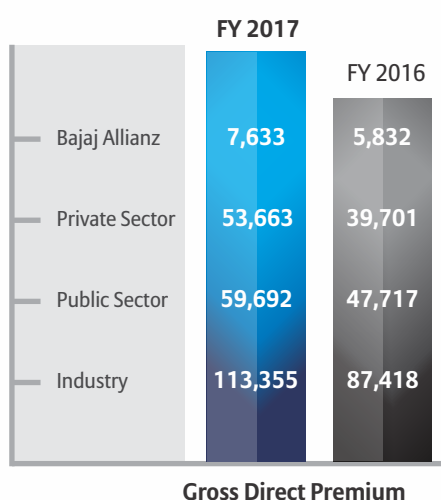
Your Directors have pleasure in presenting their Seventeenth annual report & audited financial statements for the financial year ended 31 March 2017.

State of Company's affairs & Financial Summary or Highlights

Industry Update

The general insurance industry in India posted a growth of 29.7% for FY2017 in terms of Gross Direct Premium, excluding reinsurance accepted, with Motor and Health segments recording the strongest growth.

Gross Direct Premium in India (excluding reinsurance accepted) (₹ Crore)



Source: GI Council figures, IRDA website and IRDA, Handbook of Insurance Statistics.

Directors' Report

Directors' Report for the financial year ended 31 March 2017

Business Update

Your Company was a leading participant in the newly launched Pradhan Mantri Fasal Bima Yojana (PMFBY) recording gross premium of Rs. 1,450 Crore in FY2017. It participated in the crop insurance programs of Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Maharashtra and Telangana and insured more than 21 Lakh farmers by issuing more than 1.25 Lakh policies. Your Company also participated this year in the government health schemes of Gujarat and Uttarakhand.

In terms of profitability, your Company remains one of the most profitable amongst the private and public sector general insurers. Its solvency margin remains healthy and well above the minimum required by regulations.

During FY2017, your Company pushed the low-cost channel which works solely through electronic hand-held devices with minimum paperwork. This initiative contributed over 3% of the Company's total gross written premium and reached to Rs 242 Crore landmark as compared to Rs 82 Cr in FY2016. Your Company has launched a novel concept of All Women Branches to cater the needs of household women and providing opportunities to women employees and agents.

Motor Third Party Insurance

Insurance Regulatory and Development Authority of India (IRDAI) vide its notification on 2 June 2015 introduced IRDAI (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015. Every insurer has to achieve the overall Motor Third Party obligation based on average of overall market share and motor market share. Your Company has achieved its obligation by underwriting Rs. 1,501 Crore during FY2017.

Business performance during the year

Your Company's Gross Written Premium, including reinsurance accepted, for FY2017 was Rs. 7,687 Crore as compared to Rs. 5,901 Crore during the previous year. The Net Earned Premium, which measures the premium retained after reinsurance and reserves for unexpired risks, grew by 17% at Rs. 4,937 Crore as against Rs. 4,224 Crore during the previous year. The Combined Ratio, as defined by Master Circular on 'Preparation of Financial Statements of General Insurance Business' issued by the IRDA, for FY2017 stood at 96.8% as against 99.3% recorded in FY2016. In a fiercely competitive market with increasing pressure on pricing and margins, this is one of the best combined ratios in the industry and asserts credentials of your Company's underwriting practices and cost management skills.

Your Company continued to retain the second position in the private sector and maintained its market share (excluding specialized and stand-alone health insurers) at 6.7 % during FY2017. Your Company continues to pursue efforts to retain renewal business, without compromising quality of risk and minimum profitability benchmarks. Your Company sold close to 100 Lakh policies during FY2017 as compared to about 84 Lakh during the previous financial year. The number of claims reported in FY2017 was 9,42,189 as against 7,84,411 reported during the previous year.

Your Company's focus continues to be on retail business, where it has strengths in distribution and claims handling capabilities. With its strong retail focus, your Company wrote 61% of its GWP from motor

and retail health insurance, with the rest coming from fire, marine, group health, crop insurance and miscellaneous lines.

Retail channels like Agency, Motor and Bancassurance continue to be the mainstay of your Company's channel mix, contributing to around 59% of the business. Your Company has one of the largest networks of independent partner banks including nationalised banks with strong regional presence, as well as cooperative and rural banks. The online sales channel, which offers 24x7 ease of buying, grew by over 26 % during FY2017. It is ideally suited for off-the-shelf retail products like Motor and Health.

Profits

Your Company recorded an underwriting profit of Rs. 64 Crore during FY2017 and earned profit before tax (PBT) of Rs. 1,078 Crore during FY2017 as compared to PBT of Rs. 771 Crore during the previous financial year. The profit after tax (PAT) for FY2017 was Rs. 728 Crore as compared to Rs. 564 Crore during the previous financial year.

Summary of Financials (₹ Crore)	FY 2017	FY 2016
Gross written premium	7,687	5,901
Net written premium	5,301	4,572
Underwriting results	64	(65)
Profit before tax	1,078	771
Profit after tax	728	564
Claims Ratio	70.4%	72.3%
Combined Ratio	96.8%	99.3%
Return on average equity	23.0%	22.5%

Capital, Solvency and Shareholders' Funds

The Shareholders' equity of your Company stood at Rs. 3,535 Crore as at 31 March 2017 as against Rs. 2,790 Crore as at 31 March 2016. No new capital was infused during the year. Your Company continues to be one of the most efficient users of capital in the private sector as measured by the ratio of gross written premium to capital infused and by gross written premium to shareholders' equity.

Despite absorbing incremental losses year after year, your Company has been able to improve its solvency ratio at 261% as at 31 March 2017, which is well above the regulatory requirement of 150%.

Investments and Investment Income

The investment duration of the portfolio is actively monitored, keeping in mind the duration of liabilities, through an Asset Liability Management model as well as its solvency position. Your Company's investment philosophy is based on strong cash generation, backed by prudent investment of surplus keeping in mind the obligation to pay claims when they arise.

Directors' Report

Directors' Report for the financial year ended 31 March 2017

Equity and Fixed Income markets delivered strong returns in the year. Industrial commodities witnessed an uptick during the year with the expectations of a recovery in global demand growth led by the USA. The benchmark nifty index was up by 18.5% during the year and your Company continued to increase equity allocation with the objective of earning higher long term returns.

Debt markets were also buoyant with the RBI cutting the policy repo rate by 25bps during the year. We remain optimistic on the prospects of the capital market in the coming year with macro-economic data pointing to an impending recovery.

The assets under management represented by cash and investments as at 31 March 2017 stood at Rs. 10,829 Crore as against Rs. 9,211 Crore as at 31 March 2016, an increase in investible surplus by Rs. 1,618 Crore or 18%. The investment income for FY2017 was Rs. 1,014 Crore as against Rs. 836 Crore in the previous year.

Return on Equity

The return on average equity for your Company during FY2017 was 23% as against 22.5% in the previous year.

Recognition & Awards

During FY2017, your Company continued its award winning streak, the more notable being General Insurance Company of the Year (Private Sector) by Indian Insurance Awards 2016, BFSI Digital Innovators Award conferred by the Indian Express Group and the Economic Times Best Brands-Premium Edition

Credit Rating

Your Company maintained its credit rating of "iAAA" awarded by ICRA for the 11th consecutive year. This is the highest rating for claims paying ability awarded by ICRA.

IRDAI registration

Your Company has paid to IRDAI annual fees for FY2018 as specified by the IRDA (Registration of Indian Insurance Companies) Regulations, 2000.

Directors' Responsibility Statement

In accordance with the requirements of Section 134(3) (c) of the Companies Act, 2013 ('the Act') the Board of Directors wishes to confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have 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 as at 31 March 2017 and of the profits of the Company for that period;
- the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Extract of the Annual Return

The extract of Annual Return prepared pursuant to section 92(3) of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 in the prescribed Form MGT- 9 is annexed to this report. This report and accounts are being sent to shareholders excluding the said information. Any shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company for a copy thereof.

Number of Meetings of the Board

The Board of Directors met 5 times during the year, detailed information about dates of meetings and attendance of Directors thereat is given in the Corporate Governance Report annexed to this report.

Directors' Remuneration Policy

Policy on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act is given as annexure to this report.

Related Party Transactions

As per Section 177 of the Act, the Audit Committee of the Board of Directors approves the estimated related party transactions of the Company at the beginning of every financial year. Related party transactions are placed before the Audit Committee for noting on a quarterly basis. Related party transactions entered during the year under review were in the ordinary course of business and on an arm's length basis, thus not requiring prior Board's / Shareholders' approval. During the year, there were no material contracts or arrangements or transactions at arm's length basis that need to be disclosed in Form AOC-2 as required under the Act. As per Accounting Standard (AS) 18 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are also included in the Notes to Accounts.

Material Changes and Commitments

There have been no material changes or commitments affecting the financial position of your Company, which have occurred between the end of financial year of your Company and the date of this report.

Conservation of Energy & Technology Absorption

Your Company, being an Insurance Company, does not have any manufacturing activity. The Directors, therefore, have nothing to report on conservation of energy and technology absorption.

However, your Company seeks to employ relevant technology with a view to improve productivity and efficiency while improving the overall customer experience. Platforms are designed to service scale and are capable of handling high customer and transaction volumes.

Your Company is increasingly enhancing Mobility Solutions and leveraging Digitalization, Analytics, Cloud and other Technological Innovations towards automation of processes in order to provide a competitive edge and impetus to its intermediaries, employees and partners, to ensure faster services and better customer experience. This would enable integrating with various partners to penetrate the uninsured segments of market and aligning with the vision of ease of doing business and providing primary services. Big data solutions is under process to help in bulk data processing for operational users and analytical team, thus reducing the processing time and cost of storage.

Directors' Report

Directors' Report for the financial year ended 31 March 2017

Data Center was refreshed during the year with latest hardware and technology like virtualization, hybrid cloud, software defined network ready in order to have more scalability and Data Center was also co-located. Providing flexible network policy implementation along with enhanced security, various other measures such as Data Loss Prevention implementation, Web Application Firewall, Intrusion Prevention System in order to have enhanced security posture and arrest the leakages of organizational sensitive data / information are some of the other initiatives taken during the year. Wherever required, your Company has imported the technologies and absorbed successfully.

Foreign Exchange Earnings and Expenditure during FY2017

Earnings in foreign currency	Rs. 437 Crore
Expenditure in foreign currency	Rs. 905 Crore

Risk Management Policy

A statement indicating development and implementation of risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company has been given in the Corporate Governance Report annexed to this report.

Corporate Social Responsibility

During FY2017, your Company has spent the amount as required by Section 135 of the Act, on CSR activities / projects in accordance with the CSR policy of the Company. Report on Corporate Social Responsibility Policy developed and implemented by the Company and CSR initiatives taken during the year pursuant to Section 134 and Section 135 of the Act is given as annexure to this report.

Performance Evaluation of the Board, it's Committees and Directors

In accordance with Section 134(3)(p) of the Act formal annual performance evaluation of the Board, it's Committees and the Directors individually has been carried out in the following manner:

- Rating sheets were filled by each of the Directors with regard to evaluation of performance of the Board, it's Committees and individual Directors (except for the Director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the Directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, it's Committees and Directors individually.
- The report of performance evaluation so arrived at was then discussed in the meeting of the Nomination and Remuneration Committee and Board of Directors.

Directors & Key Managerial Personnel

Mr. Tapan Singhel (DIN: 03428746) was re-appointed as Managing Director and Chief Executive Officer of the Company for a period of 5 years w.e.f. 1 April 2017.

Mr. Hicham Raissi (DIN: 07564333) was appointed as Director with effect from 15 July 2016.

Mr. Manu Tandon (DIN: 00087615) resigned as Independent Director

on 12 May 2016. During the year under review, Mr. Manu Tandon was appointed as Alternate Director to Mr. Heinz Dollberg (DIN 00168797) from time to time. Mr. Tandon ceased to be Alternate Director to Mr. Dollberg on arrival of Mr. Dollberg in India and subsequently he was re-appointed as such after departure of Mr. Dollberg from India. Last such appointment was made on 28 January 2017 and his office was up to 10 May 2017.

The Independent Directors have submitted declarations stating that they meet the criteria of independence as provided in Section 149(6) of the Act.

In light of the provisions of the Act, Mr. Niraj Bajaj (DIN 00028261) and Mr. Sanjiv Bajaj (DIN 00014615), Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Significant and Material Orders Passed by the Regulators or Courts

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year under review impacting the going concern status of your Company and its operations in future.

Adequacy of Internal Financial Controls

Internal financial controls with reference to the financial statements were adequate and operating effectively.

Particulars of Employees

As required by the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees are annexed. This report and accounts are being sent to shareholders excluding the said information. Any shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company for a copy thereof.

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

No cases were filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during FY2017.

Corporate Governance

A report on Corporate Governance as required under the Corporate Governance Guidelines for insurance companies issued by IRDAI (Corporate Governance Report) is annexed to this report along with a certificate from the Company Secretary.

Composition of Committees

These details are provided in the Corporate Governance Report annexed to this report.

Establishment of Vigil Mechanism

The Company has established vigil mechanism in the form of Whistle

Directors' Report

Directors' Report for the financial year ended 31 March 2017

Blowing Committee for the employees to raise concerns internally about possible irregularities, governance weaknesses, financial reporting issues or other such matters of irregularities. The said vigil mechanism provides adequate measures to safeguard the persons who take recourse to such vigil mechanism and in appropriate cases, the concerned person may approach the Chairperson of the Audit Committee. The Audit Committee oversees the vigil mechanism of the Company.

Implementation of Ind AS

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on 16 February 2015. The insurers are required to comply with Ind AS for financial statements for accounting periods beginning from 1 April 2018 onwards, with comparatives for the period ending 31 March 2018.

Insurers also need to submit pro-forma Ind AS financial statements to IRDAI from the quarter ended 31 December 2016 onwards.

The Audit Committee has been entrusted with the responsibility of overseeing the progress of the Ind AS implementation process and report to the Board quarterly. Accordingly, the details of Ind AS implementation strategy are presented to the Audit Committee on quarterly basis.

The Company has set up a cross functional steering committee to monitor the implementation of Ind AS. It comprises of the Chief Financial Officer, Head of Actuarial, Head of Internal Audit, Chief Investments Officer, Chief Risk Officer and the various concerned department heads.

The project is progressing as per plan and key activities undertaken are as follows:

- The exposure draft of proposed regulations on preparation of financial statements as per Ind AS, issued by IRDAI, has been evaluated and the Company's feedback has been submitted to IRDAI;
- Pro-forma financial statements for nine months ended 31 December 2016 have been prepared and submitted to IRDAI,
- Your Company is now working on various disclosure requirements and the system / process changes required for preparation of financial statements as per Ind AS.

Auditors

Statutory auditors

M/s Dalal & Shah LLP, Chartered Accountants (FRN: 102021W / W100110, the joint statutory auditors of the Company, hold office up to the conclusion of the 21st annual general meeting of the Company and M/s BSR & Co LLP, Chartered Accountants (FRN: 101248W / W100022) the joint statutory auditors of the Company, hold office up to the conclusion of the ensuing annual general meeting of the Company. The Board of Directors recommend the shareholders to ratify the appointment of M/s. Dalal & Shah LLP, Chartered Accountants as joint statutory auditors from conclusion of the ensuing Annual General Meeting till conclusion of the next Annual General Meeting and fix their remuneration for the year 2017-18 and re-appointment of M/s. BSR & Co LLP, Chartered Accountants as the joint statutory auditors from conclusion of the ensuing Annual General Meeting till conclusion of the 22nd Annual General Meeting and fix their remuneration for the year 2017-18. The Company has received from M/s. Dalal & Shah LLP, Chartered Accountants, and M/s BSR & Co LLP, Chartered Accountants, a certificate to the effect that their

ratification / appointment shall be in accordance with the prescribed conditions and they are not disqualified under the Act and guidelines issued by IRDAI.

The Audit Report from the joint statutory auditors does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Shyamprasad Limaye (Membership No. 1587), Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report for the financial year ended on 31 March 2017 is annexed to the report. The same does not contain any qualification, reservation, adverse remark or disclaimer.

Appreciation & Acknowledgment

The Board is grateful to IRDAI and other regulatory authorities for their continued support.

Your Company's performance during the year would not have been possible without the commitment and hard work of the employees.

The Directors take this opportunity to thank the promoters, Bajaj Finserv Limited and Allianz SE, for providing strategic direction and guidance in the working of the Company.

On behalf of the Board of Directors, we thank your Company's policyholders, intermediaries and reinsurers for reposing their unstinted faith in your Company and we are confident of continuing to deliver value to all our stakeholders.

For and on behalf of the Board of Directors of

Bajaj Allianz General Insurance Company Limited

Sanjiv Bajaj

Chairman
(DIN 00014615)
Pune, 12 May 2017

Annexure to the Directors Report for the year ended 31 March 2017

Corporate Governance Report

The Corporate Governance Guidelines dated 18 May 2016 (the Guidelines) for the insurance companies issued by Insurance Regulatory and Development Authority of India (IRDAI) outlines the framework of corporate governance policies and practices followed in the Company.

Board of Directors

The Board of Directors consists of 14 Directors, which includes 4 Independent Directors. The CEO of the Company, as the Managing Director, is executive member of the Board of Directors. All other Directors, including Chairman, are Non-executive Directors.

Mr. Manu Tandon resigned as Independent Director with effect from 12 May 2016 and was appointed as Alternate Director to Mr. Heinz Dollberg with effect from 16 May 2016. Mr. Hicham Raissi was appointed as Director with effect from 15 July 2016. Mr. Tapan Singhel, Managing Director and Chief Executive Officer of the Company was re-appointed as Managing Director and Chief Executive Officer of the Company, for further five years with effect from 1 April 2017.

The list of Directors as on 31 March 2017 and other major offices held by them is mentioned elsewhere in this report.

1. **Mr. Sanjiv Bajaj**, Chairman, is a Mechanical Engineer, has done M Sc from University of Warwick, UK and MBA from Harvard Business School, USA. He is currently the Managing Director of Bajaj Finserv Limited. He has vast experience in variety of areas in business strategy, marketing, finance, investment, audit, legal, and IT related functions in automotive and financial service sectors.
2. **Mr. Sanjay Asher**, Independent Director, is a Commerce and Law Graduate from Mumbai University and a fellow member of the Institute of Chartered Accountants of India. He is a Partner of M/s Crawford Bailey & Co. and was an invitee to the Department of Disinvestment's Committee for standardising the transaction documents in relation to privatisation of the public sector enterprises.
3. **Mr. Niraj Bajaj**, Director, has done his B. Com. from Sydenham College of Commerce & Economics, Mumbai and MBA from Harvard Business School, USA. He has been Chairman of Mukand Ltd since 14 July 2007 and serves as its Managing Director. Mr. Niraj Bajaj is one of the Promoters of the Bajaj Group.
4. **Mr. Rahul Bajaj**, Director, is an Honors graduate in Economics and Law and MBA from Harvard Business School, USA. He is considered as one of the most successful business leaders of India and heads the Bajaj Group of Companies.
5. **Mr. Sergio Balbinot**, Director, has a degree in economics & administration from University of Bologna. He is currently a Member of the Board of Management of Allianz SE and responsible for the insurance business in the countries of western and southern Europe, Middle East, Africa and Asia at Allianz SE.
6. **Mr. Heinz Dollberg**, Director, has a degree in law. He retired from Allianz SE and now is consultant to Allianz SE. Prior to his retirement, he was Senior Vice President looking after operations in Asia, Middle East and North Africa in collaboration with Allianz offices across the region. Starting from 1988, he was based in the Asia Pacific Division of Allianz SE in Munich.
7. **Mr. Ranjit Gupta**, Director, is currently working as President – Insurance, at Bajaj Finserv Limited, has Master's Degree in Mechanical & Electrical Engineering from the Indian Railway Institute of Mechanical & Electrical Engineers.
8. **Mr. Suraj Mehta**, Independent Director, has honors in Economics, also serves as Non-Executive Independent Director of BPL Limited. Mr. Mehta has held key management positions in India and abroad with ANZ Grindlays Bank till the year 1994. He was the Chief Executive Officer of Dresdner Bank AG in India and was the Geographic Head for the group's four businesses which included Investment, Banking, Securities Broking and Software Development. He has also worked as the Chief Executive Officer of NABIL Bank Limited, the private sector bank in Nepal.
9. **Mr. Nanoo Pamnani**, Independent Director, has a Bachelor's degree in Arts (Honours) from Bombay University (stood first in the University in Economics Major) in 1960 and a bachelor's degree in Economics from the London School of Economics (Majored in Economics and Econometrics) in 1964. He has more than 42 years of experience in the banking, auto and financial services sectors.
10. **Mr. Dipak Poddar**, Independent Director, serves as an Executive Chairman of Poddar Developers Ltd. He is also the Chairman of Monotona Securities Limited and Monotona Tyres Ltd. He is an engineering graduate from Massachusetts Institute of Technology, USA.
11. **Mrs. Lila Poonawalla**, Independent Director, is the Chairperson of Lila Poonawalla Foundation and also former CMD of Alfa Laval-Tetra Pak India. She is the Chairperson of the Board of Governors of Indian Institute of Technology, Ropar. Mrs. Poonawalla has Bachelor's Degree in Mechanical Engineering from COEP, Pune. She has been presented the "Padmashree" award in 1989, Royal order of the Polar star from the King of Sweden along with numerous other national and international awards.
12. **Mr. Hicham Raissi**, Director, has done Engineering in Supply Chain Management from Institut National des Sciences Appliquées Lyon (INSA). He is currently Head of business division Africa, MENA and India at Allianz SE.
13. **Mr. Manu Tandon**, Alternate Director, is a Commerce graduate and Chartered Accountant, England & Wales. He retired in 2008 as Managing Director Elantas Beck India Ltd Pune,

Annexure to the Directors Report for the year ended 31 March 2017

subsidiary of Altana AG, Germany. He was Director, Finance & Corporate Affairs, BASF India Ltd, Mumbai from 1983 till 1996. He was the Chairman of Pune Zonal Council, Confederation of Indian Industry (CII) and also the Chairman of CII National Council for Chemicals Fertilizers & Petrochemicals.

14. Mr. Tapan Singhel, Managing Director, has been with Bajaj Allianz since its inception in 2001 and a part of the core team formed to plan the retail market strategy. Mr. Tapan Singhel, a BHU alumnus, started his career with a prominent PSU insurer as a direct Officer in 1991.

Board Meetings

The Board meets at least once in every quarter, with a gap not more than 120 days between two meetings, to, inter alia, review the Company's financial results, solvency margin, review the business strategies and their implementation, etc.

In case of any matter requiring urgent Board's approval, the approval is taken by passing resolution by circulation.

The Board is provided, on a timely basis, detailed agenda papers in advance of the meetings. The agenda items include:

- 1 Minutes of previous Board and Committee meetings;
- 2 Business reviews, plans and budget;
- 3 Quarterly / annual financial results;
- 4 Various audit reports;
- 5 Investment performance;
- 6 Approval / reviews of company policies;
- 7 Formation / reconstitution of Board Committees

Board Meetings held during FY2017

The Board of Directors met five (5) times during FY2017 on 15 April 2016, 19 May 2016, 15 July 2016, 25 October 2016 and 27 January 2017. Following table sets out the details of attendance of Directors at the Board meetings.

Name of Director	Category	Meetings Attended
Mr. Sanjiv Bajaj	Chairman	5/5
Mr. Sanjay Asher	Independent Director	1/5
Mr. Niraj Bajaj	Director	4/5
Mr. Rahul Bajaj	Director	5/5
Mr. Sergio Balbinot	Director	3/5
Mr. Heinz Dollberg	Director	5/5
Mr. Ranjit Gupta	Director	5/5
Mr. Suraj Mehta	Independent Director	3/5
Mr. Nanoo Pamnani	Independent Director	5/5
Mr. Dipak Poddar	Director	3/5
Mrs. Lila Poonawalla	Independent Director	5/5
Mr. Hicham Raissi	Director	2/2
Mr. Manu Tandon	Independent Director / Alternate Director	1/1
Mr. Tapan Singhel	Managing Director & Chief Executive Officer	4/5

Notes:

a) Mr. Hicham Raissi was appointed as Director with effect from 15 July 2016.

b) Mr. Manu Tandon resigned as Independent Director with effect from 12 May 2016 and was appointed as Alternate Director to Mr. Heinz Dollberg with effect from 16 May 2016

Committees of the Board of Directors: Constitution & Composition

Audit Committee, Investment Committee, Risk Management Committee and Policyholders' Protection Committee, which are mandatorily required under the Corporate Governance Guidelines, have been constituted in accordance with the requirements set out therein. Further, the Company has also formed Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors as required pursuant to Section 135 and Section 178 of the Companies Act, 2013 respectively.

Audit Committee

The Audit Committee of the Board of Directors oversees the periodic financial reporting before submission to the Board, disclosure processes and functioning of the Internal Audit Department and reviews its plans and reports on a quarterly basis. The Audit Committee is directly responsible for the recommendation of the appointment, remuneration, performance and oversight of the work of the Internal, Statutory and Concurrent Auditors. The senior management personnel are invited to the meetings of the Audit Committee, along with the Head of Internal Audit, who presents his report to the Committee at every meeting thereof.

Annexure to the Directors Report for the year ended 31 March 2017

Mr. Nanoo Pamnani, Independent Director, is the Chairman of the Audit Committee with Mr. Sanjay Asher, Mr. Suraj Mehta and Mrs. Lila Poonawalla, Independent Directors, Mr. Sanjiv Bajaj, Mr. Heinz Dollberg and Mr. Ranjit Gupta, Directors, being other members of the Committee. Mr. Manu Tandon is an alternate member to Mr. Heinz Dollberg. All the members of the Audit Committee are Non-executive Directors, with majority of them being Independent Directors.

The Audit Committee met five times during FY2017 on 19 May 2016 (Two meetings held), 15 July 2016, 25 October 2016 and 27 January 2017. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Name of Member	Category	Meetings Attended
Mr. Nanoo Pamnani	Chairman, Independent Director	5/5
Mr. Sanjay Asher	Independent Director	2/5
Mr. Suraj Mehta	Independent Director	2/5
Mrs. Lila Poonawalla	Independent Director	5/5
Mr. Sanjiv Bajaj	Director	5/5
Mr. Heinz Dollberg	Director	3/5
Mr. Ranjit Gupta	Director	5/5

Note: Mr. Ranjit Gupta was appointed as member with effect from 16 May 2016

Investment Committee

The Investment Committee establishes the Investment Policy and operational framework for the investment operations of the Company. It periodically reviews the Investment policy based on the investment performance and the evaluation of dynamic market conditions and places it before the Board of Directors for approval.

Mr. Heinz Dollberg is the Chairman of the Investment Committee, with Mr. Sanjiv Bajaj, Mr. Ranjit Gupta, Directors and Mr. Tapan Singhel, MD & CEO, being the other members thereof. Mr. Manu Tandon is an alternate member to Mr. Heinz Dollberg. Mr. Milind Choudhari, Chief Financial Officer, Dr. (Mrs.) Asha Joshi, Appointed Actuary and Mr. Amit Joshi, Chief Investment Officer and Mr. Abhinay Purohit, Chief Risk Officer, are also members of the Investment Committee.

The Committee met four times during FY2017 on 18 May 2016, 14 July 2016, 24 October 2016 and 28 January 2017. Following table sets out the particulars of attendance of members of the Investment Committee at various meetings:

Name of Member	Category	Meetings Attended
Mr. Heinz Dollberg	Director	1/4
Mr. Sanjiv Bajaj	Director	4/4
Mr. Ranjit Gupta	Director	3/4
Mr. Manu Tandon	Alternate Member	2/3
Mr. Tapan Singhel	MD & CEO	4/4
Mr. Amit Joshi	Chief Investment Officer	4/4
Mr. Milind Choudhari	Chief Financial Officer	4/4
Dr. (Mrs.) Asha Joshi	Appointed Actuary	4/4
Mr. Abhinay Purohit	Chief Risk Officer	4/4

Policyholders' Protection Committee

The Policyholders' Protection Committee of the Board of Directors has the responsibility to put in place proper procedures and effective mechanism to address complaints and grievances of policyholders including those arising out of mis-selling by intermediaries and to ensure compliance with the statutory requirements. It reviews the Grievance Redressal Mechanism and the status of complaints at periodic intervals.

Mr. Sanjiv Bajaj is the Chairman of the Policyholders' Protection Committee, with Mr. Heinz Dollberg, Mr. Ranjit Gupta, Directors and Mr. Tapan Singhel, MD & CEO, being the other members of the Committee. Mr. Manu Tandon is an alternate member to Mr. Heinz Dollberg. The Chief Financial Officer, Appointed Actuary and Head of Customer Service & Customer Care and Mrs. Lila Poonawalla, Customer Representative are also invited to meetings of the Policyholders' Protection Committee.

The Committee met four times during FY2017 on 18 May 2016, 14 July 2016, 24 October 2016 and 28 January, 2017. Following table sets out

the particulars of attendance of members of the Policyholders' Protection Committee at various meetings:

Name of Member	Category	Meetings Attended
Mr. Sanjiv Bajaj	Director	4/4
Mr. Heinz Dollberg	Director	1/4
Mr. Ranjit Gupta	Director	3/4
Mr. Manu Tandon	Alternate Member	2/3
Mr. Tapan Singhel	MD & CEO	4/4

Annexure to the Directors Report for the year ended 31 March 2017

Nomination and Remuneration Committee

As required by the Section 178 of the Companies Act, 2013, the Company has formed the Nomination and Remuneration Committee, with responsibility to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to formulate the criteria for determining qualifications, positive attributes and independence of a Director.

Mr. Nanoo Pamnani, Independent Director, is the Chairman of the Committee with Mr. Sanjay Asher and Mrs. Lila Poonawalla, Independent Directors, Mr. Sanjiv Bajaj, Mr. Heinz Dollberg and Mr. Ranjit Gupta, Directors being the other members of the Committee. Mr. Manu Tandon is an alternate member to Mr. Heinz Dollberg.

The Committee met three (3) times during FY2017 on 19 May 2016, 15 July 2016 and 27 January 2017. Following table sets out the particulars of attendance of members of the Committee at various meetings:

Name of Director	Category	Meetings Attended
Mr. Nanoo Pamnani	Chairman, Independent Director	3/3
Mr. Sanjay Asher	Independent Director	2/3
Mr. Sanjiv Bajaj	Director	3/3
Mr. Heinz Dollberg	Director	3/3
Mr. Ranjit Gupta	Director	3/3
Mrs. Lila Poonawalla	Independent Director	3/3

Notes:

- a) Mr. Ranjit Gupta was appointed as member with effect from 16 May 2016.
b) Mrs. Lila Poonawalla was appointed as member with effect from 16 May 2016.

Corporate Social Responsibility Committee

As required by the Section 135 of the Companies Act, 2013, the Company has formed a Corporate Social Responsibility Committee, with responsibility to carry out, monitor and assess CSR activities undertaken by the Company.

Mr. Sanjiv Bajaj is the Chairman of the Corporate Social Responsibility Committee, with Mr. Heinz Dollberg, Director, Mr. Nanoo Pamnani, Independent Director and Mr. Tapan Singhel, MD & CEO, being the other members thereof. Mr. Manu Tandon is an alternate member to Mr. Heinz Dollberg.

The Committee met four (4) times during FY2017 on 19 May 2016, 25 October 2016, 27 January 2017 and 8 March 2017. Following table sets out the particulars of attendance of members of the Corporate Social Responsibility Committee at various meetings:

Name of Director	Category	Meetings Attended
Mr. Sanjiv Bajaj	Chairman, Director	4/4
Mr. Heinz Dollberg	Director	3/4
Mr. Nanoo Pamnani	Independent Director	3/4
Mr. Manu Tandon	Alternate Director	1/1
Mr. Tapan Singhel	MD & CEO	4/4

Note: Mr. Heinz Dollberg was appointed as member with effect from 16 May 2016.
The Independent Directors are paid sitting fees of Rs. 50,000/- per meeting.

Disclosure on remuneration of MD and Key Management Persons

The Company has a Board approved policy on the remuneration structure of the Managing Director / Chief Executive Officer / Whole-Time Director of the Company.

a) Objectives & Key Features of Company's Remuneration Policy

The objective of the Policy is that the remuneration structure and the quantum payable to the MD, besides being in compliance with the applicable regulatory requirements, should also be competitive in the Insurance industry. The said policy sets out all aspects of the remuneration structure of the Managing Director / Chief Executive Officer / Whole-Time Director of the Company.

b) Design & Structure of the Remuneration Process

The Nomination and Remuneration Committee (NRC) considers the size and complexity of the Company for comparison of salary levels prevailing amongst other insurance companies and other comparable companies in financial services like NBFCs, Banks and Mutual Funds etc. Benchmarking is also undertaken periodically in order to arrive at an optimum compensation to be recommended to the Board so as to attract and retain the best talent.

Annexure to the Directors Report for the year ended 31 March 2017

c) Risks adjustment to remuneration

The remuneration process considers the current and future risk factors in terms of setting the targets and evaluation criteria as well. Performance criteria, aligned with the annual operating plan, are set covering quantitative measures as well as relevant qualitative and risk factors based on priorities set by the Board each year.

d) Elements of Remuneration of MD, other Directors & Key Management Persons

Other than the MD, no other Director of the Company was paid variable remuneration during FY2017, as all other members of the

Board are non-executive. Sitting fees paid to the Independent Directors are reported elsewhere in this report. No sign on awards and guaranteed bonus were made during FY2017. Elements of remuneration package (including incentives) of MD & CEO and Key Management Persons are given in the annexure to this report.

This report and accounts are being sent to shareholders excluding the said information. Any shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company for a copy thereof.

Enterprise Risk Management (ERM) Framework

Risk Objectives

Your Company operates in an environment that is continuously changing due to external pressures to quickly adapt to new regulations and competitions. Any business strategy entails risk. In all types of undertaking, there is potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside).

At Bajaj Allianz General Insurance, ERM deals with risks and opportunities to create or preserve value. ERM as a process is ongoing, effected by people (Board of Directors, Management and Employees), applied in setting strategy and across the company, designed to identify potential events (risks and opportunities) and manage the risks within its risk appetite, to provide reasonable assurance regarding the achievement of the Company's objectives.

Your Company is committed towards managing risks in line with its stated risk appetite through a systematic framework which identifies, evaluates, mitigates and monitors risks that could potentially have a material impact on the value of the organisation or potentially hinder the organisation in achieving its stated business objectives and goals.

The risk management practices are aimed to address one or more of these risk management goals as given below:

- Determine the risk profile of the Company;
- Ensure integration of risk considerations into decision-making processes including promotion of a strong risk management culture supported by a robust risk governance structure;
- Determine the relevant processes and strategies for Risk management which include identification of risks, ongoing measurement and monitoring of risk exposures and ensuring relevant control or risk transfer;
- Develop and monitor mitigation plans for high risk items identified through the self-assessment mechanism carried out by respective business functions, loss events and Internal / Statutory audit findings;

- To ensure adherence to all regulatory mandates as laid down by different regulatory authorities and all critical internal policies/limits;
- Proactive and reactive approach to manage frauds;
- Minimising reputational risk as identified and assessed as part of a regular assessment and managed on a case-by-case basis.

Risk Governance framework

Effective risk management is based on a common understanding of risks, clear organisational structures and comprehensively defined risk management processes. The management establishes and adheres to a risk strategy and associated risk appetite for the Company's business, which is derived from and consistent with the business strategy. There is a defined risk governance framework in place to address the risk management objectives of the Company. The risk governance structure of the Company consists of the Board, Risk Management Committee (RMC) of the Board and the Executive Risk Committee (ERC)

The risk strategy of the Company is to identify actual and potential threats to the Company on a short and long term basis internally and externally. The RMC oversees the functioning of the overall risk management framework of the Company and implementation of the risk management strategy. The RMC has also been vested with the responsibility to formulate, implement, monitor and periodically revise the Asset Liability Management strategy of the Company. The RMC comprises of Mr. Heinz Dollberg is the Chairman of the RMC, with Mr. Sanjiv Bajaj, Mr. Ranjit Gupta and Mr. Tapan Singhel, MD & CEO being the other members thereof. Mr. Manu Tandon is an alternate member to Mr. Heinz Dollberg. The Chief Risk Officer, Chief Investment Officer, Chief Financial Officer and Appointed Actuary are permanent invitees to all meetings of the RMC.

The Risk Management Committee met four (4) times during the year on 18 May 2016, 14 July 2016, 24 October 2016 and 28 January 2017. Following table sets out the particulars and attendance of members of the Risk Management Committee at various meetings:

Annexure to the Directors Report for the year ended 31 March 2017

Name of Director	Category	Meetings Attended
Mr. Heinz Dollberg	Chairman, Director	1/4
Mr. Sanjiv Bajaj	Director	4/4
Mr. Ranjit Gupta	Director	3/4
Mr. Manu Tandon	Alternate Director	2/3
Mr. Tapan Singhel	MD & CEO	4/4

The supervisory level Executive Risk Management Committee (ERC), convened by the Chief Risk Officer, comprises of various Heads of Departments, which have been identified as the owners of key risks within the Company. They are responsible for implementation of risk management activities including risk mitigation plan within their respective vertical/departments. This executive level committee

ensures centralized risk monitoring and management. The quorum of the meeting is one third of the total number of members of the committee. The ERC holds meetings on regular basis, generally every quarter. The CRO may call for a meeting of the ERC if the needs arise and may invite any person to the meeting.

Covering major categories of assessable risks, independent of the assessment methodology and quantifiability, the risk management framework encompasses practices relating to identification, assessment, monitoring and mitigation of these risks. The overall risks are divided into several categories, which are further subdivided into major sub-categories. While the risk categories remain clearly distinct from each other, at the time of assessment their interdependencies are taken in to account.

Key Risk and their Mitigation

1. Market risk and Asset Liability Management (ALM) risk arises from unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from financial options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. The risk is mitigated by maintaining a desired mix between debt and equity subjected to investment regulations by IRDAI, active Asset management based on the ALM output along with asset and liability duration matching which limits impact of interest rate changes.
2. Credit Risk or the risk of default of counter parties is sought to be mitigated by investing in securities with minimum acceptable credit rating and reviewing changes in credit ratings. The Company also seeks to deal with financially sound reinsurers.
3. Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.
4. Operational risk is mitigated by a system of internal audit and fraud prevention which flags off areas where risks are identified.
5. Insurance / business risk is sought to be mitigated by executing business operating plan and having a risk and reward plan for morbidity, renewals, expenses, new Business (mix and volume) and monitor actuals.
6. Your Company has a Disaster Recovery (DR) site in a different seismic zone and business continuity plan to mitigate Business Continuity risk.

Certification for compliance of the Corporate Governance Guidelines

I, Onkar Kothari, Company Secretary & Compliance Officer, hereby certify that the Company has complied with the Corporate Governance Guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

12 May 2017
Pune

Onkar Kothari
Company Secretary &
Compliance Officer

Remuneration Policy

Remuneration Policy of Bajaj Allianz General Insurance Company Limited

- 1) This Remuneration Policy is prepared pursuant to the requirements of Section 178 of the Companies Act, 2013.
- 2) The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors and employees of the quality required to run the Company successfully.
- 3) Relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.
- 4) The Independent Directors may be paid sitting fees as per recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors from time to time within the overall limit as may be prescribed under the Companies Act, 2013.
- 5) Remuneration to the Managing Director, Key Managerial Personnel and Senior Management should involve an optimal balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. Any changes in the same should be referred to one Director representing each Co-promoter of the Company for approval.
- 6) While remuneration and changes in remuneration including payment of bonus to the Managing Director shall be recommended by the Nomination and Remuneration Committee for approval of the Board of Directors, annual revision of remuneration of all the employees, including the Key Managerial Personnel and Senior Management, may be finalized with approval from one Director representing each Co-promoter of the Company.

The Company also has a Board approved policy on the remuneration of the Managing Director / Chief Executive Officer / Whole-Time Director of the Company pursuant to guidelines issued by Insurance Regulatory and Development Authority of India in this respect.

Criteria for determining qualifications, positive attributes & independence of Director

- 1) Qualifications of Director:-
A Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, economics, insurance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.
- 2) Positive attributes of Directors:-
A Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.
- 3) Independence of Independent Directors:-
An Independent Director should meet the requirements of the Companies Act, 2013 concerning independence of Directors.

Annual Report on Corporate Social Responsibility Activities

1. Brief outline of 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:

The Company has in place its Corporate Social Responsibility (CSR) Policy in line with the requirements of Companies Act, 2013. The Policy has been approved by the Board of Directors and the same is placed on the Company's website (www.bajajallianz.com).

The Company's CSR Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large. The CSR Policy of the Company outlines the scope of CSR activities, modalities of execution of projects / programmes, implementation through CSR Cell / other vehicles of CSR implementation and monitoring assessment of CSR projects / programmes.

The process for implementation of CSR programs involves identification of programs based on proposals received through various channels, assessment of the project in terms of funding required, implementation area and overall scope, due diligence of implementation agency and recommendation to the CSR Committee. The CSR Committee, if found appropriate, approves the proposal and amount of expenditure to be incurred on the same within the overall limit approved by the Board.

2. Composition of the CSR Committee:

The CSR Committee of the Company comprises of the following Directors:

- Mr. Sanjiv Bajaj, Chairman
- Mr. Nanoo Pamnani, Independent Director
- Mr. Heinz Dollberg, Director
- Mr. Tapan Singhel, Managing Director & Chief Executive Officer

Mr. Manu Tandon, alternate member to Mr. Heinz Dollberg

3. Average net profit of the Company for last three financial years: Rs. 711 Crore.

4. Prescribed CSR Expenditure: (2% of amount as in Item No. 3 above) Rs. 14.23 Crore.

5. Details of CSR spent during FY2017:

- Total amount to be spent for the financial year: Rs. 14.23 Crore
- Amount unspent: Nil
- Manner in which the amount spent during the financial year is detailed below:

Sr No.	CSR Project or activities 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 sub heads: (1) Direct Expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Association of Rural and Urban Needy: Starting One Rainbow Home in Pune	Eradication of poverty, Promotion of education	Selected centres in India	Rs. 0.30 Crore	1) Direct: Rs. 0.10 Crore 2) Overheads: Nil	Rs. 0.30 Crore	Amount spent through implementing agency, namely Association of Rural and Urban Needy
2	Deenanath Mangeshkar Super Specialty Hospital and Research Centre: To provide medical aid to patients, preferably from departments of Paediatric Oncology, Paediatric Orthopaedic and Paediatric Cardiac	Promoting health care including preventive health care	Pune	Rs. 0.50 Crore	1) Direct: Rs. 0.36 Crores 2) Overheads: Nil	Rs. 0.36 Crore	Amount spent through implementing agency, namely Deenanath Mangeshkar Super Specialty Hospital & Research Centre
3	"Swa"-Roopwardhinee: To provide financial assistance for Montessori School; Assistant Nursing Course and Basic Tailoring & Dressing course	Promotion of education, Employment enhancing vocational skills	Pune	Rs. 0.09 Crore	1) Direct: Rs. 0.09 Crore 2) Overheads: Nil	Rs. 0.09 Crore	Amount spent through implementing agency, namely "Swa"-Roopwardhinee
4	Smile Train: To provide for approximately 3,330 free cleft surgeries at selected Smile Train Centres in cities across India	Promoting health care including preventive health care	Selected centres in India	Rs. 6 Crore	1) Direct Rs. 6 Crore 2) Overheads: Nil	Rs. 6 Crore	Amount spent through implementing agency, namely Smile Train
5	Deenanath Mangeshkar Hospital: Trail Grant for purchase of Stereotaxi Frame with Software (for stereo EEG) and Ultra Deep Freezer	Promoting health care including preventive health care	Pune	Rs. 1 Crore	1) Direct Rs. 1 Crore 2) Overheads: Nil	Rs. 1 Crore	Amount spent through implementing agency, namely Deenanath Mangeshkar Super Specialty Hospital & Research Centre

Annual Report on Corporate Social Responsibility Activities

Sr No.	CSR Project or activities 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 sub heads: (1) Direct Expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
6	"Swa"-Roopwardhinee: Financial Support for running and expansion of various educational and vocational training programmes	Promotion of education, Employment enhancing vocational skills	Pune	Rs. 0.55 Crore	1) Direct Rs. 0.14 Crore 2) Overheads: Nil	Rs. 0.14 Crore	Amount spent through implementing agency, namely "Swa"-Roopwardhinee
7	Rubby Hall Clinic: Financial support for the OCT imaging equipment	Promoting health care including preventive health care	Pune	Rs. 0.20 Crore	1) Direct Rs. 0.20 Crore 2) Overheads: Nil	Rs. 0.20 Crore	Amount spent through implementing agency, namely Rubby Hall Clinic
8	Tara Mobile Crèches: Financial support for conducting health camps and provision of medicines and Preparatory education to children at construction sites at Pune and PCMC	Promotion of education, Employment enhancing vocational skills	Pune	Rs. 0.37 Crore	1) Direct Rs. 0.37 Crore 2) Overheads: Nil	Rs. 0.37 Crore	Amount spent through implementing agency, namely Tara Mobile Crèches
9	Mahila Sewa Trust : Financial support for Formation of District Association; Capacity building and technical training of poor women and Development of business plans	Promotion of education, Employment enhancing vocational skills	Jammu & Kashmir	Rs. 0.70 Crore	1) Direct Rs. 0.70 Crore 2) Overheads: Nil	Rs. 0.70 Crore	Amount spent through implementing agency, namely Mahila Sewa Trust
10	Association of Rural and Urban Needy: Financial support for running costs for 3 years for the second Rainbow Home in Pune.	Eradication of poverty, Promotion of education	Pune	Rs. 1.30 Crore	1) Direct: Rs. 0.30 Crore 2) Overheads: Nil	Rs. 0.30 Crore	Amount spent through implementing agency, namely Association of Rural and Urban Needy
11	Jankidevi Bajaj Gram Vikas Sanstha:- Financial support for the Bajaj Water Conservation Project, Aurangabad	Ensuring environmental sustainability, ecological balance and conservation of natural resources and maintaining quality of water.	Aurangabad	Rs. 5 Crore	1) Direct: Rs. 5 Crore 2) Overheads: Nil	Rs. 5 Crore	Amount spent through implementing agency, namely Jankidevi Bajaj Gram Vikas Sanstha

6. In case the Company fails to spend the 2% of the Average Net Profit of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report: Not applicable

CSR Committee's Responsibility Statement

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

Sanjiv Bajaj (DIN 00014615)
Chairman -
CSR Committee

Tapan Singhel (DIN 03428746)
Managing Director &
Chief Executive Officer

Secretarial Audit Report for the year ended 31 March 2017

Form No. MR-3

[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,
Bajaj Allianz General Insurance Company Limited,
(CIN U66010PN2000PLC015329)
GE Plaza Airport Road,
Yerawada, Pune- 411006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bajaj Allianz General Insurance Company Limited (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company, 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 authorised 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 31 March 2017, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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 31 March 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 thereunder regarding Foreign Direct Investment;
- (iii) The Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and rules and regulations made thereunder;
- (iv) Rules, regulations, guidelines, circulars and notifications issued by the Insurance Regulatory and Development Authority of India (IRDAI) as are applicable to a general insurance company.

The Company is a public company which is a subsidiary of a listed company.

I have also examined compliance with the applicable clauses of the Secretarial Standards pursuant to Section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive, non-executive and independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings, including committees thereof, alongwith agenda and detailed notes on agenda 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 by the Directors. The decisions are carried unanimously.

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 there was no event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Shyamprasad D. Limaye
FCS No. 1587 C P No.: 572

Pune
12 May 2017

Management Report for the Financial Year ended 31 March 2017

With respect to the operations of Bajaj Allianz General Insurance Company Limited ("the Company") for the year ended 31 March 2017 and results thereof, the management of the Company confirms and declares that:

1. The Company has paid to the Insurance Regulatory and Development Authority of India (IRDAI) the annual fees for FY2018 as specified by the IRDA (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. 26 December 2014, which has removed the process of annual renewal of Certificate of Registration.
2. We certify that all dues payable to the statutory authorities have been duly paid except where the Company has preferred appeals.
3. The shareholding pattern is in accordance with the statutory and regulatory requirements. No shares have been transferred during the year.
4. The Management has not invested any funds of holders of policies in India, directly or indirectly outside India.
5. The required solvency margin under the Insurance Act, 1938 has been maintained.
6. We certify that the values of all the assets have been reviewed on the date of Balance Sheet and in management's belief, the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value, under the several headings – "investments", "agents' balances", "outstanding premiums", "income accrued on investments", "due from other entities carrying on insurance business, including reinsurers (net)", "cash and bank balances" and several items specified under "advances recoverable".
7. As a general insurer, the Company is exposed to a variety of risks. The primary risks are that of frequency of claims as measured by the number of claims in relation to number of policies outstanding and severity of claims as measured by the average amount per claim. The frequency and severity risks vary according to the lines of business.

The Company has a multi layer reinsurance program which seeks to optimize the retention of risk at each policy level as well as at the level of lines of business. The Company's retention of risks varies according to lines of business and is decided after considering relevant factors such as capital and solvency position, available reinsurance capacity and adequacy of reinsurance terms. The automatic reinsurance program of the Company is designed as multi-layer treaties combining proportional reinsurance (where the Company and the reinsurer share the premiums and claims in an agreed proportion) and non-proportional reinsurance. The limits under the treaties are set based on accumulation of risks by location and category, after considering the exposure based on Probable Maximum Loss, where applicable, and the expected frequency of claim events. The Company is exposed to catastrophe risk, which is mitigated by a separate non-proportional reinsurance treaty, limiting the Company's exposure to any single covered event. In addition to treaties, the Company also purchases, where required, on a case-to-case basis, facultative

reinsurance for specific policies, where either treaty limits are inadequate or the risk is not covered by the terms of the reinsurance treaties.

The reinsurance program of the Company is filed with IRDAI.

The Company has an offsite disaster recovery center for its data backups.

The Company has in place a risk management process which, inter alia, identifies major risks that the Company is exposed to and sets out action plans for mitigation of such risks.

The Company has a separate Internal Audit Department which audits the operations of its offices. Key operational risks and compliances are audited according to an audit plan approved by the Audit Committee of the Board of Directors.

The Company has an Anti Money Laundering Policy and a Whistle Blower mechanism in place, duly approved by the Board of Directors. The investment portfolio is also diversified within limits set under the IRDAI Regulations. The Company has appointed an independent firm of Chartered Accountants to undertake the concurrent audit of Company's investment transactions and related processes, report of which is submitted to the Audit Committee on a quarterly basis.

The Company has a Risk Management Committee of the Board of Directors which advises the Board on the risk exposures and the actions taken to manage the same. In addition, the Company also has an Executive Risk Committee consisting of various departmental representatives, convened by the Chief Risk Officer, which reviews the risks as well as the risk processes and compliance with the Risk Management Policy of the Company. Pursuant to the requirements of the Companies Act, 2013 read with the Insurance Act, 1938 and various regulations made thereunder, the Company has formed various other committees of the Board of Directors, which include Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Policyholders' Protection Committee and Investment Committee.

8. The Company does not have insurance operations in any other country.
9. The settlement time for claims depends on various factors pertinent to various lines of business, such as cause of loss, the nature of claim, etc. Typically, claims which result in total or partial destruction of assets or records (such as those caused by Acts of God), those where adequate documentation to assess the claims are awaited and those which are the subject matter of judicial processes (such as Motor Third Party claims) tend to have longer settlement times, which are beyond the control of the Company. The Company has internal processes for regular review of such claims paid and outstanding. Ageing of claims indicating the trends in average claim settlement time during the preceding five

Management Report for the Financial Year ended 31 March 2017

years is given in Annexure I and ageing analysis of claims registered and not settled (excluding provision for IBNR / IBNER and claims relating to inward re-insurance from terrorism pool and the Indian Motor Third Party Insurance Pool) is given in Annexure II to this Report.

10. We certify that the values, as shown in the Balance Sheet, of the investments which consists of fixed income securities, equity shares and mutual fund units have been valued as per accounting policies prescribed by IRDAI. For fixed income securities, the market value is based on procedure issued by Fixed Income and Money Market and Derivative Dealers Association (FIMMDA). The investment in equity shares is valued at market value. The investments in the Mutual Funds are valued at the Net Asset Values (NAV) of these Mutual Funds as on the Balance Sheet date, if any.

11. Most of the Company's investments are in fixed income securities, deposits and loan. The fixed income securities are mainly approved Government securities and bonds rated AA and above. The primary aim while investing is to generate adequate return while minimizing risk. The emphasis is also on the liquidity of investments to ensure that the Company meets all its obligations related to Claims and other operations. The Company monitors the cash position on daily basis and seasonal liquidity needs are considered while planning maturities of investments in respect of all assets. None of the fixed income investments and loan have had any delays in servicing of interest or principal amounts. Investments in loans are valued at historical cost. Based on the past track record, the Management has reasonable confidence in the quality and expected performance of all the investments, in line with the objectives.

12. The management of the Company certifies that:

- a) The financial statements of the Company have been prepared in accordance with the applicable Accounting Standards and principles and policies with no material departures;
- b) The management has adopted 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 the affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- 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 and Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The financial statements have been prepared on a going concern basis;
- e) The management has set up an internal audit system commensurate with the size and nature of the business and the same was operational throughout the year.

13. The schedule of payments which have been made to individuals, firms, companies and organizations in which the Directors of the Company are interested is given as Annexure III.

For and on Behalf of the Board of Directors

Sanjiv Bajaj
Chairman
(DIN 00014615)

Nanoo Pamnani
Director
(DIN 00053673)

Heinz Dollberg
Director
(DIN 00168797)

Tapan Singhel
Managing Director &
Chief Executive Officer
(DIN 03428746)

Milind Choudhari
Chief Financial Officer

Onkar Kothari
Company Secretary &
Compliance Officer

Pune
12 May 2017

Annexure I: Average Claims Settlement Time during Preceding 5 Years

Fire

₹ in Lakh

Period	2012-13		2013-14		2014-15		2015-16		2016-17	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
30 days	799	242.84	920	296.92	7,575	11,810.79	2,797	968.99	1,405	837.72
30 days to 6 months	944	2,817.02	1,079	3,983.46	9,757	37,771.51	6,874	9,049.90	1,496	7,010.54
6 months to 1 year	258	3,048.68	248	2,395.53	352	5,809.68	2,954	5,853.72	845	9,064.51
1 year to 5 years	213	9,599.43	166	2,023.45	228	4,577.20	1,038	21,184.88	2,305	8,385.12
5 years and above	31	148.18	39	283.19	43	99.60	38	176.29	47	91.48

Marine

₹ in Lakh

	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
30 days	5,867	0.01	5,693	1,092.91	6,346	1,045.38	6,519	1,008.52	9,982	1,139.03
30 days to 6 months	3,518	2,403.06	3,718	2,198.36	3,366	2,878.94	4,598	3,635.61	4,806	3,508.99
6 months to 1 year	494	784.99	432	1,894.69	504	1,503.78	645	2,657.17	751	2,797.84
1 year to 5 years	339	1,504.26	338	1,516.16	298	1,205.82	283	2,151.04	388	1,905.85
5 years and above	11	8.03	8	20.05	51	68.66	17	16.40	48	103.34

Motor OD

₹ in Lakh

	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
30 days	340,280	41,737.71	371,797	48,723.43	382,150	54,125.15	420,337	65,769.98	430,446	69,834.41
30 days to 6 months	65,878	33,666.35	65,563	40,352.05	82,163	46,123.22	87,509	60,186.64	72,732	53,200.41
6 months to 1 year	4,239	3,604.18	3,467	4,032.19	5,553	5,546.41	5,266	5,612.28	4,049	6,469.25
1 year to 5 years	1,756	845.88	1,774	1,054.71	7,178	809.98	1,765	1,488.44	1,435	1,362.20
5 years and above	124	26.72	182	92.63	2,043	-18.35	331	129.23	392	200.71

Motor TP

₹ in Lakh

	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
30 days	7,374	385.18	6,482	395.79	5,537	409.22	5,007	291.63	5,674	63.12
30 days to 6 months	7,492	2,789.58	6,713	2,773.19	7,124	3,104.35	6,951	3,083.50	5,717	1,600.94
6 months to 1 year	6,499	5,274.28	5,405	4,684.61	5,375	5,279.53	5,028	5,591.17	4,338	4,242.63
1 year to 5 years	24,876	28,576.12	21,836	27,591.41	18,463	27,347.89	17,058	29,047.75	13,623	24,087.17
5 years and above	2,174	1,722.06	3,677	3,913.08	5,292	6,611.30	7,109	10,126.02	7,301	11,353.95

Health

₹ in Lakh

	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
30 days	99,100	24,608.60	229,877	37,829.42	121,951	34,493.00	121,711	36,686.57	249,051	43,597.52
30 days to 6 months	28,842	11,663.97	111,686	19,266.94	46,734	14,809.07	44,574	19,030.02	65,643	26,599.94
6 months to 1 year	1,515	784.85	3,397	1,583.15	11,803	2,027.13	3,015	1,604.65	4,198	1,753.49
1 year to 5 years	467	216.10	937	379.73	2,713	515.28	982	715.87	1,496	937.69
5 years and above	24	47.71	31	13.15	307	54.07	146	-1.69	194	22.19

Others

₹ in Lakh

	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
30 days	15,774	4,364.63	16,216	4,253.07	31,145	34,419.54	53,692	56,235.33	36,914	6,748.19
30 days to 6 months	7,646	5,183.54	7,969	5,719.53	21,999	44,994.00	27,680	22,246.32	54,042	25,065.24
6 months to 1 year	1,277	2,358.44	1,029	2,778.32	1,337	3,099.31	6,079	4,032.60	9,243	4,882.32
1 year to 5 years	1,730	3,367.97	1,341	2,444.33	1,976	2,703.86	2,047	3,638.78	2,601	6,938.66
5 years and above	312	190.39	400	333.85	594	324.31	537	620.82	514	293.57

Note:- The above includes partially settled claims and on-account payments made

Annexure II: Ageing Analysis of Claims Registered and not Settled

As at 31 March 2017

₹ in Lakh

Line of Business	Fire		Marine		Motor OD		Motor TP		Health		Other		Total	
Period	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
0 - 30 Days	228	626.05	1,650	597.44	3,440	3,700.39	1,185	4,807.99	5,077	2,760.57	5,565	2,275.45	17,145	14,767.90
31 days-6 month	356	1,804.73	573	874.95	1,926	4,881.59	4,253	17,375.95	1,681	1,758.46	7,508	3,489.82	16,297	30,185.49
6 months to 1 Year	308	2,119.52	180	787.60	316	1,046.08	4,715	21,508.22	153	784.91	3,782	1,588.97	9,454	27,835.29
1 year to 5 Year	2,551	3,055.04	399	1,141.28	1,083	2,286.23	21,410	82,091.77	275	1,121.95	5,701	4,757.46	31,419	94,453.74
> 5 year	228	1,900.88	189	900.50	703	1,380.40	17,026	18,723.82	119	281.42	1,669	2,358.71	19,934	25,545.72

As at 31 March 2016

₹ in Lakh

Period	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
0 - 30 Days	308	879.28	331	526.05	3,669	3,527.79	1,227	5,215.83	4,184	2,406.31	2,501	2,173.45	12,220	14,728.71
31 days-6 month	761	5,330.97	377	911.98	2,903	5,285.06	4,559	20,593.06	876	1,236.39	4,742	3,070.72	14,218	36,428.17
6 months to 1 Year	613	1,342.96	163	671.60	332	992.12	4,332	19,889.14	168	1,030.32	1,522	2,270.27	7,130	26,196.41
1 year to 5 Year	1,458	3,030.30	396	917.72	1,045	2,155.64	21,561	63,479.29	217	719.86	3,181	4,029.60	27,858	74,332.41
> 5 year	161	1,323.19	133	813.54	596	1,019.66	14,863	17,046.72	100	124.24	1,356	2,061.14	17,209	22,388.50

As at 31 March 2015

₹ in Lakh

Period	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
0 - 30 Days	962	1,440.32	298	596.68	4,234	3,354.03	1,231	4,382.78	2,790	1,671.53	1,683	1,645.55	11,198	13,090.89
31 days-6 month	6,821	2,617.84	325	2,169.23	3,010	5,153.92	4,472	15,933.52	539	811.44	11,046	2,531.26	26,213	29,217.21
6 months to 1 Year	205	1,286.10	159	574.90	623	1,276.32	4,391	17,919.86	92	473.95	532	1,597.20	6,002	23,128.33
1 year to 5 Year	467	2,577.90	298	1,321.94	1,348	1,997.25	24,515	42,534.63	256	456.81	2,116	3,082.64	29,000	51,971.17
> 5 year	130	990.83	80	347.82	514	834.65	12,653	13,862.40	88	113.98	1,218	1,667.92	14,683	17,817.60

As at 31 March 2014

₹ in Lakh

Period	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
0 - 30 Days	127	362.19	294	551.06	3,991	3,356.44	1,242	3,174.00	5,906	2,044.71	719	1,079.23	12,279	10,567.63
31 days-6 month	227	2,051.52	259	714.54	2,986	4,777.35	4,686	12,100.32	13,272	1,239.39	777	1,709.09	22,207	22,592.20
6 months to 1 Year	143	1,058.61	76	247.52	647	828.69	4,934	11,288.01	6,772	801.14	498	1,225.09	13,070	15,449.06
1 year to 5 Year	308	1,954.67	242	1,326.56	1,374	2,015.27	28,286	29,385.08	614	561.06	2,077	2,850.77	32,901	38,093.43
> 5 year	91	807.38	52	225.42	328	344.11	8,984	11,236.20	62	85.46	999	1,354.67	10,516	14,053.24

As at 31 March 2013

₹ in Lakh

Period	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
0-30 days	99	635.00	319	566.00	3,371	2,962.00	1,315	1,818.00	5,040	1,851.00	583	895.00	10,727	8,726.00
31 days-6 months	149	1,673.00	355	1,115.00	2,474	3,957.00	4,808	6,726.00	1,152	701.00	792	1,635.00	9,730	15,806.00
6 months to 1 year	117	635.00	108	491.00	556	791.00	5,395	5,782.00	67	81.00	548	871.00	6,791	8,650.00
1 year to 5 years	244	2,414.00	160	1,262.00	1,400	2,130.00	33,242	28,721.00	250	342.00	2,099	2,616.00	37,395	37,486.00
> 5 years	81	439.00	38	252.00	223	215.00	5,092	7,516.00	38	80.00	805	1,239.00	6,277	9,740.00

Annexure III to the Management Report:

Particulars of Payments made to entities where Directors are interested:

Sr. No	Entity in which Director is interested	Name of the Director	Interested as	Payment during the year in ₹ In Lakh	
1	Bajaj Finserv Ltd	Rahul Bajaj Sanjiv Bajaj Niraj Bajaj Nanoo Pamnani	Director & Member Director & Member Director & Member Director	Rent paid lease premises Billable expenses reimbursed on behalf	187.20 33.73
2	Bajaj Auto Ltd	Rahul Bajaj Niraj Bajaj Sanjiv Bajaj Nanoo Pamnani	Director & Member Director & Member Director & Member Director	Insurance claims paid	307.47
3	Bajaj Electricals Ltd	Rahul Bajaj Niraj Bajaj	Member	Insurance claims paid	51.94
4	Bajaj Finance Ltd	Rahul Bajaj Sanjiv Bajaj Dipak Poddar	Director & Member Director & Member Director	Insurance claims paid Billable expenses reimbursed on behalf Insurance commission paid Investment in Corporate Bonds (Book Value)	4.76 0.84 3779.45 2796.75
5	Bajaj Allianz Life Insurance Company Ltd	Rahul Bajaj Sanjiv Bajaj Niraj Bajaj Ranjit Gupta Heinz Dollberg Sergio Balbinot Hicham Raissi Nanoo Pamnani Suraj Mehta Sanjay Asher Lila Poonawalla Manu Tandon	Director Director Director Director Director Director Director Director Director Director Director Alternate Director	Billable expenses reimbursed on behalf Insurance Claims paid Insurance premium paid Payment against Gratuity Fund Rent & Maintenance Charges Paid	444.80 10.10 60.86 1056.00 118.73
6	Mukand Engineers Ltd	Rahul Bajaj Sanjiv Bajaj Niraj Bajaj	Member Member Director & Member	Insurance claims paid	11.21
7	Mukand Ltd	Rahul Bajaj Sanjiv Bajaj Niraj Bajaj	Member Member Director & Member	Insurance claims paid	212.71
8	Hind Musafir Agency Ltd	Rahul Bajaj Niraj Bajaj	Member Member	Travel agency services paid	634.05

Independent Auditors' Report

To the Members of

Bajaj Allianz General Insurance Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bajaj Allianz General Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, its related Revenue Account and the Receipts and Payments Account for the year then ended, the schedules annexed thereto and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the Balance Sheet, the Profit and Loss Account, the related Revenue Account and the Receipts and Payments Account of the Company in accordance with accounting principles generally accepted in India, including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"/ "Authority") in this regard, and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, orders/directions/circulars issued by the IRDAI, 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 thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required in accordance with the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations and the Act to the extent applicable and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to Insurance Companies:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2017;
- (b) in the case of the Revenue Account, of the operating profit for the year ended on that date;
- (c) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (d) in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

Other Matters

The actuarial valuation of liabilities in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2017 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that in her opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by IRDAI and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Company's Appointed Actuary's certificate in this regard for

Independent Auditors' Report

forming our opinion on the financial statements of the Company.

The financial statements of the Company for the year ended 31 March 2016 were audited by B S R & Co. LLP, Chartered Accountants and Walker Chandiok & Co LLP, Chartered Accountants who, vide their audit report dated 19 May, 2016 have expressed an unmodified opinion thereon.

Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated 12 May 2017 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.
2. As required by IRDA Financial Statements Regulations, read with Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion and to the best of our information and according to the explanation given to us, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) As the Company's financial accounting system is centralized at Head Office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company as required under Section 143(8) of the Act;
 - (d) The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account;
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statement Regulations and / or orders / directions issued by IRDAI in this regard;
 - (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and with the accounting principles prescribed in IRDA Financial Statements Regulations and orders/directions issued by the IRDAI in this regard;
 - (h) On the basis of written representations received from the Directors as on 31 March 2017 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2017, from being appointed as a Director in terms of Section 164(2) of the Act;
 - (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to "Annexure A" to this report;
 - (j) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 16 note 26 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts. The Company did not have any outstanding long term derivative contracts. - Refer Schedule 16 - Note 27 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. - Refer Schedule 16 - Note 28 to the financial statements.
 - iv. The disclosure requirement in respect of Specified Bank Notes, as envisaged in Notification no. G.S.R 308(E) dated 30 March 2017 is not applicable to the Company. - Refer Schedule 16 - Note 33 to the financial statements.

For B S R & Co. LLP

Chartered Accountants
Firm Registration Number
101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Mumbai
12 May 2017

For Dalal & Shah LLP

Chartered Accountants
Firm Registration Number
102021W/W100110

Anish Amin
Partner
Membership No. 040451

Pune
12 May 2017

Independent Auditors' Certificate

To the Members of

Bajaj Allianz General Insurance Company Limited

(Referred to in paragraph 11 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated 12 May 2017)

This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, (the "IRDA Financial Statements Regulations") read with regulation 3 and may not be suitable for any other purpose.

The Company's Board of Directors is responsible for complying with the provisions of the Insurance Act, 1938 (the "Insurance Act") as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

Our responsibility, for the purpose of this certificate, is limited to certifying matters contained in paragraphs 3 and 4 of Schedule C of the IRDA Financial Statements Regulations. We have conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (the "ICAI") which include the concepts of test checks and materiality.

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by Bajaj Allianz General Insurance Company Limited (the "Company") for the year ended 31 March 2017, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended 31 March 2017, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on information and explanations received during the normal course of our audit, management representations and the compliance certificate submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration stipulated by IRDAI;
3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at 31 March 2017 by actual inspection or on the basis of certificates/confirmations received directly or from the custodian and/or Depository Participants appointed by the Company, as the case may be.
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

For B S R & Co. LLP

Chartered Accountants
Firm Registration Number
101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Mumbai
12 May 2017

For Dalal & Shah LLP

Chartered Accountants
Firm Registration Number
102021W/W100110

Anish Amin
Partner
Membership No. 040451

Pune
12 May 2017

Annexure to the Independent Auditors' Report

Annexure A to the Independent Auditors' Report of Even Date

To the Members of

Bajaj Allianz General Insurance Company Limited

On the Financial Statements for the year ended 31 March 2017

Referred to in paragraph 12 (i) in the Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Bajaj Allianz General Insurance Company Limited on the financial statements for the year ended 31 March 2017.

Independent Auditors' report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bajaj Allianz General Insurance Company Limited ("the Company") as of 31 March 2017 in conjunction with our audit of financial statements for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls 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 controls 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 control 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 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.

Annexure to the Independent Auditors' Report

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 issued by the ICAI.

Other Matter

The actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), has been duly certified by the Company's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the "Authority") and the Institute of Actuaries of India in concurrence with the Authority and has been relied upon by us, as mentioned in "Other Matter" paragraph of our audit report on the financial statements of the Company as at and for the year ended 31 March 2017. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of internal controls over actuarial liabilities.

For B S R & Co. LLP

Chartered Accountants
Firm Registration Number
101248W/W-100022

Akeel Master

Partner
Membership No. 046768

Mumbai
12 May 2017

For Dalal & Shah LLP

Chartered Accountants
Firm Registration Number
102021W/W100110

Anish Amin

Partner
Membership No. 040451

Pune
12 May 2017

Revenue Accounts for the year ended 31 March 2017

₹ in '000

Particulars	Schedule	For the year ended 31 March 2017				For the year ended 31 March 2016			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Premiums earned - (Net)	1	1,763,868	839,750	46,766,837	49,370,455	1,658,503	848,821	39,729,149	42,236,473
Profit/(Loss) on sale/redemption of investments		65,023	26,905	1,550,402	1,642,330	67,369	20,021	737,575	824,965
Other income - Miscellaneous income		114,708	1,525	31,848	148,081	123,467	1,587	29,835	154,889
Amortisation of discount/(premium)		(390)	(161)	(9,294)	(9,845)	3,857	1,146	42,225	47,228
Interest, dividend and rent-Gross		227,356	94,071	5,421,022	5,742,449	435,228	129,340	4,765,030	5,329,598
Sub total		406,697	122,340	6,993,978	7,523,015	629,921	152,094	5,574,665	6,356,680
Total (A)		2,170,565	962,090	53,760,815	56,893,470	2,288,424	1,000,915	45,303,814	48,593,153
Claims incurred (Net)	2	550,326	566,707	33,645,904	34,762,937	1,112,508	413,465	29,012,608	30,538,581
Commission	3	(102,227)	67,402	391,088	356,263	(171,142)	67,824	1,042,607	939,289
Contribution to solatium fund		-	-	15,011	15,011	-	-	11,491	11,491
Change in premium deficiency		-	-	-	-	-	-	-	-
Operating expenses related to insurance business	4	550,366	211,724	12,852,399	13,614,489	471,320	216,190	10,719,587	11,407,097
Total (B)		998,465	845,833	46,904,402	48,748,700	1,412,686	697,479	40,786,293	42,896,458
Operating profit/(loss) (C)=(A)-(B)		1,172,100	116,257	6,856,413	8,144,770	875,738	303,436	4,517,521	5,696,695
Appropriations									
Transfer to shareholders' account		1,172,100	116,257	6,856,413	8,144,770	875,738	303,436	4,517,521	5,696,695
Transfer to catastrophe reserve		-	-	-	-	-	-	-	-
Transfer to other reserves		-	-	-	-	-	-	-	-
Total (C)		1,172,100	116,257	6,856,413	8,144,770	875,738	303,436	4,517,521	5,696,695

Significant accounting policies and notes to the Financial Statements

16

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

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number
101248W/W-100022

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number
102021W/W100110

Sanjiv Bajaj
Chairman
DIN : 00014615

Nanoo Pamnani
Director
DIN : 00053673

Heinz Dollberg
Director
DIN : 00168797

Akeel Master
Partner
Membership No. 046768

Anish Amin
Partner
Membership No. 040451

Tapan Singhel
Managing Director &
Chief Executive Officer
DIN : 03428746

Milind Choudhari
Chief Financial Officer

Onkar Kothari
Company Secretary &
Compliance Officer

Mumbai
12 May 2017

Pune
12 May 2017

Pune
12 May 2017

Profit and Loss Account for the year ended 31 March 2017

₹ in '000		
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Operating profit as per Revenue Accounts of		
(a) Fire insurance	1,172,100	875,738
(b) Marine insurance	116,257	303,436
(c) Miscellaneous insurance	6,856,413	4,517,521
	8,144,770	5,696,695
Income from investments		
(a) Interest, dividends and rent - Gross	2,300,712	1,861,711
(b) Amortization of discount/(premium)	(3,532)	16,498
(c) Profit on sale/redemption of investments	514,144	308,168
Less:- Loss on sale/redemption of investments	(58,902)	(19,995)
	2,752,422	2,166,382
Other income -Miscellaneous income	83,348	10,887
Total (A)	10,980,540	7,873,964
Provisions (other than taxation)		
(a) For diminution in the value of investments	-	-
(b) For doubtful debts	2,312	3,195
(c) Others	-	-
Other expenses		
(a) Expenses other than those related to the insurance business	197,050	156,088
(b) Bad debts written off	-	-
(c) Others	-	-
	199,362	159,283
Total (B)	199,362	159,283
Profit before tax	10,781,178	7,714,681
Provision for taxation		
Current tax (refer Schedule 16 - Note 25)	3,511,990	2,254,263
Deferred tax income (refer Schedule 16 - Note 18)	(9,195)	(181,830)
	3,502,795	2,072,433
Profit after tax	7,278,383	5,642,248
Profit available for appropriation	7,278,383	5,642,248
Appropriations		
(a) Interim dividends paid during the year	-	-
(b) Proposed final dividend	-	-
(c) Dividend distribution on tax	-	-
(d) Transfer to reserve/other accounts	-	-
Balance of Profit brought forward from last year	25,128,618	19,486,370
Balance carried forward to Balance Sheet	32,407,001	25,128,618

Significant accounting policies and notes to the Financial Statements

16

Earning per share: Basic and diluted (refer Schedule 16 - Note 17)

66.03

51.19

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

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number
101248W/W-100022

For Dalal & Shah LLP

Chartered Accountants

Firm Registration Number
102021W/W100110

Sanjiv Bajaj

Chairman

DIN : 00014615

Nanoo Pamnani

Director

DIN : 00053673

Heinz Dollberg

Director

DIN : 00168797

Akeel Master

Partner

Membership No. 046768

Anish Amin

Partner

Membership No. 040451

Tapan Singhel

Managing Director &
Chief Executive Officer
DIN : 03428746

Milind Choudhari

Chief Financial Officer

Onkar Kothari

Company Secretary &
Compliance Officer

Mumbai
12 May 2017

Pune
12 May 2017

Pune
12 May 2017

Balance Sheet as at 31 March 2017

₹ in '000

Particulars	Schedule	As at 31 March 2017	As at 31 March 2016
SOURCES OF FUNDS			
Share capital	5	1,102,273	1,102,273
Reserves and surplus	6	34,073,198	26,794,815
Fair value change account		170,787	-
Borrowings	7	-	-
Total		35,346,258	27,897,088
APPLICATION OF FUNDS			
Investments - Shareholders	8	24,947,822	19,888,714
Investments - Policyholders	8A	77,779,704	69,457,655
Loans	9	-	-
Fixed assets	10	2,965,614	2,730,681
Deferred tax asset (refer Schedule 16 - Note 18)		642,755	633,560
Current assets			
Cash and bank balances	11	5,563,640	2,765,292
Advances and other assets	12	15,388,871	9,611,911
Sub-Total (A)		20,952,511	12,377,203
Current liabilities	13	62,325,844	51,198,284
Provisions	14	29,616,304	25,992,441
Sub-Total (B)		91,942,148	77,190,725
Net current liabilities (C) = (A - B)		(70,989,637)	(64,813,522)
Miscellaneous expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in Profit and loss account		-	-
Total		35,346,258	27,897,088

Significant accounting policies and notes to the Financial Statements 16

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

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number
101248W/W-100022

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number
102021W/W100110

Akeel Master
Partner
Membership No. 046768

Mumbai
12 May 2017

Anish Amin
Partner
Membership No. 040451

Pune
12 May 2017

For and on behalf of the Board of Directors

Sanjiv Bajaj
Chairman
DIN : 00014615

Nanoo Pamnani
Director
DIN : 00053673

Heinz Dollberg
Director
DIN : 00168797

Tapan Singhel
Managing Director &
Chief Executive Officer
DIN : 03428746

Milind Choudhari
Chief Financial Officer

Onkar Kothari
Company Secretary &
Compliance Officer

Pune
12 May 2017

SCHEDULE - 1 Premium Earned (Net)

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017					For the year ended 31 March 2016				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Premium from direct business written (net of service tax)	5,387,258	1,213,361	133,915	69,598,264	76,332,798	4,762,674	1,259,783	155,574	52,143,442	58,321,473
Add: Premium on reinsurance accepted	416,135	7,030	-	114,673	537,838	506,453	22,842	-	155,720	685,015
Less: Premium on reinsurance ceded	3,704,659	359,103	126,824	19,671,211	23,861,797	3,403,815	419,657	147,347	9,311,850	13,282,669
Net Premium	2,098,734	861,288	7,091	50,041,726	53,008,839	1,865,312	862,968	8,227	42,987,312	45,723,819
Adjustment for change in reserve for unexpired risk										
Reserve created during the year	2,258,580	244,023	1,443	26,860,224	29,364,270	1,923,714	213,178	3,659	23,585,335	25,725,886
Less: Reserve created during the previous year written back	1,923,714	213,178	3,659	23,585,335	25,725,886	1,716,905	191,265	3,198	20,327,172	22,238,540
Change in the unexpired risk reserve	334,866	30,845	(2,216)	3,274,889	3,638,384	206,809	21,913	461	3,258,163	3,487,346
Total premium earned (Net)	1,763,868	830,443	9,307	46,766,837	49,370,455	1,658,503	841,055	7,766	39,729,149	42,236,473
Premium income earned from business concluded:										
In India	1,763,868	830,443	9,307	46,766,837	49,370,455	1,658,503	841,055	7,766	39,729,149	42,236,473
Outside India	-	-	-	-	-	-	-	-	-	-
Total premium earned (Net)	1,763,868	830,443	9,307	46,766,837	49,370,455	1,658,503	841,055	7,766	39,729,149	42,236,473

*Refer Schedule 1(A)

SCHEDULE - 1 (A) Premium Earned (Net)

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Premium from direct business (net of service tax)	20,663,704	15,010,653	35,674,357	436,525	322,839	977,122	32,672	1,555,989	10,857,302	162,554	14,497,776	5,081,128	69,598,264
Add: Premium on reinsurance accepted	-	-	-	-	17,714	56,055	-	-	-	-	-	40,904	114,673
Less: Premium on reinsurance ceded	1,266,281	680,050	1,946,331	23,008	224,202	842,313	30,328	117,238	1,007,840	160,928	12,191,564	3,127,459	19,671,211
Net Premium	19,397,423	14,330,603	33,728,026	413,517	116,351	190,864	2,344	1,438,751	9,849,462	1,626	2,306,212	1,994,573	50,041,726
Adjustment for change in reserve for unexpired risk													
Reserve created during the year	10,448,813	7,906,264	18,355,077	169,311	67,046	122,005	293	769,040	4,528,684	394	234,816	2,613,558	26,860,224
Less: Reserve created during the previous year written back	10,618,860	5,801,247	16,420,107	173,385	67,354	125,410	638	580,484	3,579,305	352	23,141	2,615,159	23,585,335
Change in the unexpired risk reserve	(170,047)	2,105,017	1,934,970	(4,074)	(308)	(3,405)	(345)	188,556	949,379	42	211,675	(1,601)	3,274,889
Total premium earned (Net)	19,567,470	12,225,586	31,793,056	417,591	116,659	194,269	2,689	1,250,195	8,900,083	1,584	2,094,537	1,996,174	46,766,837
Premium income earned from business concluded:													
In India	19,567,470	12,225,586	31,793,056	417,591	116,659	194,269	2,689	1,250,195	8,900,083	1,584	2,094,537	1,996,174	46,766,837
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
Total premium earned (Net)	19,567,470	12,225,586	31,793,056	417,591	116,659	194,269	2,689	1,250,195	8,900,083	1,584	2,094,537	1,996,174	46,766,837

₹ in '000

Particulars	For the year ended 31 March 2016												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Premium from direct business (net of service tax)	21,281,907	11,490,960	32,772,867	445,170	340,484	1,004,964	40,305	1,034,634	8,387,830	218,478	3,680,430	4,218,280	52,143,442
Add: Premium on reinsurance accepted	-	-	-	-	20,242	73,475	-	5,665	4,848	-	-	51,490	155,720
Less: Premium on reinsurance ceded	1,365,285	604,102	1,969,387	22,473	257,810	878,659	37,531	218,245	550,639	216,293	3,128,366	2,032,447	9,311,849
Net Premium	19,916,622	10,886,858	30,803,480	422,697	102,916	199,780	2,774	822,054	7,842,039	2,185	552,064	2,237,323	42,987,313
Adjustment for change in reserve for unexpired risk													
Reserve created during the year	10,618,860	5,801,247	16,420,107	173,385	67,354	125,410	638	580,484	3,579,305	352	23,141	2,615,159	23,585,335
Less: Reserve created during the previous year written back	9,802,325	4,670,719	14,473,044	154,038	57,022	117,366	678	403,797	3,025,120	320	9,563	2,086,224	20,327,172
Change in the unexpired risk reserve	816,535	1,130,528	1,947,063	19,347	10,332	8,044	(40)	176,687	554,185	32	13,578	528,935	3,258,163
Total premium earned (Net)	19,100,087	9,756,330	28,856,417	403,350	92,584	191,736	2,814	645,367	7,287,854	2,153	538,486	1,708,388	39,729,150
Premium income earned from business concluded:													
In India	19,100,087	9,756,330	28,856,417	403,350	92,584	191,736	2,814	645,367	7,287,854	2,153	538,486	1,708,388	39,729,150
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
Total premium earned (Net)	19,100,087	9,756,330	28,856,417	403,350	92,584	191,736	2,814	645,367	7,287,854	2,153	538,486	1,708,388	39,729,150

SCHEDULE - 2 Claims Incurred (Net)

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017					For the year ended 31 March 2016				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Claims paid										
Direct	2,449,067	815,888	119,473	29,139,824	32,524,252	3,416,953	930,373	27	32,783,041	37,130,394
Add: Reinsurance accepted	98,250	10,141	-	32,334	140,725	323,171	16,560	-	32,298	372,029
Less: Reinsurance ceded	1,736,606	346,390	118,710	5,018,332	7,220,038	2,944,525	371,427	16	10,442,513	13,758,481
Net claims paid	810,711	479,639	763	24,153,826	25,444,939	795,599	575,506	11	22,372,826	23,743,942
Claims outstanding (including IBNR & IBNER)										
Add : Claims outstanding at the close of the year (net of reinsurance)	1,000,807	466,078	13,764	44,357,091	45,837,740	1,261,192	379,865	13,672	34,865,013	36,519,742
Less: Claims outstanding at the beginning of the year (net of reinsurance)	1,261,192	379,865	13,672	34,865,013	36,519,742	944,283	542,722	12,867	28,225,231	29,725,103
Change in claims outstanding	(260,385)	86,213	92	9,492,078	9,317,998	316,909	(162,857)	805	6,639,782	6,794,639
Total claims incurred (Net)	550,326	565,852	855	33,645,904	34,762,937	1,112,508	412,649	816	29,012,608	30,538,581
Claims incurred										
In India	550,326	565,852	855	33,645,904	34,762,937	1,112,508	412,649	816	29,012,608	30,538,581
Outside India	-	-	-	-	-	-	-	-	-	-
Total claims incurred (Net)	550,326	565,852	855	33,645,904	34,762,937	1,112,508	412,649	816	29,012,608	30,538,581

*Refer Schedule 2(A)

SCHEDULE - 2 (A) Claims incurred (Net)

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Claims paid													
Direct	13,259,481	4,188,857	17,448,338	123,591	7,045	522,898	4,801	544,740	7,323,224	24,314	1,747,503	1,393,370	29,139,824
Add: Reinsurance accepted	-	-	-	-	-	24,659	-	3,731	2,092	-	-	1,852	32,334
Less: Reinsurance ceded	1,034,453	1,422,797	2,457,250	6,461	1,356	478,589	4,748	88,538	459,986	24,071	1,120,459	376,874	5,018,332
Net claims paid	12,225,028	2,766,060	14,991,088	117,130	5,689	68,968	53	459,933	6,865,330	243	627,044	1,018,348	24,153,826
Claims outstanding (including IBNR and IBNER)													
Add: Claims outstanding at the close of the year (net of reinsurance)	1,858,874	36,603,812	38,462,686	167,823	148,930	187,786	17,390	475,149	1,500,785	1,241	1,997,370	1,397,931	44,357,091
Less: Claims outstanding at the beginning of the year (net of reinsurance)	1,753,019	29,703,212	31,456,231	147,932	135,222	213,134	14,093	208,687	1,124,911	1,371	234,530	1,328,902	34,865,013
Change in claims outstanding	105,855	6,900,600	7,006,455	19,891	13,708	(25,348)	3,297	266,462	375,874	(130)	1,762,840	69,029	9,492,078
Total claims incurred (Net)	12,330,883	9,666,660	21,997,543	137,021	19,397	43,620	3,350	726,395	7,241,204	113	2,389,884	1,087,377	33,645,904
Claims incurred													
In India	12,330,883	9,666,660	21,997,543	137,021	19,397	43,620	3,350	726,395	7,241,204	113	2,389,884	1,087,377	33,645,904
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
Total claims incurred (Net)	12,330,883	9,666,660	21,997,543	137,021	19,397	43,620	3,350	726,395	7,241,204	113	2,389,884	1,087,377	33,645,904

₹ in '000

Particulars	For the year ended 31 March 2016												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Claims paid													
Direct	13,435,432	4,869,136	18,304,568	129,717	2,781	334,440	72,494	379,983	5,826,775	121,125	6,361,229	1,249,929	32,783,041
Add: Reinsurance accepted	-	-	-	-	-	16,552	-	5,211	5,005	-	-	5,530	32,298
Less: Reinsurance ceded	1,658,995	2,086,825	3,745,820	7,932	2,381	281,119	72,379	41,960	355,445	119,913	5,405,559	410,005	10,442,513
Net claims paid	11,776,437	2,782,311	14,558,748	121,785	400	69,873	115	343,234	5,476,335	1,212	955,670	845,454	22,372,826
Claims outstanding (including IBNR and IBNER)													
Add: Claims outstanding at the close of the year (net of reinsurance)	1,753,019	29,703,212	31,456,231	147,932	135,222	213,134	14,093	208,687	1,124,911	1,371	234,530	1,328,902	34,865,013
Less: Claims outstanding at the beginning of the year (net of reinsurance)	1,639,217	23,579,334	25,218,551	125,187	82,013	205,412	14,189	161,517	1,046,688	312	418,355	953,008	28,225,231
Change in claims outstanding	113,802	6,123,878	6,237,680	22,745	53,209	7,722	(96)	47,170	78,223	1,059	(183,825)	375,894	6,639,782
Total claims incurred (Net)	11,890,239	8,906,189	20,796,428	144,530	53,609	77,595	19	390,404	5,554,558	2,271	771,845	1,221,348	29,012,608
Claims incurred													
In India	11,890,239	8,906,189	20,796,428	144,530	53,609	77,595	19	390,404	5,554,558	2,271	771,845	1,221,348	29,012,608
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
Total claims incurred (Net)	11,890,239	8,906,189	20,796,428	144,530	53,609	77,595	19	390,404	5,554,558	2,271	771,845	1,221,348	29,012,608

SCHEDULE - 3 Commission

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017					For the year ended 31 March 2016				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Commission paid direct	320,421	110,704	46	3,001,478	3,432,649	285,605	115,743	(35)	2,679,436	3,080,749
Add: Reinsurance accepted	33,170	1,232	-	18,276	52,678	39,299	935	-	18,839	59,073
Less: Commission on reinsurance ceded	455,818	37,172	7,408	2,628,666	3,129,064	496,046	45,220	3,599	1,655,668	2,200,533
Net commission	(102,227)	74,764	(7,362)	391,088	356,263	(171,142)	71,458	(3,634)	1,042,607	939,289
Break-up of commission paid direct :										
Agents	65,955	60,197	36	1,069,066	1,195,254	62,171	59,300	29	1,111,798	1,233,298
Brokers	116,952	46,911	-	952,445	1,116,308	91,613	52,007	(75)	812,128	955,673
Corporate agency	137,514	3,596	10	979,967	1,121,087	131,821	4,436	11	755,510	891,778
Referral	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	320,421	110,704	46	3,001,478	3,432,649	285,605	115,743	(35)	2,679,436	3,080,749
Commission paid										
In India	(102,227)	74,764	(7,362)	391,088	356,263	(171,142)	71,458	(3,634)	1,042,607	939,289
Outside India	-	-	-	-	-	-	-	-	-	-
Net commission	(102,227)	74,764	(7,362)	391,088	356,263	(171,142)	71,458	(3,634)	1,042,607	939,289

*Refer Schedule 3(A)

SCHEDULE - 3 (A) Commission

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Commission paid direct	1,215,914	13,789	1,229,703	33,717	30,511	50,252	1,595	194,125	889,328	5,890	2,103	564,254	3,001,478
Add: Re-insurance accepted	-	-	-	-	2,688	6,522	-	-	-	-	-	9,066	18,276
Less: Commission on re-insurance ceded	160,218	33,290	193,508	3,417	33,015	183,461	3,768	15,668	164,777	16,014	1,595,188	419,850	2,628,666
Net commission	1,055,696	(19,501)	1,036,195	30,300	184	(126,687)	(2,173)	178,457	724,551	(10,124)	(1,593,085)	153,470	391,088
Commission paid													
In India	1,055,696	(19,501)	1,036,195	30,300	184	(126,687)	(2,173)	178,457	724,551	(10,124)	(1,593,085)	153,470	391,088
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
Net commission	1,055,696	(19,501)	1,036,195	30,300	184	(126,687)	(2,173)	178,457	724,551	(10,124)	(1,593,085)	153,470	391,088

₹ in '000

Particulars	For the year ended 31 March 2016												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Commission paid direct	1,286,320	10,117	1,296,437	34,977	27,031	50,944	1,302	118,232	740,791	11,086	252	398,384	2,679,436
Add: Re-insurance accepted	-	-	-	-	1,810	7,707	-	102	64	-	-	9,156	18,839
Less: Commission on re-insurance ceded	159,590	28,261	187,851	3,469	42,620	289,037	1,644	12,057	118,317	39,414	674,183	287,076	1,655,668
Net commission	1,126,730	(18,144)	1,108,586	31,508	(13,779)	(230,386)	(342)	106,277	622,538	(28,328)	(673,931)	120,464	1,042,607
Commission paid													
In India	1,126,730	(18,144)	1,108,586	31,508	(13,779)	(230,386)	(342)	106,277	622,538	(28,328)	(673,931)	120,464	1,042,607
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
Net commission	1,126,730	(18,144)	1,108,586	31,508	(13,779)	(230,386)	(342)	106,277	622,538	(28,328)	(673,931)	120,464	1,042,607

SCHEDULE - 4 Operating Expenses Related to Insurance Business

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017					For the year ended 31 March 2016				
	Fire	Marine	Miscellaneous*	Total		Fire	Marine	Miscellaneous*	Total	
		Cargo	Others				Cargo	Others		
Employees' remuneration, benefits and other manpower costs (Net)	197,320	70,272	1,073	4,549,139	4,817,804	131,271	60,731	579	3,025,210	3,217,791
Travel, conveyance & vehicle running expenses	10,334	3,849	57	247,599	261,839	9,157	4,236	40	211,032	224,465
Training expenses	16	6	-	371	393	20	9	-	459	488
Rents, rates and taxes	9,130	3,747	31	217,701	230,609	8,904	4,119	39	205,207	218,269
Repairs and maintenance	2,934	1,204	10	69,954	74,102	2,689	1,244	12	61,979	65,924
Printing and stationery	7,305	2,343	-	131,728	141,376	5,442	2,518	24	125,407	133,391
Communication	9,819	3,387	14	197,882	211,102	7,666	3,547	34	176,679	187,926
Legal and professional charges	1,869	767	6	44,553	47,195	1,649	763	7	38,013	40,432
Auditors' fees, expenses, etc.										
(a) as auditors	202	83	1	4,814	5,100	208	96	1	4,795	5,100
(b) as advisor or in any other capacity in respect of:										
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-
(iv) Tax audit	30	12	-	708	750	35	16	-	799	850
(c) In any other capacity	22	9	-	523	554	33	15	-	772	820
(d) Out of pocket expenses	33	14	-	794	841	20	9	-	456	485
Advertisement and publicity	15,367	6,306	52	366,414	388,139	15,193	7,029	67	350,139	372,428
Interest and bank charges	4,363	1,791	15	104,032	110,201	2,445	1,131	11	56,351	59,938
Business development and promotion	19,810	8,130	67	472,334	500,341	16,324	7,552	72	376,206	400,154
Marketing and support services	210,891	86,546	713	5,028,426	5,326,576	213,598	98,819	942	4,922,513	5,235,872
Other acquisition costs	11,382	971	1,421	141,457	155,231	12,853	1,165	1,126	80,460	95,604
Others										
Exchange (gain) /loss (net)	68	28	-	1,610	1,706	(556)	(257)	(2)	(12,802)	(13,617)
Miscellaneous expenses	18,040	7,356	64	432,936	458,396	20,631	9,545	91	475,445	505,712
Loss/(Profit) on disposal of assets (net)	(284)	(117)	(1)	(6,776)	(7,178)	(28)	(13)	-	(650)	(691)
Information technology	17,507	5,616	1	315,678	338,802	12,644	5,850	56	291,395	309,945
Depreciation (refer Schedule 16 - Note 2.14)	9,206	3,778	31	219,494	232,509	9,044	4,184	40	208,431	221,699
Service tax A/c	5,002	2,054	17	311,028	318,101	2,078	736	7	121,291	124,112
Total	550,366	208,152	3,572	12,852,399	13,614,489	471,320	213,044	3,146	10,719,587	11,407,097

*Refer Schedule 4(A)

SCHEDULE - 4 (A) Operating Expenses Related to Insurance Business

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2017												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Employees' remuneration, benefits & other manpower costs (Net)	1,771,703	1,211,659	2,983,362	29,386	8,901	17,216	303	234,027	804,778	859	217,481	252,826	4,549,139
Travel, conveyance and vehicle running expenses	93,032	73,453	166,485	1,716	521	970	16	9,627	44,502	42	12,174	11,546	247,599
Training expenses	144	106	250	3	1	1	-	11	73	-	17	15	371
Rents, rates and taxes	84,387	62,344	146,731	1,799	506	830	10	6,259	42,849	7	10,033	8,677	217,701
Repairs and maintenance	27,116	20,033	47,149	578	163	267	3	2,011	13,769	2	3,224	2,788	69,954
Printing and stationery	40,141	29,159	69,300	343	28	122	1	24,977	14,958	-	1,842	20,157	131,728
Communication	67,813	48,595	116,408	912	199	406	5	24,941	28,352	6	5,279	21,374	197,882
Legal and professional charges	17,270	12,759	30,029	368	104	170	2	1,281	8,769	1	2,053	1,776	44,553
Auditors' fees, expenses, etc.													
(a) as auditor	1,866	1,379	3,245	40	11	18	-	138	948	-	222	192	4,814
(b) as advisor or in any other capacity in respect of:													
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Tax Audit	274	203	477	6	2	3	-	20	139	-	33	28	708
(c) In any other capacity	203	150	353	4	1	2	-	15	103	-	24	21	523
(d) Out of pocket expenses	307	227	534	7	2	3	-	23	156	-	37	32	794
Advertisement and publicity	142,031	104,931	246,962	3,028	852	1,398	17	10,535	72,119	12	16,886	14,605	366,414
Interest and bank charges	40,325	29,792	70,117	860	242	397	5	2,991	20,476	3	4,794	4,147	104,032
Business development & promotion	183,089	135,264	318,353	3,903	1,098	1,802	22	13,580	92,967	15	21,768	18,826	472,334
Marketing and support services	1,949,144	1,440,006	3,389,150	41,552	11,691	19,179	236	144,572	989,720	163	231,739	200,424	5,028,426
Other acquisition costs	63,151	49,322	112,473	14	276	2,255	533	161	20,026	-	1,854	3,865	141,457
Others													
Exchange (gain) /loss (net)	624	462	1,086	13	4	6	-	46	317	-	74	64	1,610
Miscellaneous expenses	169,038	124,186	293,224	3,516	995	1,648	21	12,550	83,659	19	19,980	17,325	432,936
Loss/(Profit) on disposal of assets (net)	(2,627)	(1,941)	(4,568)	(56)	(16)	(26)	-	(195)	(1,334)	-	(312)	(270)	(6,776)
Information technology	96,194	69,879	166,073	821	66	292	2	59,856	35,847	1	4,415	48,305	315,678
Depreciation (refer Schedule 16 - Note 2.14)	85,082	62,857	147,939	1,814	510	837	10	6,311	43,202	7	10,115	8,749	219,494
Service tax A/c	9,220	66,195	75,415	985	277	455	6	12,023	29,374	4	184,309	8,180	311,028
Total	4,839,527	3,541,020	8,380,547	91,612	26,434	48,251	1,192	565,760	2,345,769	1,141	748,041	643,652	12,852,399

SCHEDULE - 4 (A) Operating Expenses Related to Insurance Business

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	For the year ended 31 March 2016												
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop Insurance	Others	Total
Employees' remuneration, benefits and other manpower costs (Net)	1,401,623	766,157	2,167,780	29,748	7,242	14,059	195	57,851	551,879	154	43,928	152,374	3,025,210
Travel, conveyance and vehicle running expenses	97,774	53,445	151,219	2,075	505	981	14	4,036	38,498	11	2,551	11,142	211,032
Training expenses	213	116	329	5	1	2	-	9	84	-	8	21	459
Rents, rates and taxes	95,075	51,970	147,045	2,018	491	954	13	3,924	37,435	10	2,589	10,728	205,207
Repairs and maintenance	28,715	15,697	44,412	609	148	288	4	1,185	11,307	3	791	3,232	61,979
Printing and stationery	58,103	31,761	89,864	1,233	300	583	8	2,398	22,878	6	1,580	6,557	125,407
Communication	81,858	44,745	126,603	1,737	423	821	11	3,379	32,231	9	2,119	9,346	176,679
Legal and professional charges	17,611	9,627	27,238	374	91	177	2	727	6,934	2	635	1,833	38,013
Auditors' fees, expenses, etc.													
(a) as auditor	2,222	1,214	3,436	47	11	22	-	92	875	-	70	242	4,795
(b) as advisor or in any other capacity in respect of:													
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Tax audit	370	203	573	8	2	4	-	15	146	-	11	40	799
(c) In any other capacity	357	195	552	8	2	4	-	15	141	-	13	37	772
(d) Out of pocket expenses	211	116	327	4	1	2	-	9	83	-	7	23	456
Advertisement and publicity	162,224	88,675	250,899	3,443	838	1,627	23	6,696	63,875	18	4,569	18,151	350,139
Interest and bank charges	26,108	14,271	40,379	554	135	262	4	1,078	10,280	3	508	3,148	56,351
Business development & promotion	174,301	95,277	269,578	3,699	901	1,748	24	7,194	68,630	19	3,767	20,646	376,206
Marketing and support services	2,280,669	1,246,663	3,527,332	48,403	11,785	22,877	318	94,134	897,998	250	62,802	256,614	4,922,513
Other acquisition costs	41,393	22,697	64,090	27	71	2,096	569	61	10,395	-	1,158	1,993	80,460
Others													
Exchange (gain) /loss (net)	(5,932)	(3,242)	(9,174)	(126)	(31)	(59)	(1)	(245)	(2,335)	(1)	(148)	(682)	(12,802)
Miscellaneous expenses	220,281	120,410	340,691	4,675	1,138	2,210	31	9,092	86,734	24	7,689	23,161	475,445
Loss/(Profit) on disposal of assets (net)	(301)	(165)	(466)	(6)	(2)	(3)	-	(12)	(119)	-	(11)	(31)	(650)
Information technology	135,007	73,798	208,805	2,865	698	1,354	19	5,572	53,158	15	3,942	14,967	291,395
Depreciation (refer Schedule 16 Note 2.14)	96,569	52,786	149,355	2,050	499	969	13	3,986	38,023	11	2,691	10,834	208,431
Service tax A/c	12,542	21,218	33,760	361	88	170	2	701	6,690	2	75,676	3,841	121,291
Total	4,926,993	2,707,634	7,634,627	103,811	25,337	51,148	1,249	201,897	1,935,820	536	216,945	548,217	10,719,587

SCHEDULE - 5 Share Capital

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Authorised capital		
125,000,000 (previous year :125,000,000) Equity shares of Rs 10 each	1,250,000	1,250,000
Issued capital		
110,227,250 (previous year :110,227,250) Equity Shares of Rs 10 each fully paid up	1,102,273	1,102,273
Subscribed capital		
110,227,250 (previous year :110,227,250) Equity Shares of Rs 10 each fully paid up	1,102,273	1,102,273
Called-up capital (Refer Schedule 5A)		
110,227,250 (previous year :110,227,250) Equity Shares of Rs 10 each fully paid up	1,102,273	1,102,273
Less: Calls unpaid	-	-
Add : Equity shares forfeited (Amount originally paidup)	-	-
Less : Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses to the extent not written off	-	-
Expenses including commission or brokerage on underwriting or subscription of shares		
Total	1,102,273	1,102,273

SCHEDULE - 5A Share Capital / Pattern of Shareholding

Schedules to and forming part of Financial Statements

Shareholder	As at 31 March 2017		As at 31 March 2016	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian				
Bajaj Finserv Limited	81,568,165	74.00%	81,568,165	74.00%
Foreign				
Allianz SE	28,659,085	26.00%	28,659,085	26.00%
Others	-	-	-	-
Total	110,227,250	100.00%	110,227,250	100.00%

SCHEDULE - 6 Reserves and Surplus

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Capital reserve	-	-
Capital redemption reserve	-	-
Share premium	1,666,197	1,666,197
General reserves	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-back	-	-
Catastrophe reserve	-	-
Other reserves	-	-
Balance in Profit and Loss Account	32,407,001	25,128,618
Total	34,073,198	26,794,815

SCHEDULE - 7 Borrowings

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Debentures/Bonds	-	-
Banks	-	-
Financial Institutions	-	-
Others	-	-
Total	-	-

SCHEDULE - 8 Investments - Shareholders

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Long term investments		
1 Government securities and Government guaranteed bonds including Treasury bills	11,145,781	10,027,449
2 Other approved securities		
3 Approved Investments		
(a) Shares		
(aa) Equity Shares (Note no. 5)	879,945	-
Fair value change accretion	51,363	-
(bb) Preference Shares	-	-
(b) Mutual funds	-	-
(c) Derivative instruments	-	-
(d) Debenture/Bonds	2,846,785	2,741,230
(e) Other securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in infrastructure and social sector	7,778,712	4,156,712
5 Other investments		
(a) Shares	-	-
(aa) Equity Shares	-	-
Fair value change accretion	-	-
(bb) Preference Shares	-	256,549
(b) Debenture/Bonds	-	-
(c) Other securities - Loan	-	111,301
Short term investments		
1 Government securities and Government guaranteed bonds including Treasury bills	-	-
2 Other approved securities	-	-
3 Approved Investments		
(a) Shares	-	-
(aa) Equity Shares	-	-
Fair value change accretion	-	-
(bb) Preference shares	-	-
(b) Mutual funds	161,900	189,613
Fair value change accretion	49	-
(c) Derivative instruments	-	-
(d) Debenture/Bonds	869,245	1,734,510
(e) Other securities (Note no 6)	300,000	567,636
(f) Subsidiaries	-	-
(g) Investment properties-Real estate	-	-
4 Investments in infrastructure and social sector	914,042	73,426
5 Other Investments		
(a) Shares	-	-
(b) Mutual Funds	-	-
Fair value change accretion	-	-
(c) Debenture/Bonds	-	30,288
Total	24,947,822	19,888,714
Investments		
In India	24,947,822	19,888,714
Outside India	-	-
Total	24,947,822	19,888,714

The investments funds are segregated into Policyholders' and Shareholders' fund. (Refer Schedule 16 - Note 2.15)

Notes :

- 1) All the above investments are performing assets.
- 2) Investments maturing within next 12 months are Rs. 2,245,236 thousands (previous year Rs. 2,595,473 thousands)
- 3) Investment other than equities and derivative instruments
Aggregate value of investments as at 31 March, 2017 Rs. 24,016,514 thousands (previous year Rs. 19,888,714 thousands)
Market value as at 31 March, 2017 Rs. 25,018,841 thousands (previous year Rs. 19,755,512 thousands)
- 4) Value of contracts in relation to investments where deliveries are pending Rs. Nil (previous year Rs. Nil) and in respect of sale of investments where payments are overdue Rs. Nil (previous year Rs. Nil).
- 5) Equity includes investments qualifying for Infra and Housing sector Rs. 185,997 thousands (previous year Rs. Nil)
- 6) Short term other approved securities includes Fixed deposit of Rs. 300,000 thousands (previous year Rs. 567,636 thousands)

SCHEDULE - 8A Investments - Policyholders

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Long term investments		
1 Government securities and		
Government guaranteed bonds including Treasury bills	32,421,825	35,019,012
2 Other approved securities	-	-
3 Approved investments		
(a) Shares		
(aa) Equity Shares (Note no. 5)	2,113,129	-
Fair value change accretion	118,264	-
(bb) Preference shares	-	-
(b) Mutual funds	-	-
(c) Derivative instruments	-	-
(d) Debenture/Bonds	5,688,470	9,573,238
(e) Other securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment properties-Real estate	-	-
Less : Accumulated depreciation	-	-
4 Investments in infrastructure and social sector	25,435,000	14,516,547
5 Other Investments		
(a) Shares	-	-
(aa) Equity Shares	-	-
Fair value change accretion	-	-
(bb) Preference Shares	752,500	895,951
(b) Debenture/Bonds	-	-
(c) Other securities - Loan	500,000	388,699
Short term investments		
1 Government securities and		
Government guaranteed bonds including Treasury bills	69,108	-
2 Other approved securities	-	-
3 Approved investments		
(a) Shares		
(aa) Equity Shares	-	-
Fair value change accretion	-	-
(bb) Preference shares	400,000	-
(b) Mutual funds	367,400	662,187
Fair value change accretion	286	-
(c) Derivative Instruments	-	-
(d) Debenture/Bonds	1,900,240	6,057,455
(e) Other securities (Note no 6)	1,350,000	1,982,364
(f) Subsidiaries	-	-
(g) Investment properties-Real estate	-	-
4 Investments in infrastructure and social sector	3,862,657	256,427
5 Other Investments		
(a) Shares	-	-
(b) Mutual funds	2,800,000	-
Fair value change accretion	825	-
(c) Debenture/Bonds	-	105,775
Total	77,779,704	69,457,655
Investments		
In India	77,779,704	69,457,655
Outside India	-	-
Total	77,779,704	69,457,655

The investments funds are segregated into Policyholders' and Shareholders' fund. (Refer Schedule 16 - Note 2.15)

NOTES:

- 1) All the above investments are performing assets.
- 2) Investments maturing within next 12 months are Rs. 10,750,515 thousands (Previous year Rs. 9,064,209 thousands)
- 3) Investment other than Equities and Derivative instruments
Aggregate value of Investments as at 31 March, 2017 Rs. 75,548,311 thousands (Previous year Rs. 69,457,655 thousands)
Market value as at 31 March, 2017 Rs. 78,351,670 thousands (Previous year Rs. 68,992,472 thousands)
- 4) Value of contracts in relation to investments where deliveries are pending Rs. 162,610 thousands (Previous year Rs. 938,784 thousands) and in respect of sale of investments where payments are overdue Rs. Nil (Previous year Rs. 831,039 thousands).
- 5) Equity includes investments qualifying for Infra and Housing sector Rs. 445,249 thousands (Previous year Rs. Nil)
- 6) Short term other approved securities includes Fixed Deposit of Rs. 1,350,000 thousands (Previous year Rs. 1,982,364 thousands)
- 7) Short term government guaranteed bonds includes Interest on amount due to policy holder of Rs. 69,108 thousands (Previous year Rs. Nil).

SCHEDULE - 9 Loans

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
1 SECURITY-WISE CLASSIFICATION		
Secured	-	-
a) On Mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
b) On Shares, Bonds, Govt. Securities	-	-
c) Others	-	-
Unsecured	-	-
Total	-	-
2 BORROWER-WISE CLASSIFICATION		
a) Central and State Government	-	-
b) Bank and Financial Institutions	-	-
c) Subsidiaries	-	-
d) Industrial Undertakings	-	-
e) Others	-	-
Total	-	-
3 PERFORMANCE-WISE CLASSIFICATION		
a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
Total		
4 MATURITY-WISE CLASSIFICATION		
a) Short- Term	-	-
b) Long- Term	-	-
Total	-	-
Total	-	-

SCHEDULE 10 - Fixed Assets

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1 st April 2016	Additions during the year	Deductions during the year	As at 31 st March, 2017	As at 1 st April 2016	For the Year	On Sales	As at 31 st March, 2017	As at 31 st March, 2017	As at 31 st March 2016
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Computer softwares	347,440	35,015	-	382,455	337,202	12,285	-	349,487	32,968	10,238
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	128,775	23,055	21,252	130,578	112,844	12,988	21,103	104,729	25,849	15,931
Freehold improvements	24,177	-	-	24,177	24,177	-	-	24,177	-	-
Buildings*	2,634,307	53,527	-	2,687,834	253,090	43,401	-	296,491	2,391,343	2,381,217
Furniture and fittings	429,764	45,087	30,494	444,357	302,288	39,741	29,743	312,286	132,071	127,476
Information technology equipment	791,203	256,019	63,427	983,795	665,209	80,523	63,192	682,540	301,255	125,994
Vehicles	20,309	20,194	4,434	36,069	11,320	9,305	4,434	16,191	19,878	8,989
Office equipment	289,881	31,137	13,245	307,773	238,744	34,266	12,872	260,138	47,635	51,137
Total	4,665,856	464,034	132,852	4,997,038	1,944,874	232,509	131,344	2,046,039	2,950,999	2,720,982
Capital work-in-progress & advances	-	-	-	-	-	-	-	-	14,615	9,699
Grand total	4,665,856	464,034	132,852	4,997,038	1,944,874	232,509	131,344	2,046,039	2,965,614	2,730,681
Previous year	4,720,011	122,752	176,907	4,665,856	1,898,374	221,698	175,198	1,944,874	2,730,681	-

Refer Schedule 16 - Note 2.14

* Include share of undivided portion of Land, along with office premises, at an estimated cost of Rs. 19,177 thousands (Previous year Rs. 19,177 thousands)

SCHEDULE 11 - Cash and Bank Balances

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
1. Cash and stamps on hand	87,857	75,642
2. Cheques on hand	520,816	461,832
3. Bank balances		
(a) Deposit accounts		
(aa) Short term (due within 12 months)	35,093	14,860
(bb) Others	-	-
(b) Current accounts	4,919,874	2,212,958
(c) Others	-	-
4. Money at call and short notice		
(a) With banks	-	-
(b) With other institutions	-	-
5. Others	-	-
Total	5,563,640	2,765,292
Balance with non-scheduled Banks included in (3) above	93,496	90,397
Cash and bank balances		
In India	5,470,144	2,674,895
Outside India	93,496	90,397
Total	5,563,640	2,765,292

SCHEDULE - 12 Advances and Other Assets

Schedules to and forming part of Financial Statements

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Advances		
1. Reserve deposits with ceding companies	-	-
2. Application money for investments	-	-
3. Prepayments	110,978	69,849
4. Advances to Directors / Officers	-	-
5. Advance tax paid and taxes deducted at source (Net of provision for taxation Rs. 15,160,435 thousand (previous year Rs. 87,82,332 thousand))	502,122	743,171
6. Others		
(a) Advance to employees	1,018	927
(b) Advances recoverable	541,342	436,629
Less: Provision for doubtful advances	(2,999)	(3,309)
	538,343	433,320
(c) Unutilized service tax carried forward	581,449	534,202
(d) Unsettled investment contract receivable	-	831,039
Total (A)	1,733,910	2,612,508
Other assets		
1. Income accrued on investments	3,273,333	2,614,058
2. Outstanding premiums	8,743,870	764,330
3. Agents' balances	66,619	43,370
Less: Provision for doubtful recoveries	(9,160)	(6,538)
	57,459	36,832
4. Foreign agencies balances	-	-
5. Due from other entities carrying on insurance business, including reinsurers (net)	1,426,175	3,434,968
Less : Provision for doubtful amounts	-	-
	1,426,175	3,434,968
6. Due from subsidiary / holding companies	-	4,022
7. Others - deposits	154,124	145,193
Total (B)	13,654,961	6,999,403
Total (A + B)	15,388,871	9,611,911

SCHEDULE - 13 Current Liabilities

Schedules to and forming part of Financial Statements

Particulars	₹ in '000	
	As at 31 March 2017	As at 31 March 2016
1. Agents' balances	250,707	178,094
2. Balances due to other insurance companies including reinsurers (net)	7,988,388	6,127,642
3. Premiums received in advance	3,411,572	2,962,870
4. Unallocated premium	1,848,611	1,593,393
5. Sundry creditors (refer Schedule 16 - Note 22)	2,515,836	1,981,642
6. Claims outstanding (Net)	45,837,740	36,519,742
7. Solatium fund	60,598	45,588
8. Due to policyholders/ insured (refer Schedule 16 - Note 24)	99,549	727,420
9. Others		
(a) Sales tax/Service tax payable	51,611	50,511
(b) Statutory dues	98,622	72,598
(c) Unsettled investment contract payable	162,610	938,784
Total	62,325,844	51,198,284

SCHEDULE - 14 Provisions

Schedules to and forming part of Financial Statements

Particulars	₹ in '000	
	As at 31 March 2017	As at 31 March 2016
1. Reserve for unexpired risk	29,364,270	25,725,886
2. Premium deficiency (refer Schedule 16 - Note 2.9 and Note 10)	-	-
3. Provision for income tax (Net of advance tax paid and TDS Rs. NIL thousand (previous year Rs. 2,743,429 thousand))	-	122,685
4. Others :		
For employee benefits		
(a) Gratuity (refer Schedule 16 - Note 19)	-	-
(b) Compensated absences	92,895	77,351
(c) Long term incentive plan	159,139	66,519
Total	29,616,304	25,992,441

SCHEDULE - 15 Miscellaneous Expenditure (to the extent not written off or adjusted)

Schedules to and forming part of Financial Statements

Particulars	₹ in '000	
	As at 31 March 2017	As at 31 March 2016
Discount allowed in issue of shares/debentures	-	-
Others	-	-
Total	-	-

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

1. BACKGROUND

Bajaj Allianz General Insurance Company Limited ('the Company') was incorporated on 19 September 2000, as a company under the Companies Act, 1956. The Company is registered with Insurance Regulatory and Development Authority of India ('IRDAI') and is in the business of underwriting general insurance policies relating to Fire, Marine and Miscellaneous segments and holds a valid certificate of registration.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of Financial Statements

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles followed in India under the historical cost convention and accrual basis of accounting and comply with applicable accounting standards referred to in Companies Act, 2013, under section 133 read with rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the statutory requirements of the Insurance Act, 1938 (amended by the Insurance laws (Amendment) Act, 2015), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') and orders and directions issued by the IRDAI in this behalf, the Companies Act, 2013 ('the Act') (to the extent applicable) and current practices prevailing in the insurance industry.

The financial statements are presented in Indian rupees rounded off to the nearest thousand.

2.2 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Revenue recognition

i) Premium income

Premium (net of service tax), including reinstatement premium on direct business and reinsurance accepted, is recognized as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for installment cases, it is recognized on installment due dates. Any subsequent revisions to premium are recognized in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium

income arising on cancellation of policies are recognized in the period in which they are cancelled.

ii) Interest / dividend income

Interest income is recognized on accrual basis and dividend income is recognized when the right to receive the dividend is established.

iii) Premium / discount on purchase of investments

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

iv) Profit / loss on sale of securities

Profit or loss on sale/redemption of securities is recognized on trade date basis and includes effects of accumulated fair value changes, previously recognized and credited to Fair Value Reserve, for specific investments sold/redeemed during the year.

v) Commission income from reinsurance ceded

Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by Reinsurer.

2.4 Reinsurance ceded

Reinsurance premium in respect of proportional reinsurance is ceded at the commencement of the risk over the contract period or the period of risk. Non-proportional reinsurance premium is ceded when incurred and due. Any subsequent revisions to, refunds or cancellations of premiums are recognized in the year in which they occur.

2.5 Reinsurance accepted

Reinsurance inward acceptances are accounted for on the basis of reinsurance slips accepted from the reinsurers.

2.6 Acquisition costs

Acquisition costs, defined as costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz., commission, policy issue expenses etc., are expensed in the year in which they are incurred.

2.7 Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the Balance Sheet date.

2.8 Reserve for unexpired risk

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of Marine Hull business and in case of

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

other line of business based on net premium written on all unexpired policies at Balance Sheet by applying 1/365th method on the unexpired period of respective policies.

2.9 Premium deficiency

Premium deficiency is recognized if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. The Company considers maintenance costs as relevant direct costs incurred for ensuring claim handling operations. Further, as per IRDAI circular IRDA/F&A/CIR/FA/126/07/2013, dated 3rd July, 2013 (Corrigendum to Master Circular IRDA/F&I/CIR/F&A/231/10/2012, dated 5th Oct, 2012), premium deficiency, if any, has been recognized at Segmental Revenue Account Level. In computing the premium deficiency in miscellaneous revenue account, the premium deficiency arising out of reinsurance acceptances from declined risk pool was not considered as per regulatory guidelines. The expected claim costs is calculated and duly certified by the Appointed Actuary.

2.10 Claims incurred

Claims are recognized as and when reported. Claims incurred comprises claims paid, change in the outstanding provision of claims and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER'). It also includes survey fees, legal expenses and other costs directly attributable to claims.

Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective revenue account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognized at the time of sale.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid against each claim, as anticipated and estimated by the management in light of past experience and subsequently modified for changes, as appropriate.

Amounts received/receivable from the reinsurers and coinsurers, under the terms of the reinsurance and coinsurance arrangements respectively, are recognized together with the recognition of the claim.

2.11 IBNR and IBNER (Claims Incurred but not reported and claims incurred but not enough reported)

Incurred But Not Reported (IBNR) reserve is a provision for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Company. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The actuarial estimate is derived in accordance with relevant IRDAI regulations and guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in

accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

2.12 Operating expenses related to the insurance business

The Company has a Board approved policy for allocation and apportionment of expenses of management amongst various business segments as required by IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016. The expenses are segregated between those which can be directly attributed to a particular business segment and those which cannot be so attributed. Operating expenses which are directly attributable to a particular business segment and identifiable as such are allocated directly to that segment. Operating expenses which are not directly identifiable to any business segment, but which are attached to specific functions are apportioned based on the most suitable lever of apportionment for respective functions. Operating expenses which are not attached to specific functions are apportioned based on the most logical available lever of apportionment.

During the financial year ended 31 March 2017, pursuant to the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016 the Company has revised its policy of allocation of expenses compared to that followed until the year ended 31 March 2016. Consequently, the segmental results for the year ended 31 March 2016 and 31 March 2017 are not strictly comparable.

2.13 Income from Investments and Other Income

Income earned from investments, gains or loss on sale of investments is allocated to Revenue Account and Profit and Loss Account on the basis of actual holding of the investments of the policyholders and shareholders as bifurcated according to the IRDAI Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated 4 April 2016 with effect from 1 October 2016. Till 30 September 2016, income earned from investments, gains or loss on sale of investments was allocated to Revenue Account and Profit and Loss Account on the basis of funds available from insurance operations and shareholders' funds. The income earned from investments, gains or loss on sale of investments and other income are further allocated to the lines of business in proportion of net premium. Consequently, investment income allocated to Revenue Account and Profit and Loss Account for previous year is not strictly comparable.

2.14 Fixed asset, depreciation and amortization

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation. Assets costing up to Rupees 20 thousands are depreciated fully in the year of acquisition.

Depreciation on other assets is provided based on Management's assessment of useful life which is in accordance with the Useful life specified in Schedule II of the Companies Act, 2013, as follows:

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Nature of Assets	Useful Life (in years) as per Management's assessment	Useful Life (in years) as per Schedule II of the Companies Act, 2013.
Information technology equipment		
• End user devices, such as, desktops, laptops, etc.	3	3
• Servers and networks	6	6
Vehicles**	8	8
Office equipment	5	5
Furniture & fixtures	10	10
Buildings	60	60
Air conditioner (part of office equipment)	5	5
Electrical fittings (part of furniture & fittings)*	10	10

*Electrical fittings installed at leased premises are depreciated over an estimated useful life of 3 years

** Useful life of vehicle allotted to the employees is considered 4 years as per management estimation.

Lease hold improvements to leased properties are depreciated over the primary period of lease which is generally 3 years.

Intangible fixed assets and amortization

Intangible fixed assets representing software are recorded at its acquisition price and are amortized over their estimated useful life on a straight-line basis, commencing from the date the assets are available for use. The management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the management at each Balance Sheet date.

The Company provides pro rata depreciation from/to the month in which the asset is acquired or put to use/disposed off as appropriate.

Capital work in progress and advances:

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

Impairment of assets

- The carrying amounts of all assets are reviewed by the Company at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the management.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life, if any.

2.15 Investments

Investments are recorded on trade date at cost. Which includes brokerage, transfer charges, transaction taxes as applicable, etc. and excludes pre-acquisition interest, if any.

Classification:

Investments maturing within twelve months from Balance Sheet date and investments made with the specific intention to dispose off within twelve months from Balance Sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

The investments funds are segregated into Policyholders' and Shareholders' fund on security level basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016 dated – 04 April 2016. Subsequently, IRDAI issued circular IRDA/F&A/CIR/CPM/010/01/2017 dated – 12 January 2017 to bifurcate the Policyholders' and Shareholders' funds at the end of each quarter at the "fund level" on "notional basis". Furthermore, the Company has communicated to regulators that it will continue to follow the same practice of segregating the investments into Policyholders' and Shareholders' funds at security level on quarterly basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016.

Previous year investments are segregated notionally based on Policyholders' and Shareholders' funds as at 31 March 2016.

Valuation:

Debt Securities and Non-convertible Preference Shares

All debt securities including government securities and non-convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortization of premium or accretion of discount on constant yield to maturity basis in the revenue account and profit and loss account over the period of maturity/holding.

The realized gain or loss on the securities is the difference between the sale consideration and the amortized cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Equities (Listed & Actively Traded)

Listed and actively traded securities are stated at the last quoted closing price on the National Stock Exchange of India Limited (NSE). In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE Limited. Unrealized gains or losses are credited / debited to the fair value change account.

The realized gain or loss on the listed and actively traded equities is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

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Mutual Fund Units

Mutual fund units are stated at their Net Asset Value ('NAV') at the Balance Sheet date. Unrealized gains or losses are credited / debited to the fair value change account.

The realized gain or loss on the mutual fund units is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Loans – Investment

Loans given are stated at historical cost.

Fair Value Change Account

Fair value change account represents unrealized gains or losses in respect of investments in equity securities and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Impairment of investment

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity and mutual fund. The impairment loss, if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed to profit and loss account and the investment is reinstated to that extent.

2.16 Employee benefits

i) Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders the related service. These benefits include salaries, bonus, ex-gratia and compensated leaves.

ii) Post-employment benefits - defined benefit plan

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses are recognized immediately in the Revenue Account. To the extent the benefits are already vested, past service cost is recognized immediately.

iii) Post-employment benefits - defined contribution plans

The Company's superannuation scheme and provident fund scheme are defined contribution plans. The contributions paid/payable under the schemes are recognized immediately in the Revenue Account. The Company contributes to the Bajaj Auto Employees' Superannuation Fund at fixed rates for eligible employees under a defined contribution plan, for which necessary approvals have been obtained.

iv) Compensated absences

The employee can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the Projected Unit Credit Method.

v) Long term incentive plan

The Company has a Long Term Incentive Plan ('LTIP') for selected management personnel. The plan is a discretionary deferred compensation plan. It is a rolling plan with annual accruals and a defined payment schedule. Provision for LTIP liability is accrued and provided for on the basis of actuarial valuation made at the Balance Sheet date.

2.17 Foreign currency transactions

Transactions denominated in foreign currencies, if any, are recorded at the exchange rate prevailing on the date of the transaction. Assets and Liabilities in foreign currency, if any, as at the Balance Sheet date are converted at the exchange rates prevailing at that date.

Exchange rate difference either on settlement or on translation is recognized in the Revenue Account or Profit and Loss Account, as applicable.

2.18 Operating lease

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating lease. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Revenue Account on a straight line basis over the lease term. Initial direct costs incurred specifically for an operating lease are charged to the Revenue Account.

2.19 Contributions to Terrorism and Third Party Insurance Pools

i) Terrorism pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participated in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of Rs. 15,500,000 thousands (Previous year Rs. 15,500,000 thousands) per location/compound.

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded in accordance with the latest statement received from GIC as on 31 December 2016.

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses, up to the above date, has been carried forward to the subsequent accounting period as 'Unexpired Risk Reserve' for subsequent risks, if any, to be borne by the Company.

ii) The Indian Motor Third Party Declined Risk Insurance Pool ('IMTPDRIP')

IRDAI has formed a Declined Risk Insurance Pool with effect from 1 April 2012 vide order IRDA/NL/ORD/MPL/277/12/2011. The Indian Motor Third Party Declined Risk Insurance Pool (DR Pool), administered by the GIC, is an arrangement among all the existing General Insurers to share in the Stand Alone Third Party Liability of Commercial Vehicles i.e. Act Only policies. Any business relating to Act only policies of Commercial Vehicles which does not fall within the underwriting parameters of respective insurer shall be ceded to the DR Pool. The premium to the extent of 20% in respect of specified risks is to be retained by the Company, 5% is to be ceded to GIC under obligatory cession and residual 75% is to be ceded to DR Pool. The Company has to underwrite a minimum percentage, as prescribed, of Act Only commercial vehicle third party insurance. DR pool shall be extinguished at the end of every underwriting year on a clean cut basis by transferring the risk at par to the members who have not fulfilled their mandatory obligation.

Accordingly, GIC has circulated the settlement statement up to 31 March 2016 stating the details of premium ceded to the pool, shortfall of obligation and share of the Company in the DR Pool premium. The Company had recorded its share of premium and claims as inward reinsurance business, based on the returns submitted by the GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous Revenue Account.

IRDAI issued an order No. IRDA/NL/CIR/MISC/051/03/2016 dismantling Indian Motor Third Party Declined Risk Pool (IMTPDRP) for Commercial vehicle (Act only Insurance) w.e.f. from 1 April 2016.

IRDAI issued a circular towards "Obligation of insurer in respect of Motor Third Party Insurance Business, Regulations, 2015" w.e.f. from 1 April 2015. Every insurer, for the purpose of Section 32D of the Insurance Act, 1938, during a financial year, shall underwrite such minimum percentage of the 90% of the overall motor third party insurance business premium of the industry for the immediate preceding financial year. Every insurer shall submit the financial returns to the IRDAI for every quarter of the financial year within forty five days from the end of the quarter. For the period ended 31 March 2017 the Company has accounted for business of Rs. 15,010,653 thousands (Previous year Rs. 11,490,960 thousands) under Motor TP obligation as against an obligation of Rs. 13,764,878 thousands (Previous year Rs. 11,507,633 thousands) for the current year.

2.20 Contributions to Solatium funds

The Company provides for contribution to Solatium fund at 0.10% of total TP Premium of direct business as per requirements of IRDAI circular.

2.21 Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences for earlier years. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward business losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against sufficient future taxable profits.

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

Deferred tax asset (net of the deferred tax liability) is disclosed on the face of the Balance Sheet. The break-up of deferred tax assets and deferred tax liabilities into major components of the respective balances has been disclosed in Schedule 16 - Note 18.

2.22 Service Tax

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Others – Unutilized Service Tax Carried Forward" and disclosed in Schedule 12 for adjustments in subsequent periods and service tax liability to be remitted to the appropriate authority is disclosed under "Others-Service Tax Payable" in Schedule 13. Service tax paid for eligible input services not recoverable by way of credits is recognized in the Revenue Account as expenses under a separate line item in Schedule 4 and Schedule 4(A).

2.23 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2.24 Earnings per Share

The basic earnings per share is computed by dividing the net profit in the Profit and Loss Account attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.25 Cash and cash equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances and other investments (fixed deposits) with original maturity of three months or less.

NOTES TO ACCOUNTS

3. Contingent Liabilities

Contingent liabilities not provided for in respect of claims against the Company not acknowledged as debts other than insurance matters –

₹ in '000

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Partly paid up investments	Nil	Nil
2.	Underwriting commitments outstanding (in respect of shares and securities)	Nil	Nil
3.	Claims other than those under policies not acknowledged as debts	Nil	Nil
4.	Guarantees given by or on behalf of the Company	Nil	Nil
5.	Statutory demands/liabilities in dispute, not provided for, in respect of		
	a) Income Tax	Nil	65,162
	b) Service Tax	Nil	Nil
6.	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
7.	Others	Nil	Nil

The Show Cause Notices issued by tax authorities have not been considered as obligations by the Company. The demand notices are classified as disputed obligations only when the same are confirmed by Appellate Tribunal.

4. The additional disclosures on expenses pursuant to the IRDAI Circular 067/IRDA/F&A/CIR/MAR-08 dated March 28, 2008 have been detailed herein below:

₹ in '000

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Outsourcing expenses	337,942	207,661
Business development	500,341	400,154
Marketing support	5,326,576	5,253,872

5. Capital commitments

Commitments made and outstanding for acquisition of fixed assets amount to Rupees 86,497 thousands (Previous year Rupees 222,060 thousands).

6. The Appointed Actuary has certified to the Company that actuarial estimates for IBNR (including IBNR) reserves have been determined using actuarial principles. In the determination, the Actuarial Practice Standards issued by the Institute of Actuaries of India with the concurrence of the Authority and any directions issued by the Authority in this behalf have been followed. Where sufficient data is available, the Actuary has chosen to adopt the Chain Ladder Method. The Chain Ladder Method has accordingly been applied to Motor, Fire, Marine Cargo, Engineering, Personal Accident, Workmen's Compensation, Health (Excluding Govt. Health Schemes), Travel, Motor CVTP Pool and Miscellaneous lines of business. These constitute almost 94.4% (Previous year 98%) of the Company's total Net Written Premium. For Liability, Credit Insurance, Crop & Weather Insurance, Government Sponsored health schemes (Rashtriya Swasthya Beema Yojana & Mukhyamantri Swasthya Beema Yojana) lines of business the Expected Ultimate Loss Ratio method has been used to arrive at the estimate of IBNR reserve. For Aviation and Marine Hull lines of business, a flat IBNR of Rs. 10,000 thousands (Previous year - Rs. 10,000 thousands) and Rs. 5,000 thousands (Previous year - Rs. 5,000 thousands) has been adopted.

Net IBNR reserves have been arrived at on the basis of actuarial estimates based on the claim data, after allowance for reinsurance recoveries.

7. Claims settled and outstanding for more than six months Rs. Nil (Previous year - Rs. Nil).
8. Extent of premium income recognized based on varying risk pattern Rs. Nil (Previous year - Rs. Nil).

9. Computation of managerial remuneration:

₹ in '000

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Mr. Tapan Singhel		
• Salary, allowances and bonus (including contributions to funds)	53,146	38,762
• Perquisites	2,723	1,313

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Expenses towards gratuity and compensated absence are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information, except to the extent paid.

The managerial remuneration is in accordance with the approval accorded by a resolution of the Board of Directors and which has been approved by IRDAI as required under Section 34A of the Insurance Act, 1938. Managerial remuneration in excess of Rs. 15,000 thousands has been charged to Profit and loss account.

10. The Company has provided Premium Deficiency Rs. Nil (Previous year – Rs. Nil) as per IRDAI regulatory guideline - refer Schedule 16 - Note 2.9.

11. Percentage of business sector – wise (Based on gross direct premium):

₹ in '000, Count-numbers

Business sector	For the year ended 31 March 2017				For the year ended 31 March 2016			
	GDP	No. of Policies	No of Lives	% of GDP	GDP	No. of Policies	No of Lives	% of GDP
Rural	7,295,578	724,071	-	9.56	4,312,897	696,397	-	7.40
Social	10,120	1,770	1,878,402	0.01	16,505	1,739	557,701	0.03
Urban	69,027,101	9,248,674	-	90.43	53,992,071	7,700,190	-	92.57
Total	76,332,799	9,974,515		100	58,321,473	8,398,326		100

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

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	% age of business written	% age of business written
Risk retained	71%	80%
Risk Reinsured	29%	20%
Total	100%	100%

13. Contribution to Environment Relief Fund

The Company has collected an amount of Rs. 6,073 thousands (Previous year - Rs. 6,124 thousands) towards Environment Relief Fund from public liability policies. The Company has paid all the funds collected towards Environment Relief Fund up to 28 February 2017 to United India Insurance Company, the implementing agency for the fund. The balance payable has been disclosed under the head current liabilities in Schedule 13.

14. The Company's primary reportable segments are business segments, which have been identified in accordance with the Regulations. The operating expenses, income from investments and other income attributable to the business segments are allocated as mentioned in Schedule 16 - Note 2.12, 2.13 and 2.1 respectively. Segment revenue and results have been disclosed in the financial statements. Due to inherent complexities,

segment assets and liabilities have been identified to the extent possible in the statement annexed hereto. There are no reportable geographical segments since the Company provides services only to customers in the Indian market or to Indian interests overseas and does not distinguish any reportable regions within India.

15. Related party disclosures have been set out in a separate statement annexed to this schedule as per Accounting Standard 18 'Related Party Disclosures' issued under Companies (Accounting Standards) Rules, 2006.
16. The Company's significant leasing arrangements include agreements for official and residential premises. These lease agreements are generally mutually renewal / cancellable by the lessor / lessee. The future minimum lease payments relating to non-cancellable leases are disclosed below:

₹ in '000

Particulars	As at 31 March 2017	As at 31 March 2016
Payable not later than one year	6,312	5,242
Payable later than one year but not later than five years	6,984	11,357
Payable later than five years	-	-

- Amount charged to Revenue Accounts in respect of all lease arrangements aggregates Rs. 217,360 thousands (Previous year Rs. 199,644 thousands).
- There are no transactions in the nature of sub leases.
- The period of agreement is generally for three years and renewable thereafter at the option of the lessee.

17. Earnings per Share ('EPS')

₹ in '000, Count-numbers

Particulars	As at 31 March 2017	As at 31 March 2016
Profit after Tax		
Basic earnings before extra-ordinary items [A] Rs.	7,278,383	5,642,248
Basic earnings after extra-ordinary items [B] Rs.	7,278,383	5,642,248
Weighted average number of equity shares (par value of Rs. 10 each) [C]	110,227,250	110,227,250
Basic and diluted earnings per share [A/C] Rs.	Rs. 66.03	Rs.51.19
Basic and diluted earnings per share after extraordinary items [B/C] Rs.	Rs. 66.03	Rs.51.19

As there were no dilutive equity shares or potential equity shares issued, no reconciliation between the denominator used for computation of basic and diluted earnings per share is necessary.

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

18. Taxation

The deferred tax assets and liabilities, arising due to timing differences have been recognized in the financial statements as under:

	₹ in '000	
Deferred tax asset	As at 31 March 2017	As at 31 March 2016
Timing difference on account of -		
Reserve for unexpired risks	760,273	764,530
Employee Benefits	87,229	26,770
Provision for doubtful debts	4,208	3,410
Solatium fund	20,973	15,780
Total	872,683	810,490
Deferred tax liability		
Timing difference on account of Depreciation as per Section 32 of Income Tax Act, 1961	(229,928)	(176,930)
Net deferred tax asset	642,755	633,560
Deferred Tax income recognized in the Profit and loss account	(9,195)	(181,830)

19. Gratuity benefit plans:

i) Defined contribution plan

The Company has recognized the following amounts which are defined contribution plans in the revenue account.

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Provident fund	64,937	39,601
Superannuation scheme	4,069	2,776
Employees state insurance corporation	1,712	149
Labour welfare fund	220	176
Total	70,938	42,702

ii) Defined benefit plan (gratuity)

The Company has a defined gratuity plan payable to every employee on separation from employment. The Company makes the contribution to an approved gratuity fund which is maintained and managed by Bajaj Allianz Life Insurance Company Limited. The following table shows the amounts recognized in the Balance Sheet.

I. Revenue Account

Net employee benefit expense (recognized in Employee cost)

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Current service cost	28,911	24,414
Interest cost on defined benefit obligation	16,336	13,570
Expected return on plan assets	(12,914)	(10,766)
Net actuarial loss recognized in the year	73,114	20,201
Net benefit expense	105,447	47,419
Actual return on plan assets	20,618	11,627

II. Balance Sheet

(i) Details of provision for gratuity

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Defined benefit obligation	304,976	198,707
Fair value of plan assets	(304,976)	(198,707)

(ii) Changes in the present value of the defined benefit obligation are as follows:

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Opening defined benefit obligation	198,707	154,290
Interest cost	16,336	13,570
Current service cost	28,911	24,414
Benefits paid	(19,796)	(14,629)
Actuarial gains/(loss) on obligation	80,818	21,062
Closing defined benefit obligation	304,976	198,707

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

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Opening fair value of plan assets	198,707	154,290
Expected return	12,914	10,766
Contributions by employer	105,446	47,419
Benefits paid	(19,796)	(14,629)
Actuarial gains	7,704	861
Closing fair value of plan assets	304,975	198,707

The Company expects to contribute Rs. 100,000 thousand to gratuity in 2017-18.

(iv) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Investments with Insurer	100%	100%

(v) The principal assumptions used in determining gratuity and compensated absences and leave entitlement benefit obligations for the Company's plans are shown below:

	₹ in '000	
Particulars	31 March 2017	31 March 2016
Discount Rate	7.3%	7.7%
Expected Rate of Return on Assets	6.5%	8.5%
Increase in Compensation Cost	10%	11% for the first 2 years & 7.5% thereafter

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(vi) Experience Adjustments for the current and previous four years are as follows:

	₹ in '000				
Particulars	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	304,976	198,707	154,290	117,569	101,028
Plan assets	304,976	198,707	154,290	117,569	84,969
Surplus / (deficit)	-	-	-	-	(16,059)
Experience adjustments on plan liabilities	57,349	8,992	3,616	18,592	(12,164)
Experience adjustments on plan assets	7704	861	5,637	644	504

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

20. The summary of the financial statements for the last 5 years and the ratios required to be furnished have been set out in the statement annexed hereto.
21. Expenses directly identifiable with investment activity amounting to Rs. 13,662 thousands (previous year Rs. 10,801 thousands) are included under “expenses other than those relating to insurance business” in the Profit and Loss Account. Further, Operating expenses related to insurance business in Schedule 4, includes indirect expenses of Rs. 20,293 thousands (previous year Rs. 21,309 thousands) which could be apportionable towards investments activity. Out of the said expenses amounting to Rs. 1,449 thousands (previous year Rs. 8,344 thousands) has been computed on the basis of number of documents, income or staff cost as appropriate.
22. According to information available with the management, on the basis of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) Act, the Company has amounts due to Micro, Small and Medium Enterprises under the said Act as at 31 March 2017 as follows:

₹ in '000

Sr. No.	Particulars	31 March 2017	31 March 2016
i)	The principal amount remaining unpaid to any supplier as at the end of the year	4,843	7,375
ii)	Interest due on the above amount	Nil	Nil
iii)	The amount of interest paid by in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
iv)	Amounts of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
v)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
vi)	Amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
vii)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

23. Details of Penal actions taken by various Government Authorities as below:

₹ in '000

Sr.No	Authority	Non-compliance / Violation	Penalty awarded	Penalty paid	Penalty Waived / Reduced/Stay Received
1	Insurance Regulatory & Development Authority of India *	1,000 (1,500)	1,000 (1,500)	1,000 (1,500)	- (-)
2	Service Tax Authorities	- (-)	- (-)	- (-)	- (-)
3	Income Tax Authorities	- (-)	- (-)	- (-)	- (-)
4	Any Other Tax Authorities	- (-)	- (-)	- (-)	- (-)
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any authority under FEMA	- (-)	- (-)	- (-)	- (-)
6	Registrar of Companies/ NCLT/ CLB/Department of Corporate Affairs or any Authority under Companies Act-1956	- (-)	- (-)	- (-)	- (-)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	- (-)	- (-)	- (-)	- (-)
8	Securities and Exchange Board of India	- (-)	- (-)	- (-)	- (-)
9	Competition Commission of India	- (-)	- (-)	- (-)	- (-)
10	Any other Central / State /Local Govt./ Statutory Authority (Tariff Advisory Committee)	- (-)	- (-)	- (-)	- (-)

* IRDAI levied penalty of Rs. 1,000 thousand vide its order dated 26 July 2016 for payment of infrastructure charges to certain corporate agents during FY2013 and FY2014.

* Figures in brackets pertain to financial year ended 31 March 2016.

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

24. IRDAI has vide circular no. IRDA/F&I/CIR/CMP/174/11/2010 advised all insurers to disclose under schedule 13 – Current Liabilities amount due to policyholders/ Insured on accounts of claims settled but not paid (except under litigation), excess collection of the premium / tax which is refundable and cheques issued but not encashed by policy holders / Insured. Age wise analysis of the amount due to policy holders / insured is disclosed as below:

₹ in '000

Particulars	Total Amount	4 To 12 Months	13 To 18 Months	19 To 24 Months	25 To 30 Months	31 To 36 Months	Beyond 36 Months
Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured/policyholders	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	27,920	8,240	3,474	3,546	3,005	2,747	6,908
	(32,838)	(9,095)	(6,389)	(6,059)	(5,569)	(4,009)	(1,716)
Cheques issued but not encashed by the policyholder / insured *	57,451	-	-	-	10	2,353	55,088
	(59,473)	(-)	(-)	(3,227)	(844)	(1,262)	(54,140)

Figures in brackets pertain to financial year ended 31 March 2016.

* Does not include cheques issued to policyholders and appearing in Bank reconciliation.

IRDAI circular no. IRDA/F&A/CIR/CLD/114/05/2015 dated May 28, 2015 which came into effect from the current year required disclosure of the following information on unclaimed amount of policy holders.

₹ in '000

Particulars	31 March 2017	31 March 2016
Opening Balance	727,420	741,697
Add: Amount transferred to unclaimed amount	18,709	68,431
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	-	-
Add: Investment Income	3,459	-
Less: Amount paid during the year	650,039	82,709
Closing Balance of Unclaimed Amount	99,549	727,420

25. During the financial year ended 31 March 2017, the current tax includes reversal of income tax provision of Rs. Nil (Previous year – Rs. 305,053 thousands) for earlier years being difference between tax liability as per return of income and tax liability provided in books of account.
- During the financial year ended 31 March 2017, the current tax includes provision of income tax of Rs. 53,009 thousands (Previous year – Rs. Nil) for earlier years.
26. The Company's pending litigations comprise of claims against the Company and proceedings pending with various Tax Authorities including Income Tax and Service Tax. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a significant impact on its financial position. (Refer Note no.3 for details on contingent liabilities).
27. The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
- As at 31 March 2017 the Company did not have any outstanding derivative contracts.
28. For the year ended 31 March 2017, there are no amount that needs to be transferred to the Investor Education and Protection Fund.
29. During the year, as per provisions of section 135 of Companies Act 2013, the Company was required to spend Rs. 142,365 thousand (previous year: Rs. 119,036 Thousand) being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The Company has spent Rs. 142,689 (previous year: Rs. 119,500) towards Corporate Social Responsibility activities during the year. The details of amount spent during the year are as follows:

₹ in '000

Sr. No.	Particulars	31 March 2017	31 March 2016
1)	Construction / Acquisition of any Asset	Nil	Nil
2)	On purposes other than (i) above	142,689	119,500
	Total	142,689	119,500

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

30. Repo and Reverse Repo Transaction

₹ in '000

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2017
Securities Sold under repo (At cost)				
1. Government Securities	-	-	-	-
	(-)	(-)	(-)	(-)
2. Corporate Debt Securities	-	-	-	-
	(-)	(-)	(-)	(-)
Securities purchased under reverse repo (At cost)				
1. Government Securities	-	494,450	2,283	-
	(-)	(-)	(-)	(-)
2. Corporate Debt Securities	-	-	-	-
	(-)	(-)	(-)	(-)

Figures in brackets pertain to financial year ended 31 March 2016.

31. Previous year figures have been regrouped where possible and wherever necessary to make them comparable with those of the current year. The summary of other amounts of the previous year which have been regrouped is as follows:

₹ in '000

Sr No.	Regrouped from	Regrouped to	Period Pertains to	Amount	Reason
1	Schedule-11- (Cash & Bank Balances)	Schedule-8- (Investments)	March-2016	567,636	Reclassification of Investment Fixed Deposits
2	Schedule-11- (Cash & Bank Balances)	Schedule-8 (A) - (Investments)	March-2016	1,982,364	Reclassification of Investment Fixed Deposits
3	Schedule – 8 (Investments)	Schedule – 8 (Investments - Share Holder's Fund)	March-2016	19,888,714	Reclassification of PY Investment Sch 8 to Shareholders' & Policyholders' funds.
4	Schedule – 8 (Investments)	Schedule – 8A (Investments - Policy Holder's Fund)	March-2016	(19,888,714)	Reclassification of PY Investment Sch 8 to Shareholders' & Policyholders' funds.
5	Schedule 1 Premium Earned - Miscellaneous (Others)	Schedule 1 Premium Earned - Miscellaneous (Crop Insurance)	March 2016	538,485	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/F&A/231/10/2012 dated 05 October 2012); any other sub-segment contributing more than 10% of the total premium shall be shown separately.
6	Schedule 2 Claims Incurred - Miscellaneous (Others)	Schedule 2 Claims Incurred - Miscellaneous (Crop Insurance)	March 2016	771,845	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/F&A/231/10/2012 dated 05 October 2012); any other sub-segment contributing more than 10% of the total premium shall be shown separately.
7	Schedule 3 Commission - Miscellaneous (Others)	Schedule 3 Commission - Miscellaneous (Crop Insurance)	March 2016	(673,931)	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/F&A/231/10/2012 dated 05 October 2012); any other sub-segment contributing more than 10% of the total premium shall be shown separately.
8	Schedule 4 Operating expenses - Miscellaneous (Others)	Schedule 4 Operating expenses - Miscellaneous (Crop Insurance)	March 2016	216,945	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/F&A/231/10/2012 dated 05 October 2012); any other sub-segment contributing more than 10% of the total premium shall be shown separately.

32. Solvency Margin

₹ in '000

Solvency Margin	31 March 2017	31 March 2016
Required solvency margin under IRDAI Regulations (A)	13,082,790	10,611,935
Available solvency margin (B)	34,171,996	26,601,864
Solvency ratio actual (times) (B/A)	2.61	2.51
Solvency ratio prescribed by Regulation	1.5	1.5

SCHEDULE – 16 : Significant Accounting Policies and Notes to and forming Part of the Financial Statements for the year ended 31 March 2017

32. Ministry of Corporate Affairs Notification no. GSR 308(E) dated March 30, 2017 requires a disclosure on holdings as well as dealings of Specified Bank Notes (SBN) under Schedule III of the Companies Act, 2013. By virtue of Proviso (2) of sub section (1) of Section 129 of the Companies Act, 2013, provisions of Schedule III do not apply to Insurance companies. Accordingly, the Company has not made any disclosure in this regard.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number
101248W/W-100022

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number
102021W/W100110

Akeel Master
Partner
Membership No. 046768

Mumbai
12 May 2017

Anish Amin
Partner
Membership No. 040451

Pune
12 May 2017

For and on behalf of the Board of Directors

Sanjiv Bajaj
Chairman
DIN : 00014615

Nanoo Pamnani
Director
DIN : 00053673

Heinz Dollberg
Director
DIN : 00168797

Tapan Singhel
Managing Director &
Chief Executive Officer
DIN : 03428746

Milind Choudhari
Chief Financial Officer

Onkar Kothari
Company Secretary &
Compliance Officer

Pune
12 May 2017

Annexure to Schedule 16 - Notes to Accounts and forming part of the Financial Statements for the year ended 31 March 2017

Segmental Break up of the Balance Sheet Item as at 31 March 2017

Segment results have been incorporated in the Financial Statements. However segment asset and liabilities, given the nature of the business, have been allocated amongst various segments to the extent possible.

₹ in '000

Particulars	Fire	Marine		Motor	Health Insurance	Crop Insurance	Miscellaneous	Total
		Cargo	Others					
Premium received in advance	3,291	8,861	333	1,472,012	152,861	-	1,774,214	3,411,572
	(15,622)	(11,166)	(71)	(1,204,680)	(96,942)	-	(1,634,389)	(2,962,870)
Claims outstanding (net)	1,000,807	466,078	13,764	38,462,686	1,500,785	1,997,370	2,396,250	45,837,740
	(1,261,192)	(379,865)	(13,672)	(31,456,231)	(1,124,911)	(234,530)	(2,049,341)	(36,519,742)
Reserve for unexpired risk	2,258,580	244,023	1,443	18,355,077	4,528,684	234,816	3,741,647	29,364,270
	(1,923,714)	(213,178)	(3,659)	(16,420,107)	(3,579,305)	(23,141)	(3,562,782)	(25,725,886)
Outstanding premiums	62,173	28,640	-	195,375	500,174	7,871,069	86,439	8,743,870
	(841)	(3,230)	-	(183,016)	(15,973)	(487,153)	(74,117)	(764,330)
Solatium fund	-	-	-	60,598	-	-	-	60,598
	-	-	-	(45,588)	-	-	-	(45,588)

Previous year figures are in brackets

Summary of Financial Statements for the year ended 31 March 2017

(Refer Note no. 20)

₹ in '000

Particulars	2017	2016	2015	2014	2013
OPERATING RESULTS					
Gross written premium	76,870,636	59,006,488	53,006,629	45,838,866	41,093,938
Net premium income (net of reinsurance)	53,008,839	45,723,819	40,088,678	37,608,080	32,031,496
Income from investments (net of losses)	7,374,934	6,201,791	5,300,524	4,633,659	3,827,965
Miscellaneous income	148,081	154,889	131,588	105,766	108,787
Total income	60,531,854	52,080,499	45,520,790	42,347,505	35,968,248
Commissions (net including brokerage)	356,263	939,289	492,439	1,352,007	991,068
Operating expenses	13,614,489	11,407,097	9,433,153	8,362,753	7,687,425
Claims, increase in URR and other outgoes	38,416,331	34,037,418	29,335,119	27,912,310	23,969,223
Operating profit	8,144,771	5,696,695	6,260,079	4,720,435	3,320,532
Non operating results					
Total income under shareholder's account	(2,636,408)	2,017,986	1,510,086	1,149,429	894,884
Profit before tax	10,781,178	7,714,681	7,770,165	5,869,864	4,215,416
Provision for tax	(3,502,795)	(2,072,433)	(2,146,975)	(1,779,972)	(1,264,614)
Profit after tax	7,278,383	5,642,248	5,623,190	4,089,892	2,950,802
MISCELLANEOUS					
Policyholder's account	Not Applicable being General Insurance Company				
Total funds					
Total investments					
Yield on investments					
Shareholder's account	Not Applicable being General Insurance Company				
Total funds					
Total investments					
Yield on investments					
Paid up equity capital	1,102,273	1,102,273	1,102,273	1,102,273	1,102,273
Net worth	35,346,258	27,897,088	22,254,840	16,642,955	12,553,063
Total Assets (Gross of current liabilities and provisions)	127,288,406	105,087,813	89,018,539	77,737,606	65,372,467
Yield on total investments	9.86%	9.36%	9.09%	9.59%	9.92%
Earning per share	66.03	51.19	51.01	37.10	26.77
Book value per share	320.67	253.09	201.90	150.99	113.88
Total dividend	-	-	-	-	-
Dividend per share	-	-	-	-	-

Ratios for the year ended 31 March 2017

Sr. No.	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
1	Gross direct premium growth rate	30.88%	11.52%
	Motor	8.85%	12.30%
	Motor OD	-2.90%	7.96%
	Motor TP	30.63%	21.34%
	Fire	13.11%	10.51%
	Marine cargo	-3.68%	9.71%
	Marine others	-13.92%	88.55%
	Workmen's compensation / employers' liability	-1.94%	15.71%
	Public/Product liability	-5.18%	7.85%
	Engineering	-2.77%	11.02%
	Aviation	-18.94%	86.48%
	Personal accident	50.39%	55.90%
	Health	29.44%	14.72%
	Credit insurance	-25.60%	53.65%
	Crop insurance	293.92%	-19.84%
	Others	20.45%	30.26%
2	Gross direct premium to net worth ratio	2.17	2.09
3	Growth rate of net worth	26.09%	25.35%
4	Net retention ratio	68.96%	77.49%
	Motor	94.54%	93.99%
	Motor OD	93.87%	93.58%
	Motor TP	95.47%	94.74%
	Fire	36.16%	35.40%
	Marine cargo	70.57%	67.28%
	Marine others	5.30%	5.29%
	Workmen's compensation / employers' liability	94.73%	94.95%
	Public/Product liability	34.17%	28.53%
	Engineering	18.47%	18.52%
	Aviation	7.17%	6.88%
	Personal accident	92.47%	79.02%
	Health	90.72%	93.44%
	Credit insurance	1.00%	1.00%
	Crop insurance	15.91%	15.00%
	Others	38.94%	52.40%
5	Net Commission ratio	0.67%	2.05%
	Motor	3.07%	3.60%
	Motor OD	5.44%	5.66%
	Motor TP	-0.14%	-0.17%
	Fire	-4.87%	-9.17%
	Marine cargo	8.68%	8.28%
	Marine others	-103.82%	-44.17%
	Workmen's compensation / employers' liability	7.33%	7.45%
	Public/Product liability	0.16%	-13.39%
	Engineering	-66.38%	-115.32%
	Aviation	-92.70%	-12.33%
	Personal accident	12.40%	12.93%
	Health	7.36%	7.94%
	Credit insurance	-622.59%	-1296.48%
	Crop insurance	-69.08%	-122.07%
	Others	7.69%	5.38%
6	Expenses of management to gross direct premium ratio	22.33%	24.84%
7	Expenses of management to net written premium ratio	32.16%	31.69%
8	Net incurred claims to net earned premium	70.41%	72.30%
9	Combined ratio	96.77%	99.31%
10	Technical reserves to net premium ratio	1.42	1.36
11	Underwriting balance ratio	0.01	-0.02
	Fire	0.43	0.15
	Marine	-0.01	0.18
	Miscellaneous	0.00	-0.03
12	Operating profit ratio	16.20%	13.12%
13	Liquid assets to liabilities ratio	0.25	0.23
14	Net earning ratio	13.73%	12.34%
15	Return on net worth	20.69%	20.23%
16	Available solvency margin (ASM) to required solvency margin (RSM) Ratio	2.61	2.51
17	NPA ratio	-	-

Ratios are computed in accordance with and as per definition given in the Master Circular on Preparation of Financial Statements dated 5 October 2012 and subsequent corrigendum thereon dated 3 July 2013.

Receipts and Payments for the year ended 31 March, 2017

₹ in '000

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Cash Flows from operating activities		
1. Premium received from policyholders (including advance receipts and service tax)	77,787,235	64,666,319
2. Payments to re-insurers (net of commission and claims)	(8,832,227)	(1,088,890)
3. Receipts from co-insurers (net of claims)	1,084,790	566,115
4. Payment of claims (net of salvage)	(34,277,206)	(37,856,734)
5. Payment of commission and brokerage	(3,430,765)	(3,326,948)
6. Payment of other operating expenses	(12,771,699)	(10,824,426)
7. Miscellaneous income	102,786	30,987
8a. Deposits placed during the year	(16,577)	(39,898)
8b. Deposits recovered during the year	7,919	22,043
9. Income taxes paid (net)	(3,393,626)	(2,452,288)
10. Service tax paid	(9,305,485)	(4,835,586)
Net cash flows from operating activities	6,955,145	4,860,694
B. Cash flows from investing activities		
1. Purchase of fixed assets (including capital advances)	(467,644)	(129,738)
2. Proceeds from sale of fixed assets	8,617	2,372
3. Purchase of investments	(96,490,811)	(78,541,243)
4. Sale of investments	84,061,089	63,677,337
5. Rent / interest / dividend received	7,175,336	7,411,118
6. Investment in money market instruments and liquid mutual funds (net)	424,849	(478,054)
7. Expenses related to investments	(14,342)	(11,405)
8a. Fixed deposits placed during the year	(485,093)	(1,514,860)
8b. Fixed deposits matured during the year	1,614,860	3,531,280
Net cash used in investing activities	(4,173,141)	(6,053,193)
C. Cash flows from financing activities		
D. Effect of foreign exchange rates on cash and cash equivalents (net)	(3,889)	5,869
E. Net increase / (decrease) in cash and cash equivalents	2,778,115	(1,186,630)
1. Cash and cash equivalents at the beginning of the year	2,750,432	3,937,062
2. Cash and cash equivalents at the end of the year	5,528,547	2,750,432
F. Cash and cash equivalents		
Balance as per balance sheet	5,563,640	2,765,292
Less: Fixed deposits with original maturity more than 3 months	35,093	14,860
Cash and cash equivalents	5,528,547	2,750,432

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number
101248W/W-100022

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number
102021W/W100110

Akeel Master
Partner
Membership No. 046768

Mumbai
12 May 2017

Anish Amin
Partner
Membership No. 040451

Pune
12 May 2017

For and on behalf of the Board of Directors

Sanjiv Bajaj
Chairman
DIN : 00014615

Nanoo Pamnani
Director
DIN : 00053673

Heinz Dollberg
Director
DIN : 00168797

Tapan Singhel
Managing Director &
Chief Executive Officer
DIN : 03428746

Milind Choudhari
Chief Financial Officer

Onkar Kothari
Company Secretary &
Compliance Officer

Pune
12 May 2017

Related Party Disclosures under AS 18 (for the year ended 31 March 2017)

Annexure to Schedule 16 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March 2017

₹ in '000

Sr. 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)
				2016-2017		2015-2016	
1	Bajaj Finserv Limited	Holding Company	Contribution to equity	-	815,682	-	815,682
			Rent paid lease premises	18,720	-	18,720	-
			Deposits for leased premises	-	(18,720)	-	(18,720)
			Insurance premium received	4,036	-	4,179	-
			Insurance claims paid	-	-	114	-
			Unallocated premium	-	3,135	-	4,045
			Billable expenses recovered on behalf	-	-	5,194	(4,022)
			Billable expenses reimbursed on behalf	3,373	-	1,925	-
2	Bajaj Finserv House Owners Association	Group Association	Society maintenance deposit	400	(300)	-	(700)
			Society share certificate	-	(1)	-	(1)
			Society maintenance charges	17,259	(0)	15,834	(0)
			Insurance premium received	247	-	230	-
			Unallocated premium	-	43	-	43
3	Bajaj Auto Limited	Group Company	Insurance premium received	141,149	-	128,872	-
			Insurance claims paid	30,747	-	190,007	-
			Unallocated premium	-	35,159	-	66,465
4	Bajaj Holdings and Investments Limited	Group Company	Insurance premium received	559	-	642	-
			Unallocated premium	-	412	-	11
5	Bajaj Allianz Financial Distributors Limited	Group Company	Insurance premium received	873	-	533	-
			Insurance claims paid	-	-	1,594	-
			Unallocated premium	-	494	-	107
			Manpower supply charges paid / payable	-	-	250,951	-
			Premium receivable as an agent	-	18	-	1
			Insurance commission paid/payable	77,197	5,883	102,329	7,072
6	Bajaj Allianz Staffing Solutions	Group Company	Insurance premium received	7,001	-	12,465	-
			Insurance claims paid	-	-	4,273	-
			Manpower supply charges paid / payable	687,888	33,531	574,133	-
			Unallocated premium	-	164	-	153
7	Bajaj Electricals Limited	Group Company	Insurance premium received	56,749	-	47,827	-
			Insurance claims paid	5,194	-	44,642	-
			Unallocated premium	-	460	-	1,172
8	Bajaj Finance Limited	Fellow Subsidiary	Insurance premium received	12,027	-	5,264	-
			Insurance claims paid	476	-	806	-
			Unallocated premium	-	39,073	-	34,442
			Premium receivable as an agent	-	3,642	-	3,755
			Insurance commission paid/payable	377,945	11,555	186,477	9,686
			Balance receivable against bank guarantee	-	(98,216)	-	(68,286)
			Billable expenses reimbursed on behalf	84	-	-	-
			Investment in corporate bonds (book value)	279,675	(1,647,483)	750,000	(1,350,000)
			Interest received on investment	124,655	-	58,000	-
9	Bajaj Allianz Life Insurance Company Limited	Fellow Subsidiary	Billable expenses recovered on behalf	25,670	20,129	28,296	28,894
			Billable expenses reimbursed on behalf	40,953	-	84,059	-
			Insurance premium received	96,137	-	99,784	-
			Insurance claims paid	1,010	-	33,956	-
			Unallocated premium	-	924	-	514
			Insurance premium paid	6,086	-	1,241	-
			Rent & maintenance charges paid	11,873	-	10,775	-
			Deposits for leased premises	-	(7,187)	1,937	(7,187)
			Advance rent	-	-	968	(968)
			Payment against gratuity fund	105,600	-	46,315	-
			CWIP (Stamp Duty)	3,527	-	-	-

Related Party Disclosures under AS 18 (for the year ended 31 March 2017)

Annexure to Schedule 16 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March 2017

₹ in '000

Sr. 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)
				2016-2017		2015-2016	
10	Bajaj Financial Solutions Limited	Group Company	Insurance premium received	-	-	7	-
11	Mukand Engineers Limited	Enterprise where director is having significant influence	Insurance premium received	3,468	-	2,620	-
			Insurance claims paid	1,121	-	1,163	-
			Unallocated premium	-	72	-	1,317
12	Mukand Limited	Enterprise where director is having significant influence	Insurance premium received	36,081	-	38,512	-
			Insurance claims paid	21,271	-	69,760	-
			Unallocated premium	-	120	-	117
13	Hind Musafir Agency Limited	Enterprise where director is having significant influence	Travel agency services paid / payable	63,405	98	91,836	2,939
			Insurance premium received	224	-	156	-
			Insurance claims paid	-	-	96	-
			Unallocated premium	-	14	-	10
			Other expenses paid/ payable	-	22	181	22
14	Allianz Cornhill Information Services Private Limited	Group Company	Insurance premium received	315	-	501	-
			Unallocated premium	-	1,721	-	-
15	Allianz SE, Germany	Shareholder	Contribution to equity	-	286,591	-	286,591
			Receipt of award	-	-	1,487	-
			Billable expenses reimbursed on behalf	475	-	1,235	(5,120)
			Billable expenses recovered on behalf	203	-	7,175	-
16	Allianz Insurance Management Asia Pacific (Allianz Singapore)	Group Company	Billable expenses reimbursed on behalf	356	321	755	-
			Billable expenses recovered on behalf	-	-	57	-
17	Allianz Investment Management Singapore Pte	Group Company	Investment management fees paid / payable	2,800	630	2,800	630
18	AGCS Marine Insurance Company	Group Company	Reinsurance premium paid/ payable	43,771	(12,658)	49,979	16,650
			Commission on reinsurance premium	6,146	-	7,685	-
			Claims recovery on reinsurance	55,115	-	23,753	-
19	Allianz Global Risks US Insurance Company	Group Company	Reinsurance premium paid/ payable	18,855	2,912	6,671	(1,637)
			Commission on reinsurance premium	2,177	-	1,001	-
			Claims recovery on reinsurance	1,754	-	-	-
20	Allianz Global Corporate & Speciality SE, Spain	Group Company	Reinsurance premium paid/ payable	2,358	-	3,002	-
			Commission on reinsurance premium	570	-	642	-
21	Allianz Global Corporate & Speciality SE, UK	Group Company	Reinsurance premium paid/ payable	246,548	7,864	206,514	11,130
			Commission on reinsurance premium	14,158	-	29,441	-
			Claims recovery on reinsurance	275,541	-	23,095	-
22	Allianz Global Corporate & Speciality SE, Netherlands	Group Company	Reinsurance premium paid/ payable	2,267	(377)	2,251	101
			Commission on reinsurance premium	863	-	836	-
			Claims recovery on reinsurance	377	-	-	-
23	Allianz Global Corporate & Speciality SE, Italy	Group Company	Reinsurance premium paid/ payable	4,422	122	3,542	55
			Commission on reinsurance premium	1,140	-	1,428	-
			Claims recovery on reinsurance	278	-	634	-
24	Allianz Global Corporate & Speciality SE, Switzerland	Group Company	Reinsurance premium paid/ payable	-	-	(6,226)	-
			Commission on reinsurance premium	-	-	(2,243)	-

Related Party Disclosures under AS 18 (for the year ended 31 March 2017)

Annexure to Schedule 16 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March 2017

₹ in '000

Sr. 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)
				2016-2017		2015-2016	
25	Allianz Global Corporate & Speciality SE, Denmark - Nordic Region	Group Company	Reinsurance premium paid/ payable	3,580	120	10,009	2,643
			Commission on reinsurance premium	1,410	-	2,073	-
			Claims recovery on reinsurance	-	-	4	-
26	Allianz Global Corporate & Speciality SE, Malaysia	Group Company	Billable expenses recovered on behalf	-	-	18	-
27	Allianz Global Corporate & Speciality SE, Munich	Group Company	Reinsurance premium paid/ payable	606,335	108,327	526,891	72,787
			Commission on reinsurance premium	100,429	-	87,355	-
			Claims recovery on reinsurance	438,919	-	153,418	-
28	Allianz SE Reinsurance, branch Asia Pacific	Group Company	Reinsurance premium paid/ payable	(44,637)	(10,278)	2,079,078	(1,013,949)
			Commission on reinsurance premium	21,934	-	467,107	-
			Claims recovery on reinsurance	1,354,481	-	4,160,672	-
			Profit commission on reinsurance	-	-	52,864	-
			CAT XOL & Risk XOL Premium Paid	18,822	-	136,462	-
			CAT XOL & Risk XOL Claim Recovered	80,872	-	182,554	-
29	Allianz Global Corporate & Speciality SE, Singapore (Previously Known Allianz Insurance Company of Singapore - PTE)	Group Company	Reinsurance premium paid/ payable	15,413	2,974	19,333	1,618
			Commission on reinsurance premium	1,797	-	2,091	-
			Claims recovery on reinsurance	2,352	-	6	-
			Reinsurance premium received/receivable	-	-	222	-
			Commission on reinsurance premium Paid	-	-	27	-
			Billable expenses recovered on behalf	-	-	23	-
			Billable expenses reimbursed on behalf	320	-	-	-
			Income form risk survey fee received/ receivable	-	-	1,788	-
30	Allianz Belgium	Group Company	Reinsurance premium paid/ payable	3,434	1,234	3,665	-
			Commission on reinsurance premium	258	-	275	-
			Claims recovery on reinsurance	120	-	(74)	-
31	Allianz Elementar Versicherungs - Austria	Group Company	Reinsurance premium paid/ payable	4,039	(1,203)	3,130	(218)
			Commission on reinsurance premium	857	-	630	-
			Claims recovery on reinsurance	1,430	-	2,561	-
32	Allianz Global Corporate & Speciality SE, France	Group Company	Reinsurance premium paid/ payable	179,757	94,815	209,612	91,521
			Commission on reinsurance premium	17,142	-	31,408	-
			Claims recovery on reinsurance	13,990	-	934,935	-
33	Allianz Risk Transfer AG	Group Company	Reinsurance premium paid/ payable	306,904	299	331,348	15
			Commission on reinsurance premium	3,601	-	7,810	-
			Claims recovery on reinsurance	-	-	1,375	-
34	Allianz Australia Insurance Limited	Group Company	Reinsurance premium paid/ payable	737	8	(1,412)	-
			Commission on reinsurance premium	227	-	(282)	-
35	Euler Hermes Deutschland [Formerly known as Euler Hermes Cr Insurance (S) Ltd.]	Group Company	Reinsurance premium paid/ payable	273	(1,750)	77,813	1,604
			Commission on reinsurance premium	46	-	15,068	-
			Claims recovery on reinsurance	(381)	-	100,966	-
			Billable expenses recovered on behalf	25,697	(5,436)	23,616	(9,922)
36	Euler Hermes Europe, Singapore Branch	Group Company	Reinsurance premium paid/ payable	152,527	47,486	126,800	40,433
			Commission on reinsurance premium	14,749	-	22,670	-
			Claims recovery on reinsurance	24,336	-	11,000	-
37	Allianz Risk Transfer N.V.	Group Company	Reinsurance premium paid/ payable	9,122	-	6,033	-
			Commission on reinsurance premium	383	-	-	-
38	Allianz CP General Insurance Company Public Limited	Group Company	Claims paid on reinsurance accepted	-	-	5,260	-
			Income from software consultancy received /receivable	-	-	9,656	-

Related Party Disclosures under AS 18 (for the year ended 31 March 2017)

Annexure to Schedule 16 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March 2017

₹ in '000

Sr. 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)
				2016-2017		2015-2016	
39	PT Asuransi Allianz Life Indonesia	Group Company	Billable expenses recovered on behalf	-	-	28	-
40	PT Asuransi Allianz Utama Indonesia	Group Company	Billable expenses recovered on behalf	-	-	28	-
41	Allianz Life Insurance Co. Ltd. Korea	Group Company	Billable expenses recovered on behalf	-	-	23	-
42	Allianz Ayudhya Assurance PCL, Thailand	Group Company	Billable expenses recovered on behalf	-	-	34	-
43	Allianz Generales Du Laos	Group Company	Billable expenses recovered on behalf	-	-	11	-
44	Allianz Global Assistance Australia	Group Company	Billable expenses recovered on behalf	-	-	51	-
45	Allianz Global Assistance China	Group Company	Billable expenses recovered on behalf	-	-	28	-
46	Allianz Global Automotive Singapore	Group Company	Billable expenses recovered on behalf	-	-	28	-
47	Allianz Life Insurance Malaysia Berhad	Group Company	Billable expenses recovered on behalf	-	-	18	-
48	Allianz SE Insurance Management Asia Pacific China	Group Company	Billable expenses recovered on behalf	-	-	28	-
49	Allianz Taiwan Life Insurance Co. Ltd.	Group Company	Billable expenses recovered on behalf	-	-	45	-
50	Euler Hermes Credit Underwriters Hong Kong Ltd.	Group Company	Billable expenses recovered on behalf	-	-	28	-
51	Allianz Managed Operations & Services SE	Group Company	SAS license fee paid / payable	-	-	6,634	40,745
			Opus license & maintenance fees paid	10,546	9,491	9,276	-
			E-learning services fee	-	-	3,436	-
52	Allianz Managed Operations & Services SE India	Group Company	Insurance premium received	281	-	619	-
			Insurance claims paid	-	-	71	-
			Unallocated premium	-	324	-	692
53	AGA Assistance (India) Private Limited	Group Company	Insurance claims paid	11,553	-	11,858	-
			Claims assistance fee paid	39,294	-	49,886	-
			Premium receivable as an agent	-	2,319	-	460
			Insurance commission paid/payable	9,190	593	9,567	430
			Unallocated premium	-	183	-	7
			Insurance premium received	119	-	35	-
			Billable expenses recovered on behalf	595	(684)	731	(836)
54	AGA Services (India) Private Limited	Group Company	Insurance claims paid	335,293	-	134,565	-
			Claims assistance fee paid	32,194	-	25,943	-
			Other expenses paid/ payable	29,251	10,714	19,211	1,308
55	Euler Hermes Services India Private Limited	Group Company	Credit risk assessment fees paid	21,941	1,736	21,119	-
56	Allianz Insurance Lanka Limited	Group Company	Reinsurance premium received/receivable	864	-	-	691
			Commission on reinsurance premium	173	-	-	-
			Claims paid on reinsurance accepted	-	-	2,286	-

Related Party Disclosures under AS 18 (for the year ended 31 March 2017)

Annexure to Schedule 16 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March 2017

₹ in '000

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				2016-2017		2015-2016	
57	AWP P&C SA Saint Ouen Paris	Group Company	Reinsurance premium received/receivable	68,182	24,027	-	-
			Commission on reinsurance premium	41,645	-	-	-
			Claims paid on reinsurance accepted	2,510	-	-	-
58	Allianz Global Corporate & Speciality US	Group Company	Income form risk survey fee received/ receivable	222	-	-	-
59	Tapan Singhel	Key Management Personnel	Remuneration	53,146	-	38,762	-
			Perquisites	2,723	-	1,313	-

Notes:

1-Reinsurance balances are net of commission and claims wherever applicable.

2-Above amounts are excluding service tax.

A Range of Corporate and Retail Products

Personal Products

Motor

- Private Car Package Policy • Long Term Two Wheeler Package Policy • Two Wheeler Package Policy • Commercial Vehicle Package Policy
- Add on Covers for Private Car Package Policy, Two Wheeler Package Policy and Commercial Vehicle Package Policy
- Motor Vehicle Warranty Policy

Health Insurance

- Health Care Supreme • Surgical Protection Plan • Comprehensive Care Plan • Health Guard • Global Personal Guard Policy (Individual)
- Extra Care • Silver Health • Hospital Cash Daily Allowance • Sankat Mochan • Tax Gain • Star Package • Premium Personal Guard
- Women Specific Critical Illness Plan • Personal Accident Insurance Policy • Critical Illness Insurance
- Bajaj Allianz Janata Personal Accident Policy- Individual • Loan Care • Pradhan Mantri Suraksha Bima Yojana • Suraksha Chakra

Travel Insurance

- Travel Prime Policy • Travel Prime Holiday Policy • Travel Assist Card • E-Travel Value Policy
- Travel Companion • Pravasi Bharatiya Bima Yojana • Bajaj Allianz Bharat Bhraman Insurance Policy

Asset Insurance

- My Home All Risk Policy • Householders Insurance Policy • Jeweller's Comprehensive Protection Policy • Commercial Package Policy
- Office Package Insurance • Shopkeeper's Policy • Motor Dealer Package Policy • Easy Householder's Package Insurance Policy
- Plate Glass Insurance Policy • Kitchen Suraksha Insurance Plan

Corporate Products

Fire & Engineering

- Standard Fire and Special Perils Policy • Consequential Loss (Fire) Insurance Policy • Industrial All Risk • Engineering-Projects (includes EAR, CAR)
- Engineering-Operational (includes Contractor's Plant and Machinery, Electronic Equipment, Boiler and Pressure Plant Insurance, Machinery Breakdown, Civil Engineering Completed Risk Insurance, Deterioration of Stocks)

Speciality Lines

- Marine Cargo • Marine Hull • Aviation • Trade Credit Insurance World Policy • Extended Warranty • Event Insurance
- Education Package Policy • Entertainment Package Policy

Liability Insurance

- Bajaj Allianz Commercial Crime Insurance Policy • Bajaj Allianz Cyber Protect Digital Business and Data Protection Insurance (Premium and Standard)
- Composite Public and Product Liability • Public Liability/Public Liability Act • Commercial General Liability • Clinical Trial Liability Policy
- Comprehensive General Liability Insurance • Directors & Officers Liability • Public Offering of Securities Insurance • Professional indemnity
- Bajaj Allianz Professional Protect Insurance Policy

Group Health Insurance

- Global Personal Guard Policy (Group) • Group Hospital Cash Policy • Group Personal Accident • Medclaim Insurance
- Bajaj Allianz Janata Personal Accident- Group

Rural Insurance

- Restructured Weather Based Crop Insurance Scheme • Pradhan Mantri Fasal Bima Yojana • Farmers Package
- Cattle Insurance and Livestock Insurance

Miscellaneous Insurance

- Money Insurance Policy • Fidelity Guarantee • Burglary Insurance Policy • Workmen's Compensation • Bajaj Allianz Poultry Insurance Policy



Top Management

"We thank all our partners , clients and employees ,who have constantly supported and helped us ,in building this great company ! With our digital transformation journey , we would continue to add value in all our relationships and excel in our service standards !"

- Anamika Roy Rashtrawar
Senior President - Zones



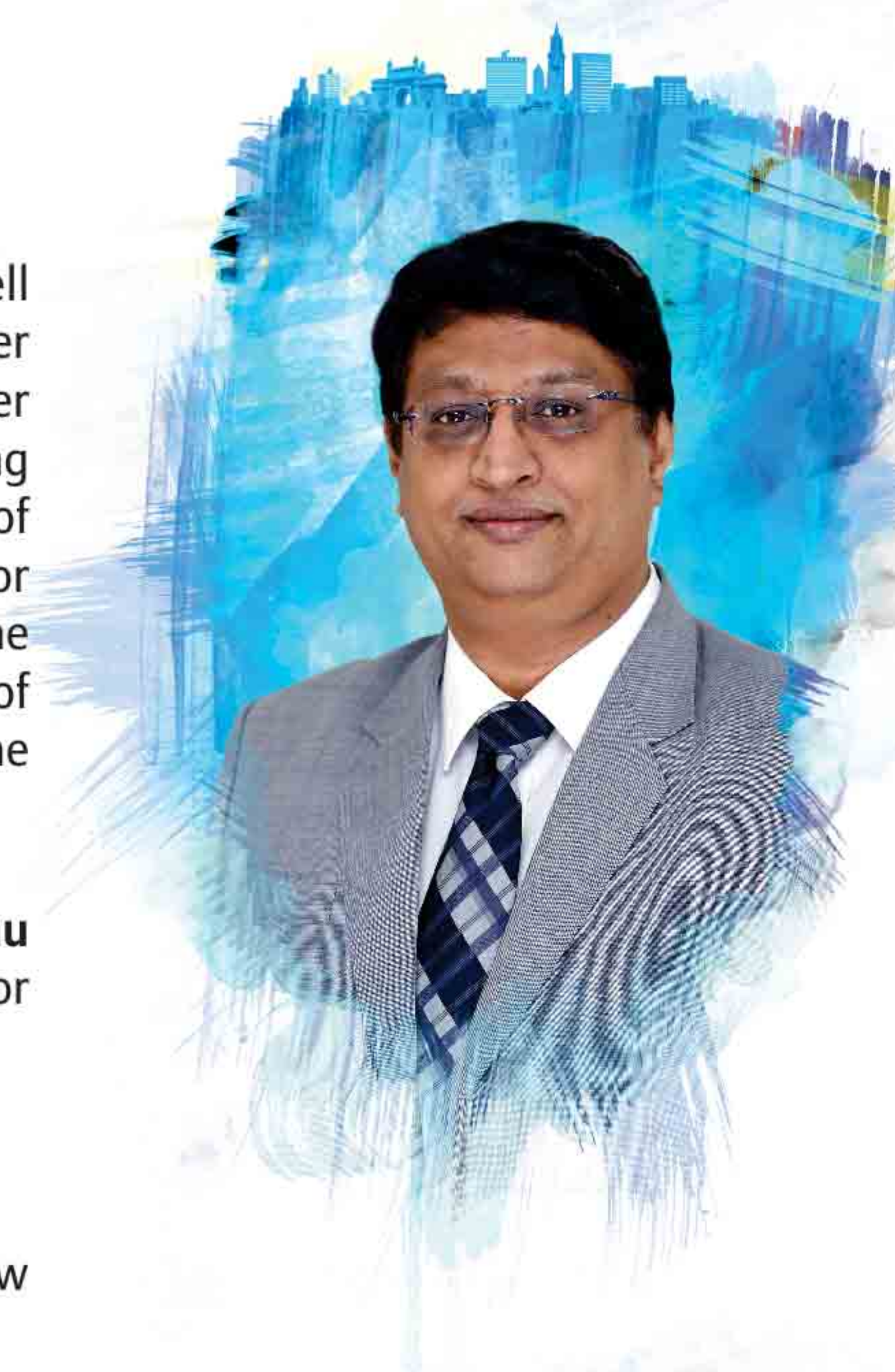
"Digitization will result in simplification of processes, efficient delivery and novel experience for customers with minimal information."

- Milind Choudhari
Chief Financial Officer



"Digitization is helping underwriters to take well informed and technology based decisions with a shorter TAT, leading to higher business growth with better profitability. We have also seen digitization assisting insurers on claims front, too - be it close monitoring of Crop progression with remote sensing technology for efficient handling of Crop insurance claims. Even 'on the spot' claim settlement for Motor claims with onset of digitization is leading to the 'wow factor' for the customers."

- Sasikumar Adidamu
Chief Technical Officer - Non Motor



"Digitization is inevitable and opening up new opportunities in the Insurance space.

We need to be ready to adapt it, embrace it and create new capabilities to enhance Customer satisfaction."

- T. A. Ramalingam
Senior President - Channels



"Indian automobile Industry is on an escalation, and it is a great growth path for us. Hence, to harness on the same we need to set industry benchmarks, by rethinking & capitalizing on our digitization processes."

- Manohar U Bhat
Chief Business Head Motor





Relationship Beyond Insurance

Bajaj Allianz General Insurance Company Limited

G.E. Plaza, Airport Road, Yerawada, Pune - 411 006. | IRDA Regn. No.113. dated 2 May 2001

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BJAZ-O-1069/1-July-17