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29<sup>th</sup> July 2019

<b>The Manager</b> Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E) Mumbai- 400051	<b>The General Manager</b> Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
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Dear Sir/Madam,

**Sub: Financial Results under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Ref: ISIN INE168X08014 - Security Name: 8.35% National Insurance Company Limited 2027**

We wish to inform you that the Board of Directors of the Company at its meeting held on 29<sup>th</sup> July 2019 has considered and approved the Audited Financial Results of the Company for the year ended 31<sup>st</sup> March 2019. Pursuant to Regulation 52 of SEBI (LODR) Regulations, we enclose a copy of the financial results along with the Independent Auditors Report for your information and record. The financial results will also be made available on the Company's website.

Further, the submission of information/documents as specified under Regulation 52(4) & 52(5) of SEBI (LODR) Regulations 2015 is *not* applicable to the Company since the Company has issued non-convertible debentures and is a financial entity regulated by IRDAI.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,

For National Insurance Company Limited

(Rina Madia)

Company Secretary & Compliance Officer

Encl: Audited Financial Results for the year ended 31<sup>st</sup> March 2019

## INDEPENDENT AUDITORS' REPORT

To the Members of  
National Insurance Company Limited

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the accompanying standalone financial statements of National Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Revenue Accounts of Fire, Marine and Miscellaneous Insurance Business (collectively known as 'Revenue Accounts'), the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the audited returns for the year ended as on that date of Thirty Three (33) Regional Offices, Three hundred and Ninety Two (392) Divisional Offices audited by the other firms of Auditors appointed by the Comptroller and Auditor General of India ("C&AG") under section 139 of the Companies Act, 2013 ("the Act"), and Two (2) Foreign Branch Offices, audited by the local auditors appointed by the Company on approval of C&AG.

In our opinion and to the best of our information and according to the explanations given to us, we report that the aforesaid standalone financial statements prepared in accordance with the requirements of Accounting Standards as specified under Section 133 of the Act, Insurance Act, 1938 read with Insurance Laws (Amendment) Act, 2015 (to the extent notified) ("the Insurance Act"), the Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "IRDAI Financial Statement Regulations") and orders/directions/circulars 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 Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019;
- b. in the case of Revenue Accounts, of the operating profit in Fire and Marine business and operating loss in Miscellaneous business for the year ended on that date;
- c. in the case of Profit and Loss Account, of the loss for the year ended on that date;
- d. in the case of Receipts and Payments Account, of the receipts and payments for the year ended on that date

#### **Basis for Opinion**

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical





requirements that are relevant to our audit of the financial statements as per the ICAI's Code of Ethics and the provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matters

We draw attention to the following matters:

- a) **Re: Unearned Premium Reserve (UPR): (Refer Schedule 16 – Note no 3.1 and Schedule 17 – Note No. 8)**

The Company has created UPR at the prescribed rates including for the short term policies except for the Net Premium of Rs 12,08,743 thousand for Pradhan Mantri Fasal Bima Yojana for Kharif business, in spite of the fact that such short term policies commence and lapse within the accounting year and no part of the premium written is attributable to the succeeding accounting period. Further, company has created UPR on yearly allocated premium of long term Motor Insurance Policy.

- b) **Re: Premium Received in Installments : (Refer Schedule 16 - Note no. 3)**

The Company accounts for the premium of Government Sponsored Scheme on receipt of installment even though the policy and the risk commences from the date of signing the MOU/Policy Cover.

- c) **Re: Balance confirmation/Reconciliation: (Refer Schedule 17 - Note no. 29)**

Various Account balances (Due from/Due to) including Rs. 14,32,363 thousand shown under 'Misc. Others – Schedule 12 (Advances and Other Assets)', are under process of reconciliation and confirmation. The impact of adjustments, if any, arising out of such reconciliation is not ascertainable.

- d) **Re: Segregation of Investments :(Refer Schedule 8, 8A and Schedule 16-Note no. 8.14)**

The Company has segregated investments into Shareholder's Fund and Policyholder's Fund without identifying them scrip-wise.

- e) **Re: Contribution to Employees Provident Fund (EPF): (Refer Schedule 16 - Note no. 12 (a) & Schedule 17 – Note no. 34.2)**

The Company has been consistently treating Contribution to EPF as Defined Contribution Plan. In view of Company's obligation for making up the deficit of EPF Trust fund towards payment of interest at the Government declared rate, it should have been treated as Defined Benefit Plan and disclosure requirement is applicable accordingly.



**f) Re: Provision on Debentures (Refer Schedule 17 - Note No. 21h)**

No additional provision due to decline in the security value, if any, of the debentures as per the Rating Agencies assessment has been made.

**g) Re: Segment Assets and Segment Liabilities: (Refer Schedule 16 - Note no. 14)**

The Company has disclosed prescribed Segment wise revenue and results. However, the Segment Assets and the Segment liabilities are not identified for the corresponding Segments as required under AS-17.

**h) Re : Micro, Small and Medium Enterprises Development Act, 2006 (Refer Schedule 17 – Note no. 35)**

The Company has not identified the Enterprises under the MSMED Act, 2006 for requisite disclosure.

**i) Re: Accounting Software (Refer Schedule 17 – Note No. 30)**

Required adjustments of some assets and liabilities on implementation of core insurance accounting software is pending.

**j) Re: Unclaimed amount of Policyholders (Refer Schedule 17 – Note No. 51)**

Identification of unclaimed amount of policyholders, if any, lying in other heads of account is in progress.

**k) Re: GST Input Credit (Refer Schedule 17 – Note No. 41)**

The Company has availed GST input credit which is subject to final assessment by the GST Authority.

**l) Actuarial Valuation of Gratuity, Pension and Leave Encashment (Refer Schedule 17 - Note No. 34)**

Disclosures as per AS-15 have been made based on actuarial certificate only. We have not carried out any sample verification of actuarial valuation due to non availability of documents.

**m) General Insurance (Employees') Pension Amendment Scheme, 2019 (Refer Schedule 17 - Note No. 34.3)**

Non-provision of additional liability on account of Pension, pending finalization.

**n) Solvency Margin : (Refer Schedule 17 – Note No. 46)**

The Company has calculated solvency margin at 1.04 as on 31<sup>st</sup> March, 2019 taking into account (i) the entire Fair Value Change Account balance for the computation of available solvency margin on the basis of IRDAI's Letter dated 18<sup>th</sup> March, 2019 and (ii) discounting of the IBNR Reserves for Motor TP line of business on net basis vide IRDAI's letter dated 26<sup>th</sup> July, 2019. Had such forbearances not been considered for computation of Available Solvency Margin, the Solvency Margin would have been 0.16





as on 31<sup>st</sup> March, 2019. Further Inter office balances of Rs. 14,32,363 thousand and Agents' and Intermediaries' balances recoverable, irrespective of its age of outstanding have been considered as admissible assets for computation of Solvency Margin.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit addressed the Key Audit Matter
<p><b>Actuarial valuation of liability in respect of IBNR, IBNER &amp; PDR of Rs. 83183000 thousand</b></p> <ul style="list-style-type: none"> <li>• The methodologies and assumptions utilized to develop Incurred But Not Reported (IBNR) reserves, Incurred But Not Enough Reported (IBNER) reserves and Premium Deficiency reserves (PDR) involve a significant degree of judgment. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods are used to determine these provisions.</li> <li>• Management engaged an independent actuarial expert (Panel Actuary) to assist in determining the value of IBNR, IBNER and PDR.</li> <li>• We focused on this area because, underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims</li> </ul>	<ul style="list-style-type: none"> <li>• We broadly reviewed the work of actuarial report including their independence, experience and objectivity.</li> <li>• The assumptions used by the Panel Actuary were found to be reasonable and the methodologies appropriate and consistent with the prior year.</li> <li>• The actuarial valuation of liabilities in respect of IBNR, IBNER and PDR is the responsibility of the Company's Panel Actuary.</li> <li>• The valuation of liabilities for outstanding claims reserves and the PDR contained in the financial statements of the company are based on the Panel Actuary's certificate.</li> </ul>



<p>which are subject to complex calculations.</p> <ul style="list-style-type: none"> <li>The claims estimation uses an actuarial modeling process which involves complex and subjective actuarial methodologies, judgments and assumptions about future events and developments, both within and external to the Company, and for which small changes can have significant implications to the quantification.</li> <li>The estimation of claims at year end relies on the integrity of the underlying data, including claim payments and individual estimates of unsettled claims, which is gathered from many different systems.</li> </ul>	
<p><b>Key Audit Matter</b></p>	<p><b>How our Audit addressed the Key Audit Matter</b></p>
<p><b>Investments of Rs. 236921906 thousand</b></p> <ul style="list-style-type: none"> <li>The value of Investments is highly significant as compared with total assets as disclosed in the financial statement of the Company.</li> <li>Entire gamut of Investment functions encompassing - purchase, disposal, recognition, measurement and disclosure of Investments is governed by the company's Investment Policy duly approved by the Board of Directors on annual basis based on various Regulations, Directions and Circulars issued by IRDAI.</li> </ul>	<ul style="list-style-type: none"> <li>Checked recognition of income/loss, valuation and disclosure in the financial statements in accordance with the investment policy, regulations etc.</li> <li>Checked the overall controls over purchase, disposal, recognition of income/loss, valuation and disclosure of Investments.</li> <li>Review the monthly and quarterly report of Independent Investment concurrent auditor's report.</li> <li>Verified the valuation of investment specially in respect of non performing investment and impairment.</li> </ul>

**Other Matter**

- We did not audit the financial statements of thirty three (33) Regional offices, three hundred and ninety two (392) Divisional offices, two (2) Foreign offices, included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs.4,52,47,839 thousand as at 31<sup>st</sup> March, 2019 and total revenues of Rs. 15,17,99,378 thousand for the year ended on that date. The financial





statements/information of these offices have been audited by the other firm of auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these offices, is based solely on the report of such auditors.

Our opinion is not modified in respect of this matter.

### **Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, underwriting results, financial performance and cash flows of the Company, in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Insurance Act, 1938, IRDA Act, 1999, the IRDAI Financial Statement Regulations and orders/ directions/circulars issued by the IRDA of India.

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

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

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

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

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





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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





## Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate of even date in the matters specified in paragraph 3 and 4 of Schedule C to the IRDA Financial Statements Regulations – Refer Annexure 'A' to this report.
2. As required by Section 143(3) of the Act and IRDA Financial Statements Regulations and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been maintained by the Company, so far as it appears from our examination of those books.
  - c) In our opinion proper returns from 33 Regional Offices, 392 Divisional Offices and 2 Foreign Branch Offices audited by the other firm of auditors and not visited by us, have been received and are adequate for the purpose of audit.
  - d) The reports of the 33 Regional Auditors consolidating the 392 Divisional Auditors reports and reports of 2 foreign branches audited under section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report in the manner considered necessary by us.
  - e) The Balance Sheet, the Revenue accounts, the Profit and Loss account and the Receipts and Payments Account dealt with by the report are in agreement with the books of account and returns received from offices not visited by us.
  - f) The actuarial valuation of liabilities in respect of Incurred But Not Reported (the "IBNR"), Incurred But Not Enough Reported (the "IBNER") and Premium Deficiency Reserve (the "PDR") is the responsibility of the Company's Panel Actuary (the "Panel Actuary"). The Panel Actuary has certified that outstanding claims reserves are not determined by statistical methods and instead determined by respective operating offices on a case to case basis. The assumptions for the valuation of Premium Deficiency Reserve (the "PDR") and IBNR reserves as at 31<sup>st</sup> March, 2019 are in accordance with the guidelines and norms issued by IRDAI and the Institute of Actuaries of India in concurrence with the Authority. The valuation of liabilities for outstanding claims reserves and the PDR contained in the financial statements of the Company are based on the Panel Actuary's certificate as above.
  - g) The standalone financial statements have been prepared in accordance with the requirements of the Insurance Act, 1938 (4 of 1938), the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and the Companies Act, 2013 (18 of 2013) to the extent applicable and in the manner so required.
  - h) The Investments have been valued in accordance with the provisions of the Insurance Act, the regulations and orders/directions/circulars issued by IRDA in this regard.



- i) 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, as prescribed in the IRDA Financial Statements Regulations and order or direction issued by the IRDA in this behalf.
- j) In our opinion the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- k) The provisions of Section 164(2) of the Act with regard to disqualification for appointment of directors are not applicable to the Company in view of Notification No. GSR 463(E) dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government of India.
- l) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B to this report.
- m) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 17 - Note no. 54.
- ii) The Company did not have any long term contracts including derivatives contracts for which the Company was expecting any material foreseeable losses – Refer Schedule 17 - Note no. 55.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Schedule-17 - Note no. 56.
- n) As required under section 143(5) of the Act, we enclose Annexure C to this report, the directions including sub-directions issued by the Comptroller & Auditor General of India, action taken thereon and its financial impact on the accounts and standalone financial statements of the Company, which is based on the information given by the Company and approved by the Board of Directors and as reported by the Branch Auditors to the extent applicable to Divisional offices and Regional offices.





- o) The provisions of Section 197(16) of the Act with regard to managerial remuneration payable to the Company's Directors are not applicable to the Company in view of Notification No. GSR. 463(E) dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government of India.

**For Saha Ganguli & Associates**  
**Chartered Accountants**  
**FRN: 302191E**




**(CA. Samir Kumar Saha)**  
**Partner**  
**M. No - 051392**

**Place: Kolkata**

**Date: 29<sup>th</sup> July, 2019**



**For De & Bose**  
**Chartered Accountants**  
**FRN: 302175E**



**(CA. Tarit Dasgupta)**  
**Partner**  
**M. No - 053380**



**Annexure – ‘A’ to the Independent Auditors’ Report of even date on the Standalone Financial Statements of National Insurance Company Limited**

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section)

**Independent Auditors’ Certificate to the members of National Insurance Company Limited**

This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C to 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.

**Management’s Responsibility**

The Company’s Board of Directors is responsible for complying with the provisions of The Insurance Act, 1938 (the “Insurance Act”) (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/circulars issued by the Insurance Regulatory and Development Authority of India (the “IRDA”) 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.

**Auditors’ Responsibility**

Our responsibility, for the purpose of this certificate, is limited to certifying matters contained in paragraphs 3 and 4 of Schedule C to 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’).

**Opinion**

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 National Insurance Company Limited (‘the Company’) for the year ended 31<sup>st</sup> March, 2019, we certify that:

1. We have reviewed the Management Report attached to the standalone financial statements for the year ended 31<sup>st</sup> March, 2019, and on the basis of our review read with our Independent Auditors’ Report, there is no apparent mistake or material inconsistencies with the standalone financial statements. However, trends in average claim settlement time during the preceding five years have not been reported.
2. Based on management representations and the compliance certificate submitted to the Board 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 the IRDAI.

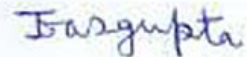
3. Branch auditors have verified the cash balances and we have verified the securities relating to the Company's loans (except for the loans given to Company's employees) and investments as at 31<sup>st</sup> March, 2019 by actual inspection or on the basis of certificate/confirmations received from the custodian and/or depository participants appointed by the Company as the case may be.
4. No investments and transactions relating to any trusts have been undertaken by the Company as trustee. – Refer Schedule 17 - Note no 32 (c).
5. The Company has yet to identify the scrip wise investments pertaining to the policyholders' funds. However, no part of the assets of the policyholders' funds/shareholders' funds on an overall basis has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders' funds.

**For Saha Ganguli & Associates**  
**Chartered Accountants**  
**FRN: 302191E**



**(CA. Sanjiv Kumar Saha)**  
**Partner**  
**M. No - 051392**

**For De & Bose**  
**Chartered Accountants**  
**FRN: 302175E**



**(CA. Tarit Dasgupta)**  
**Partner**  
**M. No - 053380**

Place: Kolkata

Date: 29<sup>th</sup> July, 2019



**Annexure – ‘B’ to the Independent Auditors’ Report of even date on the Standalone Financial Statements of National Insurance Company Limited**

(Referred to in paragraph 2(l) under ‘Report on Other Legal and Regulatory Requirements’ section)

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

1. We have audited the internal financial controls over financial reporting of National Insurance Company Limited (“the Company”) as at 31<sup>st</sup> March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

3. 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, (“the Standards”) 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 was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting,





assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

#### **Opinion**

8. In our opinion and to the best of our information and accounting to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.



## Other Matters

9. The Company's internal controls over financial reporting require improvement in the areas of:
- Data validation/integration of various accounting softwares used by the company;
  - Recording of intimated/incurred claims at the offices of the Company and with TPAs;
  - Booking of appropriate premium under different classes of business; and
  - The internal audit system requires improvement in the areas of audit coverage and compliance.
10. Our aforesaid report u/s 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Regional offices and Divisional offices is based on the report u/s 143(3)(i) of the Act received from the Branch Auditors of Regional/Divisional offices.
11. The actuarial valuation of liabilities in respect of Incurred But Not Reported (the "IBNR"), Incurred But Not Enough Reported (the "IBNER") and Premium Deficiency Reserve (the "PDR") is the responsibility of the Company's Panel Actuary. Our opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of the Internal Controls over valuation and accuracy of the aforesaid actuarial liabilities.

Our opinion is not qualified in respect of these matters.

For Saha Ganguli & Associates  
Chartered Accountants  
FRN: 302191E

(CA. Samir Kumar Saha)  
Partner  
M. No - 051392



Place: Kolkata

Date: 29<sup>th</sup> July, 2019

For De & Bose  
Chartered Accountants  
FRN: 302175E

(CA. Tarit Dasgupta)  
Partner  
M. No - 053380





**Annexure – ‘C’ to the Independent Auditors’ Report of even date on the  
Standalone Financial Statements of National Insurance Company Limited**

(Referred to in paragraph 2(n) under ‘Report on Other Legal and Regulatory Requirements’ section)

**Replies to the Directions issued to Statutory Auditors under Section 143(5) of the  
Companies Act, 2013 for the Financial Year 2018-19**

Sl. No.	Query	Reply
1	Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	Company’s accounting transactions of different departments and operating offices are processed through different IT System and which is finally integrated into accounts through the use of different softwares. Accordingly, the final integration of accounts as above is subject to detection of errors and validation tests. There is no financial implication except for non detection of errors, if any.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated.	The company has not taken any loan. However, the company has issued debentures as subordinate debt in terms of IRDAI (Other Forms of Capital) Regulations, 2015.
3	Whether funds received/receivable for specific schemes from Central/state agencies were properly accounted for /utilized as per its term and conditions? List the cases of deviation.	There are no receivable or receipt of fund by the company under any scheme from central/state government.



**Replies to Additional Directions to Statutory Auditors under section 143(5) of the Companies Act, 2013 appointed for audit of National Insurance Company Limited for the year 2018-19**


Sl. No.	Query	Reply																																																																					
1.	Number of titles of ownership in respect of CGS/SGS/Bonds/ Debentures etc. available in physical/demata form and out of these, number of cases which are not in agreement with the respective amounts shown in the Company's books of accounts may be verified and discrepancy found may be suitably reported	<p>The following table states the number as well as the book value of the different classes of securities, where there is a mismatch between the Company's books of accounts and the books of the Custodian:</p> <table border="1"> <thead> <tr> <th rowspan="2">SECURITY CLASS</th> <th colspan="2">Total</th> <th colspan="2">Short Cases*</th> <th colspan="2">Excess Cases*</th> </tr> <tr> <th>Number of titles of ownership</th> <th>Book Value (Rs in '000.)</th> <th>Number of titles of ownership</th> <th>Book Value (Rs in '000.)</th> <th>Number of titles of ownership</th> <th>Face Value (Rs in '000.)</th> </tr> </thead> <tbody> <tr> <td>CGS</td> <td>39</td> <td>46463030</td> <td>Nil</td> <td>0</td> <td>Nil</td> <td>0</td> </tr> <tr> <td>SGS</td> <td>131</td> <td>29731901</td> <td>Nil</td> <td>0</td> <td>Nil</td> <td>0</td> </tr> <tr> <td>BONDS &amp; DEBENTURES</td> <td>286</td> <td>45774723</td> <td>24</td> <td>30144</td> <td>2</td> <td>400000</td> </tr> <tr> <td>EQUITY SHARES</td> <td>590</td> <td>79891181</td> <td>46</td> <td>2353</td> <td>11</td> <td>185</td> </tr> <tr> <td>PREFERENCE SHARES</td> <td>135</td> <td>4775</td> <td>22</td> <td>0.022</td> <td>2</td> <td>12</td> </tr> <tr> <td>REAL ESTATE</td> <td>07</td> <td>2714</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OTHERS</td> <td>25</td> <td>8984879</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total Book Value</b></td> <td></td> <td><b>210852503</b></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>* As against the balances in the books of the Custodian</p>	SECURITY CLASS	Total		Short Cases*		Excess Cases*		Number of titles of ownership	Book Value (Rs in '000.)	Number of titles of ownership	Book Value (Rs in '000.)	Number of titles of ownership	Face Value (Rs in '000.)	CGS	39	46463030	Nil	0	Nil	0	SGS	131	29731901	Nil	0	Nil	0	BONDS & DEBENTURES	286	45774723	24	30144	2	400000	EQUITY SHARES	590	79891181	46	2353	11	185	PREFERENCE SHARES	135	4775	22	0.022	2	12	REAL ESTATE	07	2714	-	-	-	-	OTHERS	25	8984879	-	-	-	-	<b>Total Book Value</b>		<b>210852503</b>				
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<b>Total Book Value</b>		<b>210852503</b>																																																																					
2.	Whether stop loss limits have been prescribed in respect of the investments? If yes, whether or not the limit was adhered to. If no, details may be given.	No stop loss limit has been prescribed in respect of investment.																																																																					
3.	Whether Company has carried out reconciliation exercise for inter-company balances reflected in their financial statements with other PSU insurers and whether confirmation has been obtained from other PSU insurers for balances due from them?	As reported by the operating offices audited by the branch auditors, the Company has carried out periodical reconciliation for inter-company balances with other PSUs insurers at the respective operating offices and the year end confirmations are received for balances due from them which are in the process of reconciliation.																																																																					





4	<p>Whether the method of accountal of premium and reported claims are as per conditions of agreement / scheme relating to</p> <p>(i) Pradhan Mantri Fasal Bima Yojana (ii) Rashtriya Swasthya Bima Yojana (iii) Prime Minister Jan Arogya Yojana.</p>	<p>As reported , the Company has accounted the premium income and the reported claims under the</p> <p>(i) Pradhan Mantri Fasal Bima Yojana (ii) Rashtriya Swasthya Bima Yojana (iii) Prime Minister Jan Arogya Yojana.</p> <p>in accordance with the Company's Accounting policies and in compliance with the Operational Guidelines of respective schemes. However, in few cases balance recoverable from the respective State and Central Governments are subject to reconciliation and confirmation.</p>
5	<p>Whether the Company has complied with IRDAI CIRCULAR (No. IRDA/ F&amp;A /CIR/MISC/052/03/2018 dated 27<sup>th</sup> March, 2018) regarding exemption of re-insurance schemes of specified insurance schemes such as Pradhan Mantri Fasal Bima Yojana, Pradhan Suraksha Bima Yojana etc. from the purview of GST and passed on to the insured/Government the benefit of reduction in premium?</p>	<p>As informed to us, all the Government sponsored schemes are exempted from GST. Re-insurance of such Government sponsored schemes are made with other insurers only in terms of various re-insurance agreements with them. In view of exemption of GST on premium under specified schemes, no GST is charged to reinsurance ceded /accepted by the company in respect of the specified schemes viz.</p> <p>i) Pradhan Mantri Fasal Bima Yojana, ii) Pradhan Mantri Suraksha Bima Yojana etc.</p> <p>Accordingly, benefits of exempted GST is deemed to be passed on to the insured.</p>

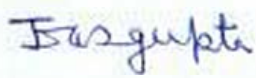
For Saha Ganguli & Associates  
Chartered Accountants  
FRN: 302191E

  
(CA. Samir Kumar Saha)  
Partner  
M. No - 051392

Place: Kolkata  
Date: 29<sup>th</sup> July, 2019



For De & Bose  
Chartered Accountants  
FRN: 302175E

  
(CA. Tarit Dasgupta)  
Partner  
M. No - 053380



FIRE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Schedule	2018-19	2017-18
		Audited (Rs. '000)	Audited (Rs. '000)
1. Premiums earned (Net)	1A	69,73,112	67,48,837
2. Profit/Loss on sale/redemption of Investments		13,66,617	15,08,335
3. Others:			
Exchange Gain		-	157
4. Interest, Dividend & Rent - Gross		12,51,402	11,61,562
<b>Total (A)</b>		<b>95,91,131</b>	<b>94,18,891</b>
1. Claims incurred (Net)	2A	38,98,636	86,40,102
2. Commission	3A	6,97,323	9,11,441
3. Operating Expenses related to Insurance Business	4	15,94,487	17,53,654
4. Others:			
Exchange loss		-	-
Provision for diminution in the value of Investments, amortisation of Premium on investments, and amount written off in respect of depreciated Investments		43,103	18,150
<b>Total (B)</b>		<b>62,33,549</b>	<b>1,13,23,347</b>
<b>Operating Profit/-Loss from Fire Business</b> <b>C = (A - B)</b>		<b>33,59,582</b>	<b>-19,04,456</b>
<b>Appropriations:</b>			
Transfer to Shareholders' Account		33,59,582	-19,04,456
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>33,59,582</b>	<b>-19,04,456</b>
Significant Accounting Policies	16		
Notes to Accounts	17		
The schedules referred to above form an integral part of the financial Statements			

This is the Fire Insurance Revenue Account for the year ended 31st March, 2019 referred to in our report of even date.

For and on behalf of the Board of Directors

For Saha Ganguli & Associates  
 Chartered Accountants  
 FRN: 302191E

  
 (CA. Samir Kumar Saha)  
 Partner  
 M. No - 051392



Place: Kolkata  
 Date: 29th July, 2019

For De & Bose  
 Chartered Accountants  
 FRN: 302175E

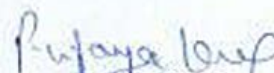
  
 (CA. Tarit Dasgupta)  
 Partner  
 M. No - 053380



Tajinder Mukherjee  
 Chairman - cum - Managing Director  
 DIN: 08227563

  
 John Pulinthanam  
 Director  
 DIN: 07881040

  
 Sidharth Pradhan  
 Director  
 DIN: 08195445

  
 Vijaya Kumar  
 Chief Financial Officer

  
 Rina Madia  
 Company Secretary





MARINE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Schedule	2018-19	2017-18
		Audited (Rs. '000)	Audited (Rs. '000)
1. Premiums earned (Net)	18	14,38,919	15,93,937
2. Profit/Loss on sale/redemption of Investments		1,90,291	2,96,577
3. Others:			
Exchange Gain		-	57
4. Interest, Dividend & Rent - Gross		1,74,527	2,28,393
<b>Total (A)</b>		<b>18,03,737</b>	<b>21,18,964</b>
1. Claims Incurred (Net)	28	12,94,226	7,71,346
2. Commission	3B	1,59,846	1,87,726
3. Operating Expenses related to Insurance Business	4	2,56,480	2,10,340
4. Others:			
Exchange Loss		-	-
Provision for diminution in the value of Investments, amortisation of Premium on investments, and amounts written off in respect of Depreciated Investments		6,002	3,569
<b>Total (B)</b>		<b>17,16,554</b>	<b>11,72,981</b>
<b>Operating Profit/ Loss from Marine Business</b> <b>C = (A - B)</b>		<b>87,183</b>	<b>9,45,983</b>
Appropriations:			
Transfer to Shareholders' Account		87,183	9,45,983
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>87,183</b>	<b>9,45,983</b>
Significant Accounting Policies	16		
Notes to Accounts	17		
The schedules referred to above form an integral part of the financial Statements			

This is the Marine Insurance Revenue Account for the year ended 31st March, 2019 referred to in our report of even date.

For and on behalf of the Board of Directors

For Saha Ganguli & Associates  
 Chartered Accountants

FRN 302191E

(CA Sanjay Kumar Saha)  
 Partner  
 M. No. - 453392

For De & Bose  
 Chartered Accountants  
 FRN - 302175E

(CA Tarit Dasgupta)  
 Partner  
 M. No - 1153380

Tajinder Mukherjee

Chairman Cum- Managing Director  
 DIN: 08227563

John Pulinthanam  
 Director  
 DIN: D7881040

Sidharth Pradhan  
 Director  
 DIN: 08195445

P. Vijaya Kumar  
 Chief Financial Officer

Rina Madia  
 Company Secretary



Place: Kolkata  
 Date: 29th July, 2019



MISCELLANEOUS REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Schedule	2018-19	2017-18
		Audited (Rs. '000)	Audited (Rs. '000)
1. Premiums earned (Net)	1C	9,55,90,227	10,43,22,774
2. Profit/Loss on sale/redemption of Investments		1,24,38,518	1,39,43,555
3. Others:			
Exchange Gain			
4. Interest, Dividend & Rent - Gross		1,14,08,068	1,07,37,873
<b>Total (A)</b>		<b>11,94,36,813</b>	<b>12,90,04,202</b>
1. Claims incurred (Net)	2C	10,91,47,398	11,92,95,329
2. Commission	3C	73,15,137	99,04,484
3. Operating Expenses related to Insurance Business	4	2,41,38,090	2,69,55,013
4. Others:			
Exchange loss		2,16,333	2,379
Provision for diminution in the value of Investments, amortisation of Premium on investments, and amount written off in respect of depreciated investments		3,92,310	1,67,786
<b>Total (B)</b>		<b>14,12,09,266</b>	<b>15,63,64,991</b>
<b>Operating Profit/ - Loss from Miscellaneous Business C = (A - B)</b>		<b>-2,17,72,453</b>	<b>-2,73,60,789</b>
<b>Appropriations:</b>			
Transfer to Shareholders' Account		-2,17,72,453	-2,73,60,789
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>-2,17,72,453</b>	<b>-2,73,60,789</b>
Significant Accounting Policies	16		
Notes to Accounts	17		
The schedules referred to above form an integral part of the Financial Statements			

This is the Miscellaneous Insurance Revenue Account for the year ended 31st March, 2019 referred to in our report of even date.

For and on behalf of the Board of Directors

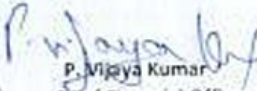
For Saha Ganguli & Associates  
 Chartered Accountants  
 FRN: 302191E  
  
 (CA, Samir Kumar Sahia)  
 Partner  
 M. No. - 051392

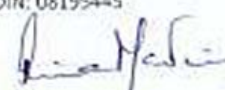
For De & Bose  
 Chartered Accountants  
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 (CA, Tarit Dasgupta)  
 Partner  
 M. No. - 053380

  
 Tajinder Mukherjee  
 Chairman & Managing Director  
 DIN: 08227563

  
 John Pullinhanam  
 Director  
 DIN: 07881040

  
 Sidharth Pradhan  
 Director  
 DIN: 08195445

  
 P. Vijaya Kumar  
 Chief Financial Officer

  
 Rina Madia  
 Company Secretary



Place: Kolkata  
 Date: 29th July, 2019



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Schedule	2018-19	2017-18
		As Per Bill (Rs. '000)	Audited (Rs. '000)
<b>2. OPERATING PROFIT/LOSS</b>		<b>-1,83,25,688</b>	<b>-2,81,29,262</b>
(a) Film Insurance		33,59,582	-10,04,451
(b) Marine Insurance		87,283	9,65,283
(c) Miscellaneous Insurance		-2,17,72,453	-2,73,60,789
<b>2. INCOME FROM INVESTMENTS</b>		<b>35,17,895</b>	<b>71,68,563</b>
(a) Interest, Dividend & Profit - Gross		12,32,332	31,53,265
(b) Profit/expense of investments		12,85,563	40,15,298
Less: Loss on sale of investments		-	-
<b>3. OTHER INCOME</b>		<b>7,46,365</b>	<b>3,63,744</b>
(a) Profit/loss of other assets		-	49,767
(b) Miscellaneous Income		7,46,365	3,13,457
(c) Exchange Gain		3,395	-
(d) Others		-	-
<b>Total (A)</b>		<b>-1,50,61,428</b>	<b>-2,07,87,455</b>
<b>4. PROVISIONS (Other than provision)</b>		<b>9,96,820</b>	<b>1,399</b>
(a) Provision on the value of investments		24,114	1,399
(b) Provision on debt		7,02,355	-
(c) Others		2,70,351	-
<b>5. OTHER INCREASES</b>		<b>9,04,807</b>	<b>10,36,188</b>
(a) Expenses other than those related to the above business		3,12,194	25,266
(b) Bad debts written off		-	-
(c) Others		-	-
Amortisation of Premium on Investments		24,351	37,000
Amount written off in respect of de-stocked investments		5,282	14,187
Exchange Loss		-	-
Asset Impairment		-	81
Loss on sale of Asset		629	6,297
(a) Net of Debts (B)		<b>7,27,323</b>	<b>7,67,325</b>
Debit on Balance Forward		1,684	176
Losses in respect of subsidiary limits (As per Section 4(B) of the Insurance Act, 1980)		66,827	1,06,444
Corporate Social Responsibility Expenses		62,253	35,598
Other Misc Expenses		21	-
<b>Total (B)</b>		<b>8,57,117</b>	<b>9,25,821</b>
<b>Profit - Loss before tax</b>		<b>-1,60,931</b>	<b>-1,98,927</b>
Provision for Depreciation		-	-
Adjustment of tax for Earlier Years		-1,61	-1,17,97
<b>Profit - Loss after tax</b>		<b>-1,60,870</b>	<b>-2,16,100</b>
<b>Appropriations:</b>		<b>1,60,870</b>	<b>2,16,100</b>
(a) Dividend declared and paid during the year		-	-
(b) Proposed Dividend		-	-
(c) Dividend declared in 2018-19		-	-
(d) Transfer to Reserve Funds		-1,20,80,781	-1,12,88,110
(e) Transfer to Investment Policyholder's Funds		79,517	112
<b>Balance of Profit - Loss brought forward from last year</b>		-	-
<b>Balance carried forward to Balance Sheet</b>		-	-
Signatures of the Accountants	38	-	-
Number of pages	37	-	-
The schedule referred to above forms an integral part of the financial statements			
<b>TAX ADJUSTMENTS</b>			
Basic amount payable of Rs. 10 lakh or more		-1,60,61	-21,03
Debit allowed for amount of Rs. 10 lakh or more		-1,60,61	-21,03

This is the Profit and Loss Account for the year ended 31st March 2019 referred to in our report of even date.

For and on behalf of the Board of Directors

For Saha Ganguli & Associates  
 Chartered Accountants  
 FRN: 302191E

For D & Bose  
 Chartered Accountants  
 FRN: 302175E  
**De & Bose**  
 [CA Tani Chakraborty]  
 Partner  
 M. No. - 053380

Tajinder Mukherjee  
 Chairman/Chief Managing Officer  
 DIN: 05221563  
**John Pulasthanam**  
 Director  
 DIN: 07881040

**Sidharth Pradhan**  
 Director  
 DIN: 08195445



**Pradyumn Kumar**  
 Chief Financial Officer

**Bina Madia**  
 Company Secretary



BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	Schedule	As at 31.03.2019	As at 31.03.2018
		Audited (Rs. '000)	Audited (Rs. '000)
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	3	10,00,000	10,00,000
RESERVES AND SURPLUS	6	7,26,993	1,26,14,601
FUND BALANCE CHANGED BY (IN) / CREDIT BY (IN) DEBITS BY (OUT)		7,69,997	76,56,115
(4) BY (IN) / CHANGE BY (IN) / DEBITS BY (OUT)		2,58,16,970	3,06,57,480
FIXED ASSETS	7	89,35,000	13,50,800
<b>TOTAL</b>		<b>1,07,46,893</b>	<b>6,60,90,478</b>
<b>ASSETS</b>			
<b>RECEIVABLES - BY (IN) / DEBIT BY (OUT)</b>	8	18,48,316	2,11,22,057
<b>INVESTMENTS - POLICYHOLDERS FUNDS</b>	9A	32,50,41,600	29,23,20,417
<b>LOANS</b>	9	49,115	4,30,315
<b>DEBIT BALANCE</b>	10	3,12,358	1,11,300
<b>SECURITIES ASSETS</b>			
<b>Government Securities</b>	11	1,10,85,777	91,06,508
<b>Municipal and Other Assets</b>	12	7,97,03,112	8,11,15,216
<b>Sub-Total (11)</b>		<b>8,12,85,294</b>	<b>8,08,11,824</b>
<b>FINANCIAL ASSETS</b>	13	25,83,06,117	21,44,01,211
<b>PROVISIONS</b>	14	5,10,88,349	5,72,49,246
<b>Sub-Total (14)</b>		<b>28,75,94,866</b>	<b>28,17,25,418</b>
<b>NET CURRENT LIABILITIES (15) - (A-B)</b>		<b>-20,43,08,172</b>	<b>-23,02,02,113</b>
<b>MISCELLANEOUS EXPENDITURE (16) if in a case not mentioned in schedule adjusted</b>	15		
<b>DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT</b>			
<b>TOTAL</b>		<b>1,07,46,893</b>	<b>6,60,90,478</b>
Supplies of Accounts Payable	16		
Notes Payable	17		

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

**CONTINGENT LIABILITIES**

Particulars	As at 31.03.2019 (Rs. '000)	As at 31.03.2018 (Rs. '000)
1. Bills held up by correspondents	4,182	4,182
2. Claims, other than unpaid claims, not acknowledged as debts by the Company	5,46,369	3,19,500
3. Undertaking to indemnify or guarantee by the insured or others and other items		
4. Commission payable on policies and other items	16,207	
5. Amounts payable to brokers in the year, not provided for	65,57,160	46,71,310
6. Amounts payable to the insured or other parties in respect of claims		
7. Amounts payable to the insured or other parties in respect of claims - Other Workers Fund	57,283	22,571
8. Claims - Other workers fund - not acknowledged as debts	64,988	
<b>TOTAL</b>	<b>32,37,317</b>	<b>70,22,673</b>

This is the Balance Sheet as at 31st March, 2019 referred to in our report of 29th July 2019.

For and on behalf of the Board of Directors

*Tajinder Mukherjee*

Tajinder Mukherjee  
 Chairman / Managing Director  
 DIN: 02227583

For Saha Ganguli & Associates

Chartered Accountants  
 FRN 302191E

Dr. Sankar Kumar Saha  
 Partner  
 DIN: 0531802

For De & Bose

Chartered Accountants  
 FRN 302175E

Ensignpta  
 ICA Tech Department  
 Partner  
 DIN: 0531802

*John Pulanthan*  
 John Pulanthan  
 Director  
 DIN: 07881020

*Siddharth Pradhan*  
 Siddharth Pradhan  
 Director  
 DIN: 06196445

*P. Vijaya Kumar*  
 P. Vijaya Kumar  
 Chief Financial Officer

*Rina Malik*  
 Rina Malik  
 Company Secretary

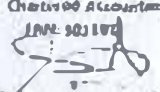


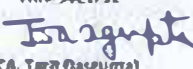


RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Particulars	Rs. '000	
	2018-19 Audited	2017-18 Audited
<b>A. Cash flows from Operating Activities:</b>		
1 Premium received from policyholders, (including advance receipts)	14,44,37,767	15,93,75,215
2 Other receipts	61,16,129	71,06,340
3 Receipts/Payments from/to the re-insurers, net of commissions and claims	-1,17,67,257	-1,17,36,346
4 Receipts/Payments from/to co-insurers, net of claims recovery	3,58,778	25,50,347
5 Payments of claims	-11,73,59,031	-8,92,27,787
6 Payments of commission and brokerage	-95,85,666	-47,70,179
7 Payments of other operating expenses	-2,12,55,442	-1,58,20,781
8 Preliminary and pre-operative expenses	-	-
9 Deposits, advances and staff loans (including Home banking loans)	-2,85,014	-4,23,613
10 Income taxes paid (Net) (including Wealth Tax)	-1,03,768	-1,09,648
11 Service tax/GST paid	-1,48,29,613	-2,18,97,910
12 Other payments	-36,37,354	-96,74,248
13 Cash flows before extraordinary items	-2,92,78,869	-16,20,078
14 Cash flow from extraordinary operations	-	-
15 Net cash flow from operating activities (A)	-2,92,78,869	-16,20,078
<b>B. Cash flows from Investing Activities:</b>		
1 Purchase of fixed assets	-7,25,060	-7,50,772
2 Proceeds from sale of fixed assets	78,765	22,003
3 Purchase of investments (Other than money market investments & liquid mutual funds)	-6,43,20,776	-53,15,14,743
4 Loans disbursed	93,016	-
5 Sales of investments	28,06,08,590	27,82,67,609
6 Receipts received	15,887	1,74,896
7 Receipt interest/dividends received	1,34,43,518	7,42,15,370
8 Investments in money market investments and in liquid mutual funds	19,52,13,665	17,55,69,155
9 Expenses related to investments	-214	-334
10 Net cash flow from investing activities (B)	3,17,51,020	7,84,922
<b>C. Cash flows from Financing Activities:</b>		
1 Proceeds from issue of share capital	-	-
2 Proceeds from borrowing	-	-
3 Repayments of borrowing	-	-
4 Dividend/Dividends (including dividend distribution tax) paid	7,47,325	7,47,325
5 Net cash flow from financing activities (C)	-7,47,325	-7,47,325
<b>D. Effect of foreign exchange rates on Cash &amp; Cash Equivalents net (due to translation of assets and liabilities)</b>	44	2,123
<b>E. Net increase in Cash &amp; Cash Equivalents: (A+B+C+D)</b>	37,76,769	-15,80,358
<b>1 Cash and cash equivalents at the beginning of the year:</b>		
a. Cash (including cheques, drafts and stamps)	93,06,568	3,03,85,864
b. Bank balances (including short term deposits)	1,41,331	34,93,884
c. Remittance in transit	92,34,284	93,19,279
	26,821	12,703
<b>2 Cash and cash equivalents at the end of the year:</b>		
a. Cash (including cheques, drafts and stamps)	1,30,83,277	93,06,508
b. Bank balances (including short term deposits)	15,69,338	1,41,331
c. Remittance in transit	1,15,17,079	93,34,284
	1,880	26,821

This is the Receipts and Payments A/c for the year ended 31st March, 2019 referred to in our report of even date.

For Saha Ganguli & Associates  
 Chartered Accountants  
 FRN: 302191E  
  
 (CA. Saha Ganguli Saha)  
 Partner  
 M. No. - 051892

For De & Bose  
 Chartered accountants  
 FRN: 302175E  
  
 (CA. Tann Dasgupta)  
 Partner  
 M. No. - 053380

For and on behalf of the Board of Directors

  
 Tajinder Mukherjee  
 Chairman-Cum-Managing Director  
 DIN: 08227563

  
 John Pullithanam  
 Director  
 DIN: 07881040

  
 Sidharth Pradhan  
 Director  
 DIN: 08195445

  
 Rina Madia  
 Company Secretary



Place: Kolkata  
 Date: 29th July, 2019