

HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

7<sup>th</sup> Annual Report 2008-09

**HDFC  
ERGO**

GENERAL INSURANCE

Har pal aapke saath

Growing to perform. **Performing to grow.**



## **SENSITIVITY**

We will build our business on empathy and an inherent understanding of both our internal and external customers' needs.

## **DYNAMISM**

We will be pro-active with a "can do" approach

# **OUR VALUES**

## **EXCELLENCE**

We will always strive to offer innovative products and services and endeavour to set new benchmarks to do things better each time.

## **ETHICS**

We will honour our commitments and be transparent in our dealings with all our stakeholders

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## **Board of Directors**

### **Mr. Deepak S. Parekh**

Chairman

### **Directors**

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. Andreas Kleiner

Mr. Stefan Emberger

Mr. Jagdish Khattar  
(w.e.f. June 10, 2008)

Mr. Bernhard Steinruecke  
(w.e.f. August 12, 2008)

Mr. Ritesh Kumar  
Managing Director and  
Chief Executive Officer  
(w.e.f. June 10, 2008)

Mr. Suresh Menon  
(upto June 9, 2008)

### **Auditors**

B. K. Khare & Co.  
Chartered Accountants

S. B. Billimoria & Co.  
Chartered Accountants

### **Advocates**

Burzin J. Somandy

### **Bankers**

HDFC Bank Ltd.  
Citi Bank N.A.

## **Senior Management**

Ankur Bahorey

Karan Chopra

Tommy Lee Co

S Gopalakrishnan

Mukesh Kumar

Mark Lammerskitten

Mehmood Mansoori

Samir H. Shah

Sanjiv Sharma

Anuj Tyagi

Richard Wulff

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**Registered Office :** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.

**Corporate Office :** 6th Floor, Leela Business Park, Andheri Kurla Road, Andheri East, Mumbai 400 059.  
Tel. No. : 91-22 6638 3600 Fax No. : 91-22 6638 3699 Website : [www.hdfcergo.com](http://www.hdfcergo.com)

## Directors' Report

TO THE MEMBERS,

Your directors are pleased to present the Seventh Annual Report of your Company together with the audited accounts for the year ended on March 31, 2009.

### Financial Results

Particulars	(Rs. in Crores)	
	Year ended March 31, 2009	Year ended March 31, 2008
Gross Written Premium	<b>374.03</b>	239.69
Net Written Premium	<b>194.77</b>	167.58
Net Earned Premium	<b>179.47</b>	150.05
Other Income/Liabilities written back	<b>3.65</b>	3.66
Net Incurred Claims	<b>144.89</b>	114.77
Net Commission (Income) / Expenses	<b>(20.34)</b>	(4.51)
Expenses of Management	<b>107.51</b>	74.09
Investment Income – Policyholders	<b>14.18</b>	8.00
General Insurance Result	<b>(34.76)</b>	(22.64)
Investment Income – Shareholders	<b>9.54</b>	6.31
Preliminary Expenditure	<b>NIL</b>	0.09
Pre-operative Expenditure	<b>NIL</b>	0.35
Provision for wealth tax / Fringe Benefit Tax	<b>0.53</b>	0.29
Provision for Minimum Alternate Tax	<b>NIL</b>	NIL
Deferred Tax Liability	<b>NIL</b>	(0.06)
<b>Profit/Loss after Tax</b>	<b><u>(25.75)</u></b>	<b><u>(17.00)</u></b>

### Company Performance

Your Company completed its sixth full year of operations. During the year under review, your Company achieved a gross written premium of Rs. 374.0 crores as against Rs. 239.7 crores in the previous year - a growth of 56% over the previous year. The Company's market share grew from 0.79% to 1.14%.

The loss for the year under review is Rs. 25.8 crores, as against loss of Rs. 17.0 crores in the previous year. The loss includes Company's share of estimated losses arising on the Indian Motor Third Party Insurance

Pool (IMTPIP) amounting to Rs. 5.7 crores as against Rs. 3.4 crores in the previous year. The net earned premium increased to Rs. 179.5 crores from Rs. 150.1 crores in the previous year. The loss for the current year has been mainly on account of a continuing reduction in premium rates due to de-tariffing, substantial investments made in manpower and infrastructure and higher share of loss in IMTPIP.

### Economic Scenario

The financial year 2009 witnessed unfolding of the financial crisis having unprecedented changes in

economies across the world in terms of scale and extent of impact. In India, the year began on buoyant note reflecting strength of our economy. However, as the crisis deepened in major advanced economies, emerging economies like India were adversely impacted with slowing down of investment flows. The industrial activity including manufacturing, infrastructure and the service sector – India's prime growth engines witnessed moderation in growth.

Despite economic slowdown, in the backdrop of the strong domestic fundamentals, India has been able to withstand the crisis and would register a growth of about 5-6% for the year.

### **Industry Overview**

The gross written premium of the industry for the year ended March 31, 2009 was around Rs. 30,613 crores (Previous Year : Rs. 28,140 crores) growing at 8.8%, reflecting the impact of the economic slowdown particularly in the second half of the financial year. The market share of private sector companies is 41% (Previous Year : 40%).

Financial Year 2009 was the second year of de-tariffication and the market witnessed stringent competition amongst the existing insurers and new insurers. During the year, two new insurers commenced operations in general insurance segment taking the total number of general insurers to 21.

Effective from January 1, 2009, subject to the guidelines stipulated by Insurance Regulatory and Development Authority (IRDA), the general insurance industry entered into the next phase of de-tariffing wherein IRDA relaxed the wording restrictions without reducing the

scope of the standard coverage available under erstwhile tariffs. Accordingly, the insurers are permitted to follow relaxed terms and conditions of coverage as approved by IRDA in Fire, Engineering, Industrial All Risk and Motor (Own Damage) classes of business.

### **Business and Operational Overview**

During the year, the Company focussed on developing new products, re-pricing of products, establishing the retail distribution network, hiring of right skills and developing appropriate mix for corporate portfolio.

As in the earlier years, the motor business continued to contribute major portion to the total business underwritten. In line with the long-term strategy, your Company has brought down its motor portfolio to 46% from 63% in the previous year. On the other hand, the proportion of corporate business has gone up to 49% as against 36% in the previous year.

Premium from motor business excluding Motor Pool was Rs. 158.8 crores as against Rs.140.4 crores in the previous year and the non-motor business was Rs. 188.7 crores as against Rs. 82.9 crores in the previous year. Gross premium from Corporate Business Group was Rs. 171.0 crores as against Rs.80.6 crores in the previous year. Gross premium from group medical insurance business was Rs. 38.4 crores as against Rs. 21.7 crores in the previous year. The specialty business has grown to Rs. 18.9 crores as against Rs. 17.9 crores in the previous year.

During the year, the Company launched its mortgage based

product, '*Home Suraksha Plus*' targeting the home loan borrowers of HDFC Limited. The product has received encouraging response.

During the year under review, the Company endeavoured to maintain its focus on risk based underwriting / pricing. Achieving growth while focussing on profitability in the de-tariffed market continues to be a challenge.

### **Underwriting**

The transition to de-tariffed environment has led to significant shift in the approach to underwriting. The Company continued to practice prudent underwriting practices. Setting up of systems and processes, hiring and retaining of underwriting talent, identifying the analytical tools for implementation and periodic review of portfolios has been the focus areas during the year under review.

During the year, as a part of underwriting, focus was given to development of actuarial skills, product development and pricing / accumulation systems. The actuarial skills are crucial for the reserving process as well as pricing of products and continuously analyzing the portfolio risk. This goes hand in hand with our efforts in the field of IT, as the latter is the basis and supplier for all data to be analyzed.

The Company also draws upon the underwriting skills, product designing and pricing methodology and experience in process improvements of the Joint Venture partner.

### **Claims Service**

In its continued efforts to provide outstanding service to our

customers, the Company continued to improve the quality of Information Technology networks. The claims management system of the Company ensures real time availability of claims data and paperless work environment. Continuing our efforts for low claims rates along with improved service efficiencies a team of in-house surveyors across various branches has been formed.

During the year under review, your Company continued to focus on prompt and efficient settlement of claims. The Company has taken necessary steps to ensure hassle free claims service for customers by increasing cashless tie-up across cities.

### **Reinsurance**

The Company's business portfolio is protected by way of adequate reinsurance arrangements, such that the Company's exposure to a single large loss event or a series of losses affecting a number of risks arising out of a single catastrophic event does not substantially impact the Company's balance sheet.

In keeping with the current regulatory requirements, the Company compulsorily cedes 10% of its business to General Insurance Corporation of India (GIC). Other than the statutory cessions to GIC, the Company also places reinsurance with GIC as well as other reputed international reinsurers.

### **Information Technology**

During the year, Company's Information Technology (IT) infrastructure was substantially enhanced. The Company added eCommerce channel which enables customers to buy policies online.

Channel partners were integrated over the secure web platform to facilitate servicing both urban and rural customers. During the year, several IT initiatives were undertaken to upgrade the IT infrastructure. Company is in the process of implementing a Straight through processing IT platform to achieve the operational efficiencies. Business process management, business intelligence and analytical technology solutions would be implemented in the next fiscal to drive growth.

### **Distribution Network**

The Company has expanded its presence to 50 locations across India as against 28 locations at the beginning of the year. With an intention to spread the Company's geographical reach and give a thrust to retail business, the Company has embarked upon plans to strengthen its agency force. Online sale of policies through Company's website viz. [www.hdfcergo.com](http://www.hdfcergo.com) has also been initiated for select products, which would be extended to more retail products during the current year. With the multi-channel approach, the Company has in place a robust distribution model to reach out to wider customer base. The Company has also initiated measures for leveraging association with group companies for expanding access to desirable segments of the retail and corporate markets.

### **Operations**

The business processing model was reorganised to cater to the quantum growth planned for years ahead. Introduction of Branch Operations Group has given a firm base to the new operating model. It will help cater the growing needs, both

internal and external, while maintaining a good mix of central and branch processing capabilities. At the same time, business processes were optimized to make them scaleable and introduce control. For the year ahead, cost optimization will be the key driver for leveraging the economies of scale.

### **Human Resources**

The Company faced a challenging scenario where large scale recruitment had to be done in a short period of time to scale up business of the Company. The focus continues to be learning and development and this year we intend to nominate people to management courses in leading institutes in the country. The HR processes were reviewed and automated. The Company has successfully managed to integrate people coming from different environment and to an achievement focussed environment.

The ever changing regulatory and macro economic environment, stiff competition and industry specific dynamics pose a challenge for retaining skilled employees. The Company continued to invest in developing skills and quality of its human resources for provision of high quality service to its customers. In addition to imparting necessary insurance education, employees are encouraged to take up courses / attend programmes to improve their professional skills in line with business needs. The Company has successfully dealt with challenges of the entry of new and aggressive players.

### **Capital Infusion**

During the year under review, in order to fund the planned expansion of the business, the Company

allotted 5,00,00,000 equity shares of Rs. 10 each for cash at par on a rights basis. Consequently, the paid-up equity capital of the Company has increased from Rs. 150 crores to Rs. 200 crores.

### **The Road Ahead**

The growth of the industry during the last financial year has been impacted by the slowdown in the economy. It is felt that the impact of slowdown would continue during large part of current financial year. The impact on the industrial activity and service sector would moderate the growth of insurance industry to a certain extent.

While continuing with the objective of profitable growth, the Company would strive to build upon the risk based underwriting and pricing methodology, introduction of new products and expanding distribution capability.

Similarly, efficient claims management / settlement processes and expense management will continue to be important drivers for the overall performance of the Company.

### **Particulars of Employees**

The total employee strength of the Company as on March 31, 2009 was 704 as against 263 at the beginning of the year. During the year, 4 employees employed throughout the year were in receipt of remuneration of Rs. 24 lacs or more per annum and 19 employees employed for part of the year were in receipt of remuneration @ Rs. 2 lacs or more per month. Under the provisions of Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set

out in the annex to this report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders of the Company excluding the annex. Any shareholder interested in obtaining a copy of the annex may write to the Company Secretary.

### **Particulars Regarding Foreign Exchange Earnings and Outgo, Conservation of Energy and Technology Absorption**

The Company incurred an expenditure of Rs. 71.3 crores (Previous Year - Rs. 29.3 crores) in foreign exchange during the year under review mainly on account of reinsurance premium. Earnings in foreign exchange during the year was Rs. 17.3 crores (Previous Year - Rs. 7.1 crores). Since the Company does not carry out any manufacturing activity, other particulars relating to conservation of energy and technology absorption stipulated in Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

### **Public Deposits**

The Company has not accepted any fixed deposit during the year under review.

### **Directors**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Deepak S. Parekh and Ms. Renu Sud Karnad retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

The Board of Directors at its meeting held on August 12, 2008, appointed

Mr. Bernhard Steinruecke, as an independent director of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, he would hold office as director up to the date of the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Bernhard Steinruecke as a director of the Company, along with a deposit of Rs. 500 as required under the said Act.

Necessary resolutions for the re-appointment / appointment of the aforesaid directors have been included in the notice convening the ensuing Annual General Meeting.

None of the directors of the Company, are disqualified from being appointed as directors as specified in Section 274(1)(g) of the Companies Act, 1956.

Pursuant to the appointment of Mr. Ritesh Kumar as the Managing Director and Chief Executive Officer of the Company, Mr. Suresh Menon, relinquished his office as the Chief Executive Officer of the Company w.e.f. June 10, 2008. The board wishes to place on record its appreciation for the services rendered by Mr. Menon during his tenure as the CEO of the Company.

### **Auditors**

At the sixth Annual General Meeting of the Company held on August 14, 2008, Members had appointed Messrs S. B. Billimoria & Co., Chartered Accountants and Messrs B. K. Khare & Co., Chartered



Accountants, as Joint Statutory Auditors of the Company, to audit the books of accounts of the Company and to hold office as such up to the conclusion of seventh Annual General Meeting of the Company.

In terms of guidelines issued by Insurance Regulatory and Development Authority (IRDA) for appointment of Statutory Auditors of insurance companies, an audit firm can carry out the statutory audit of an insurance company continuously for a maximum term of five years. Accordingly, the term of Messrs S. B. Billimoria & Co., as Statutory Auditors of the Company would expire on the conclusion of seventh Annual General Meeting of the Company.

In view of the above, your Directors after considering the experience and expertise of the Chartered Accountants firm viz. Messrs G. M. Kapadia & Co., Chartered Accountants, Mumbai, and their partners, recommend to the Members to consider their appointment as one of the joint Statutory Auditors of the Company to audit the books of accounts of the Company and to hold office as such up to the conclusion of the eighth Annual General Meeting of the Company together with the other Statutory Auditor.

The other Statutory Auditor, Messrs B. K. Khare & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received certificates from Messrs B. K. Khare & Co., Chartered Accountants and Messrs G. M. Kapadia & Co., Chartered

Accountants to the effect that their re-appointment / appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Further both of them have confirmed that their re-appointment / appointment is in compliance of the provisions of guidelines on appointment of Statutory Auditors by insurance companies, issued by IRDA.

The board recommends the appointment of Messrs G. M. Kapadia & Co., Chartered Accountants and re-appointment of Messrs B. K. Khare & Co., Chartered Accountants as the joint Statutory Auditors of the Company.

Necessary resolutions for the said re-appointment / appointment are contained in the notice of the Seventh Annual General Meeting of the Company circulated to the Members.

The board wishes to place on record its appreciation for the services rendered by Messrs S. B. Billimoria & Co., during their tenure as Statutory Auditors of the Company.

#### **Audit Committee**

During the year the Audit Committee of directors was re-constituted and the re-constituted Committee comprises of Mr. Keki M. Mistry, Mr. Andreas Kleiner, Ms. Renu Sud Karnad, Mr. Stefan Emberger and Mr. Bernhard Steinruecke. Mr. Keki M. Mistry is the Chairman of the Committee.

#### **Directors' Responsibility Statement**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors state that:

(i) in the preparation of the annual accounts, the applicable

accounting standards have been followed.

(ii) the accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the loss of the Company for the year ended on that date.

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and IRDA Regulations for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

(iv) the annual accounts of the Company have been prepared on a going concern basis.

#### **Acknowledgements**

The board wishes to thank the Insurance Regulatory and Development Authority and other regulatory authorities for their continued support and guidance. The board wish to place on record its sincere thanks for the support and co-operation extended by the Policyholders, Re-insurers, Agents, Brokers and other constituents.

The directors would also like to express their sincere appreciation to the employees of the Company at all levels for their hard work, dedication and commitment in the growth journey of the Company.

On behalf of the Board of Directors

MUMBAI DEEPAK S. PAREKH  
April 24, 2009 Chairman

## Auditors' Report

TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

1. We have audited the attached balance sheet of HDFC ERGO GENERAL INSURANCE COMPANY LIMITED ('the Company') as at March 31, 2009 and also the revenue accounts, profit and loss account, and receipts and payments account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The balance sheet, revenue accounts and profit and loss account have been drawn up in conformity with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 (3C) of the Companies Act, 1956 ('the Act').

4. As required by Regulations, we set out in the Annexure a statement certifying the matters specified in paragraph 4 of schedule C to the Regulations.

5. Further to our comments in the Annexure referred to above, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

(b) In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;

(c) The financial accounting systems of the Company are centralised and therefore accounting returns are not required to be submitted by branches and other offices;

(d) The balance sheet, revenue accounts, profit and loss account and receipts and payments account referred to in this report are in agreement with the books of account;

(e) The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been duly certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such valuation are in accordance with the requirements of the Insurance Regulatory and Development Authority ('IRDA') and Actuarial

Society of India in concurrence with the IRDA. We have relied on the Actuary's certificate in this regard; and

(f) On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

6. In our opinion and to the best of our information and according to the information and explanations given to us:

(a) The accounting policies selected by the Company are appropriate and in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act, to the extent applicable and the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf. The balance sheet, revenue accounts, profit and loss account and receipts and payments account referred to in this report are in compliance with the accounting standards referred to in Section 211(3C) of the Act, to the extent applicable;

(b) Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the Regulations;

(c) The said financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, the

Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Act, to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;

ii. in the case of the revenue accounts, of the surplus/deficit, as the case may be, for the year ended March 31, 2009;

iii. in the case of the profit and loss account, of the loss for the year ended March 31, 2009; and

iv. in the case of the receipts and payments account, of the receipts and payments of the Company for the year ended March 31, 2009.

7. Further, on the basis of our examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

(a) We have reviewed the management report attached to the financial statements for the year ended March 31, 2009 and there is no apparent mistake or material inconsistency with the financial statements; and

(b) Based on our audit

procedures, we certify that the Company has complied with the terms and conditions of registration as per subsection 4 of Section 3 of the Insurance Act, 1938.

For B. K. KHARE & CO Chartered Accountants For S. B. BILLIMORIA & CO Chartered Accountants

Padmini Khare Kaicker Partner Membership No.: 44784 Sanjiv V. Pilgaonkar Partner Membership No.:39826

MUMBAI  
April 24, 2009

## Annexure to the Auditors' Report

(Referred to in the Auditors' report to the members of HDFC ERGO General Insurance Company Limited ('the Company') on the financial statement for the year ended March 31, 2009)

Based on the information and explanation given to us and to the best of our knowledge and belief and based on our examination of books of accounts and other records maintained by the company, we certify that:

a) We have verified the cash balances, to the extent considered

necessary, and securities relating to the Company's investments by actual inspection or on the basis of certificates/confirmations received from custodian and/or Depository Participants appointed by the Company, as the case may be;

b) The Company is not a trustee of any trust;

c) No part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to

the application and investments of the policyholders' funds.

For B. K. KHARE & CO Chartered Accountants For S. B. BILLIMORIA & CO Chartered Accountants

Padmini Khare Kaicker Partner Membership No.: 44784 Sanjiv V. Pilgaonkar Partner Membership No.:39826

MUMBAI  
April 24, 2009

**FORM B -BS**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Balance Sheet as at March 31, 2009**

	Schedule	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	5	2,000,000	1,500,000
RESERVES AND SURPLUS	6	—	—
FAIR VALUE CHANGE ACCOUNT		130	2,909
BORROWINGS	7	11,973	20,170
<b>TOTAL</b>		<b>2,012,103</b>	<b>1,523,079</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS	8	2,729,062	2,213,002
LOANS	9	—	—
FIXED ASSETS	10	169,671	114,181
CURRENT ASSETS			
Cash and Bank Balances	11	514,076	139,939
Advances and Other Assets	12	804,908	337,655
Sub-Total (A)		1,318,984	477,594
CURRENT LIABILITIES	13	1,922,639	896,417
PROVISIONS	14	1,011,424	856,260
Sub-Total (B)		2,934,063	1,752,677
<b>NET CURRENT ASSETS/ (LIABILITIES) (C) = (A-B)</b>		<b>(1,615,079)</b>	<b>(1,275,083)</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		728,449	470,979
<b>TOTAL</b>		<b>2,012,103</b>	<b>1,523,079</b>
<b>NOTES TO ACCOUNTS</b>	16		

Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

Signature to the Profit & Loss Account Schedules 5 to 16

As per our report attached

**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

MUMBAI, April 24, 2009

**S. B. Billimoria & Co.**  
Chartered Accountants

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No. 39826

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

**Samir H. Shah**  
CFO & Company Secretary

Directors

**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Stefan Emberger**  
**Jagdish Khattar**  
**Bernhard Steinruecke**

**FORM B -PL**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Profit & Loss Account for year ended March 31, 2009**

	For the year ended March 31, 2009 (Rs.'000)	For the year ended March 31, 2008 (Rs.'000)
<b>OPERATING PROFIT / (LOSS)</b>		
Fire Insurance	69,074	22,387
Marine Insurance	(18,470)	(17,636)
Miscellaneous Insurance	(398,229)	(231,144)
	<u>(347,625)</u>	<u>(226,393)</u>
<b>INCOME FROM INVESTMENTS</b>		
Interest, Dividend and Rent – Gross	84,348	62,293
Profit on sale of investments	11,258	1,228
Less: Loss on sale of investments	—	—
Amortisation of debt securities	(125)	(406)
	<u>95,481</u>	<u>63,115</u>
<b>OTHER INCOME</b>	<u>—</u>	<u>—</u>
<b>TOTAL (A)</b>	<u>(252,144)</u>	<u>(163,278)</u>
<b>PROVISIONS (OTHER THAN TAXATION)</b>		
For diminution in the value of investment	—	—
For doubtful debts	—	—
Others	—	—
	<u>—</u>	<u>—</u>
<b>OTHER EXPENSES</b>		
Expenses other than those related to insurance business		
Amortisation of pre-operative expenses	—	3,500
Amortisation of preliminary expenses	—	930
Bad debts written off	—	—
Others	—	—
	<u>—</u>	<u>4,430</u>
<b>TOTAL (B)</b>	<u>—</u>	<u>4,430</u>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<u>(252,144)</u>	<u>(167,708)</u>
Income Tax Expense :		
— Current Tax	—	—
— Deferred Tax (Refer note 14 of Schedule 16)	—	(596)
— Fringe Benefits Tax	5,325	2,880
Provision for Taxation	—	—
<b>PROFIT / (LOSS) AFTER TAX</b>	<u>(257,469)</u>	<u>(169,992)</u>
<b>APPROPRIATIONS</b>		
Interim dividends paid during the year	—	—
Proposed final dividend	—	—
Dividend distribution tax	—	—
Transfer to any Reserves or Other Accounts	—	—
Balance of Profit / (Loss) brought forward from previous year	(470,980)	(300,988)
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>	<u>(728,449)</u>	<u>(470,980)</u>
<b>EARNINGS PER SHARE (Basic and Diluted) (in Rs.)</b>	<u>(1.52)</u>	<u>(1.36)</u>
(Face Value Rs. 10 per share) (Refer note 23 of Schedule 16)		

**NOTES TO ACCOUNTS**

16

Schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

Signature to the Profit &amp; Loss Account Schedules 1 to 16

As per our report attached

**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

MUMBAI, April 24, 2009

**S. B. Billimoria & Co.**  
Chartered Accountants

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No. 39826

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

**Samir H. Shah**  
CFO & Company Secretary

 Directors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Stefan Emberger**  
**Jagdish Khattar**  
**Bernhard Steinruecke**

**FORM B -RA**

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Revenue Account for the year ended March 31, 2009**

	Particulars	Schedule	FIRE BUSINESS		MARINE BUSINESS		MISCELLANEOUS BUSINESS		TOTAL BUSINESS	
			Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2008
1	Premiums Earned (Net)	1	8,778	16,137	19,150	14,185	1,766,803	1,470,207	1,794,731	1,500,529
2	Profit / Loss on Sale / Redemption of Investments (Net)		390	41	212	21	16,110	1,495	16,712	1,557
3	Amortisation of debt securities		(4)	(13)	(2)	(7)	(178)	(494)	(184)	(514)
4	Other									
	Investment Income from Pool (Motor & Terrorism )		4,599	—	—	—	27,408	—	32,007	—
	Miscellaneous Income/Liabilities written back		—	5,273	—	355	4,495	31,021	4,495	36,649
5	Interest and Dividend (Gross of TDS)		2,925	2,069	1,586	1,080	120,702	75,811	125,213	78,960
	<b>TOTAL (A)</b>		<b>16,688</b>	<b>23,507</b>	<b>20,946</b>	<b>15,634</b>	<b>1,935,340</b>	<b>1,578,040</b>	<b>1,972,974</b>	<b>1,617,181</b>
1	Claims Incurred (Net)	2	1,869	3,357	10,814	13,242	1,436,262	1,131,143	1,448,945	1,147,742
2	Commission	3	(74,319)	(27,221)	(8,481)	(1,734)	(120,603)	(16,157)	(203,403)	(45,112)
3	Operating Expenses Related to Insurance Business	4	20,064	24,984	37,083	21,762	1,017,910	694,198	1,075,057	740,944
4	Premium Deficiency		—	—	—	—	—	—	—	—
	<b>TOTAL (B)</b>		<b>(52,386)</b>	<b>1,120</b>	<b>39,416</b>	<b>33,270</b>	<b>2,333,569</b>	<b>1,809,184</b>	<b>2,320,599</b>	<b>1,843,574</b>
	<b>Operating Profit/Loss (A-B)</b>		<b>69,074</b>	<b>22,387</b>	<b>(18,470)</b>	<b>(17,636)</b>	<b>(398,229)</b>	<b>(231,144)</b>	<b>(347,625)</b>	<b>(226,393)</b>
	<b>APPROPRIATIONS</b>									
	Transfer to Shareholders Account		69,074	22,387	(18,470)	(17,636)	(398,229)	(231,144)	(347,625)	(226,393)
	Transfer to Catastrophe Reserve		—	—	—	—	—	—	—	—
	Transfer to Other Reserves		—	—	—	—	—	—	—	—
	<b>TOTAL (C)</b>		<b>69,074</b>	<b>22,387</b>	<b>(18,470)</b>	<b>(17,636)</b>	<b>(398,229)</b>	<b>(231,144)</b>	<b>(347,625)</b>	<b>(226,393)</b>

16

**NOTES TO ACCOUNTS**

Schedules referred to above and the notes to accounts form an integral part of the Revenue Account  
Signature to the Revenue Account Schedules 1 to 16

As per our report attached

**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Katcker**  
Partner  
Membership No. 44784

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

Directors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Stefan Emberger**  
**Jagdish Khattar**  
**Bernhard Steinruecke**

**Samir H. Shah**  
CFO & Company Secretary

MUMBAI, April 24, 2009

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

Particulars	Financial Year 2008-09					Financial Year 2007-08				
	Fire		Marine		Total	Marine		Fire	Total	
	Marine Cargo	Marine Other	Marine Total	**Miscellaneous		Marine Cargo	Marine Other		Marine Total	**Miscellaneous
Premium from direct business written-net of Service tax	57,568	25,295	82,863	2,721,351	3,392,137	32,881	—	32,881	2,044,846	2,206,008
Add : Premium on reinsurance accepted	1,348	—	1,348	287,395	348,144	—	—	—	186,324	190,866
Less : Premium on reinsurance ceded	(37,905)	(25,025)	(62,930)	(1,116,191)	(1,792,608)	(15,691)	—	(15,691)	(590,569)	(721,051)
Net Premium	21,011	270	21,281	1,892,555	1,947,673	17,190	—	17,190	1,640,601	1,675,823
Less : Adjustment for changes in reserve for unexpired risks	(1,861)	(270)	(2,131)	(125,752)	(152,942)	(1,895)	—	(1,895)	(170,394)	(175,294)
<b>Total Premium earned</b>	<b>19,150</b>	<b>—</b>	<b>19,150</b>	<b>1,766,803</b>	<b>1,794,731</b>	<b>14,185</b>	<b>—</b>	<b>14,185</b>	<b>1,470,207</b>	<b>1,500,529</b>

(Rs. In 000's)

Particulars	Miscellaneous															
	Motor					Other										
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Speciality	Other	Total Miscellaneous
Premium from direct business written-net of Service tax	1,241,364	346,394	—	1,587,758	8,135	7,071	3,209	141,740	18,200	76,569	560,132	122,653	1,954	174,331	19,599	2,721,351
Add : Premium on reinsurance accepted	364	—	265,177	265,541	—	—	—	3,353	69	—	—	4,051	—	14,381	—	287,395
Less : Premium on reinsurance ceded	(263,536)	(233,753)	—	(497,289)	(5,400)	(5,418)	(2,579)	(123,610)	(16,233)	(22,269)	(142,975)	(112,076)	(198)	(172,628)	(13,496)	(1,116,191)
Net Premium	978,192	112,641	265,177	1,356,010	2,735	1,653	630	21,483	36	54,280	417,157	14,628	1,756	16,084	6,103	1,892,555
Less : Adjustment for changes in reserve for unexpired risks	(16,058)	(7,232)	(50,777)	(74,067)	9	(123)	(166)	(5,341)	(5)	9,559	(53,621)	(2,834)	(303)	1,419	(279)	(125,752)
<b>Total Premium earned</b>	<b>962,134</b>	<b>105,409</b>	<b>214,400</b>	<b>1,281,943</b>	<b>2,744</b>	<b>1,530</b>	<b>464</b>	<b>16,142</b>	<b>31</b>	<b>63,839</b>	<b>363,536</b>	<b>11,794</b>	<b>1,453</b>	<b>17,503</b>	<b>5,824</b>	<b>1,766,803</b>

(Rs. In 000's)

\* Miscellaneous Premium Breakup for financial year 2008-09

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

Particulars	Miscellaneous													Total Miscellaneous		
	Motor				Other					Other						
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmen's Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home Speciality		Other	
Premium from direct business written-net of Service tax	1,234,034	169,755	—	1,403,789	4,112	2,976	824	79,330	—	52,899	282,266	40,348	1,504	161,657	15,141	2,044,846
Add : Premium on reinsurance accepted	—	—	163,623	163,623	—	—	—	1,175	—	—	—	3,761	—	17,765	—	186,324
Less : Premium on reinsurance ceded	(198,658)	(55,962)	—	(254,620)	(1,919)	(1,696)	(680)	(68,934)	—	(8,826)	(46,860)	(34,965)	(229)	(161,365)	(10,255)	(590,569)
Net Premium	1,035,176	113,793	163,623	1,312,592	2,193	1,280	144	11,571	—	44,073	235,406	9,124	1,275	18,057	4,886	1,640,601
Less : Adjustment for changes in reserve for unexpired risks	11,084	(40,165)	(81,811)	(110,892)	339	167	143	850	—	(4,269)	(66,177)	1,680	554	4,534	2,677	(170,394)
<b>Total Premium earned</b>	<b>1,046,200</b>	<b>73,628</b>	<b>81,812</b>	<b>1,201,700</b>	<b>2,532</b>	<b>1,447</b>	<b>287</b>	<b>12,421</b>	<b>—</b>	<b>39,804</b>	<b>169,229</b>	<b>10,804</b>	<b>1,829</b>	<b>22,591</b>	<b>7,563</b>	<b>1,470,207</b>

\*\* Miscellaneous Premium Breakup for financial year 2007-08

(Rs. in 000's)

## Schedule - 2

CLAIMS INCURRED (NET) FINANCIAL YEAR 2008-09

Particulars	Financial Year 2008-09										Financial Year 2007-08					Total
	Fire			Marine			* Miscellaneous				Marine		** Miscellaneous			
	Marine Cargo	Marine Other	Marine Total	Marine Cargo	Marine Other	Marine Total	Marine Cargo	Marine Other	Marine Total	Marine Cargo	Marine Other	Marine Total	Marine Cargo	Marine Other	Marine Total	
Claims paid direct	22,786	—	22,786	—	—	—	1,313,261	1,391,706	15,701	8,663	8,663	—	—	—	1,119,070	
Add: Claims on Re-insurance accepted	—	—	—	—	—	—	25	1,677	23	—	—	—	—	21	44	
Less : Re-insurance ceded	(8,969)	(8,969)	(8,969)	(238,191)	(238,191)	(238,191)	(2,299)	(2,299)	(6,448)	(2,299)	(2,299)	(2,299)	(2,299)	(198,578)	(208,325)	
Net Claims paid	13,817	—	13,817	1,080,095	1,080,095	1,080,095	9,276	6,364	6,364	6,364	6,364	—	—	895,149	910,789	
Add: Claims Outstanding at the end of the period	10,051	—	10,051	927,867	927,867	927,867	13,054	13,054	18,615	13,054	13,054	—	—	571,699	603,368	
Less: Claims Outstanding at the beginning of the period	(13,054)	—	(13,054)	(571,700)	(571,700)	(571,700)	(6,176)	(6,176)	(24,534)	(6,176)	(6,176)	—	—	(335,705)	(366,415)	
<b>Total Claims incurred</b>	<b>10,814</b>	<b>—</b>	<b>10,814</b>	<b>1,436,262</b>	<b>1,436,262</b>	<b>1,448,945</b>	<b>3,357</b>	<b>13,242</b>	<b>13,242</b>	<b>13,242</b>	<b>13,242</b>	<b>—</b>	<b>—</b>	<b>1,131,143</b>	<b>1,147,742</b>	

(Rs. In 000's)



## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

(Rs. In 000's)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor					Other										
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Other Liability	Home	Speciality	Other
Claims paid direct	801,426	76,616	11,902	889,944	—	—	—	9,807	—	29,812	366,757	—	8	9,344	12,589	1,318,261
Add: Claims on Re-insurance accepted	5	—	—	5	—	—	—	20	—	—	—	—	—	—	—	25
Less: Re-insurance ceded	(152,629)	(13,977)	—	(166,606)	—	—	—	(7,445)	—	(4,199)	(45,049)	—	(1)	(7,338)	(7,553)	(238,191)
Net Claims paid	648,802	62,639	11,902	723,343	—	—	—	2,362	—	25,613	321,708	—	7	2,006	5,036	1,080,095
Add: Claims Outstanding at the end of the period	102,524	309,076	353,578	765,178	783	153	46	7,231	3	17,286	124,029	1,179	234	7,157	4,588	927,867
Less: Claims Outstanding at the beginning of the period	122,502	223,315	99,810	445,627	762	145	29	4,499	—	16,989	80,366	1,080	214	18,179	3,810	571,700
<b>Total Claims incurred</b>	<b>628,824</b>	<b>148,400</b>	<b>265,670</b>	<b>1,042,894</b>	<b>21</b>	<b>8</b>	<b>17</b>	<b>5,114</b>	<b>3</b>	<b>25,910</b>	<b>365,371</b>	<b>99</b>	<b>27</b>	<b>(9,016)</b>	<b>5,814</b>	<b>1,436,262</b>

\* Miscellaneous Claims Incurred (Net) Breakup for financial year 2008-09

(Rs. In 000's)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor					Other										
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Other Liability	Home	Speciality	Other
Claims paid direct	785,620	59,595	—	845,215	702	293	—	6,434	—	26,668	206,220	—	103	766	8,305	1,094,706
Add: Claims on Re-insurance accepted	—	—	—	—	—	—	—	21	—	—	—	—	—	—	—	21
Less: Re-insurance ceded	(140,910)	(11,896)	—	(152,806)	(140)	(59)	—	(4,653)	—	(5,165)	(32,611)	—	(21)	(610)	(3,513)	(199,578)
Net Claims paid	644,710	47,699	—	692,409	562	234	—	1,802	—	21,503	173,609	—	82	156	4,792	895,149
Add: Claims Outstanding at the end of the period	122,502	223,315	99,810	445,627	762	145	29	4,499	—	16,989	80,366	1,080	214	18,179	3,809	571,699
Less: Claims Outstanding at the beginning of the period	126,560	162,371	—	288,931	189	194	27	2,770	—	13,300	12,885	1,170	1,384	10,249	4,606	335,705
<b>Total Claims incurred</b>	<b>640,652</b>	<b>108,643</b>	<b>99,810</b>	<b>849,105</b>	<b>1,135</b>	<b>185</b>	<b>2</b>	<b>3,531</b>	<b>—</b>	<b>25,192</b>	<b>241,090</b>	<b>(90)</b>	<b>(1,068)</b>	<b>8,086</b>	<b>3,995</b>	<b>1,131,143</b>

\*\* Miscellaneous Claims Incurred (Net) Breakup for financial year 2007-08

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

Particulars	Financial Year: 2007-08										Total
	Financial Year: 2008-09					Financial Year: 2007-08					
	Fire	Marine		*Miscellaneous	Total	Fire	Marine		*Miscellaneous	Total	
		Marine Cargo	Marine Other				Marine Cargo	Marine Other			
Commission paid direct	24,260	4,555	1,014	5,569	180,616	150,787	5,559	2,282	114,821	122,662	
Add : Commission paid on re-insurance accepted	8,445	—	—	—	10,632	2,187	591	—	1,744	2,335	
Less : Commission received on re-insurance ceded	(107,024)	(11,773)	(2,277)	(14,050)	(394,651)	(273,577)	(33,371)	(4,016)	(132,722)	(170,109)	
Net commission paid / (received)	<b>(74,319)</b>	<b>(7,218)</b>	<b>(1,263)</b>	<b>(8,481)</b>	<b>(203,403)</b>	<b>(120,603)</b>	<b>(27,221)</b>	<b>(1,734)</b>	<b>(16,157)</b>	<b>(45,112)</b>	

\* Miscellaneous Commission Breakup for financial year 2008-09

Particulars	Miscellaneous														Total Miscellaneous	
	Motor							Other								
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Speciality		Other
Commission paid direct	26,576	—	—	26,576	512	366	324	10,508	523	9,820	54,164	167	30,021	1,769	150,787	
Add : Commission paid on re-insurance accepted	24	—	—	24	—	—	—	231	—	—	—	—	1,932	—	2,187	
Less : Commission received on re-insurance ceded	(56,059)	(28,258)	—	(84,317)	(1,447)	(677)	(454)	(42,968)	(278)	(9,764)	(64,245)	(23,424)	(43,861)	(2,093)	(273,577)	
Net commission paid / (received)	<b>(29,459)</b>	<b>(28,258)</b>	<b>—</b>	<b>(57,717)</b>	<b>(935)</b>	<b>(311)</b>	<b>(130)</b>	<b>(32,229)</b>	<b>245</b>	<b>(10,061)</b>	<b>(7,387)</b>	<b>118</b>	<b>(11,908)</b>	<b>(324)</b>	<b>(120,603)</b>	

\*\* Miscellaneous Commission Breakup for financial year 2007-08

Particulars	Miscellaneous														Total Miscellaneous	
	Motor							Other								
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Speciality		Other
Commission paid direct	43,522	—	—	43,522	96	270	102	4,532	—	4,246	31,204	148	24,411	1,834	114,821	
Add : Commission paid on re-insurance accepted	—	—	—	—	—	—	—	117	—	—	—	—	1,627	—	1,744	
Less : Commission received on re-insurance ceded	(37,006)	(7,949)	—	(44,955)	(485)	(464)	(187)	(25,909)	—	(2,028)	(10,723)	(57)	(35,913)	(2,485)	(132,722)	
Net commission paid / (received)	<b>6,516</b>	<b>(7,949)</b>	<b>—</b>	<b>(1,433)</b>	<b>(389)</b>	<b>(194)</b>	<b>(85)</b>	<b>(21,260)</b>	<b>—</b>	<b>2,218</b>	<b>20,481</b>	<b>91</b>	<b>(9,675)</b>	<b>(651)</b>	<b>(16,157)</b>	

## Schedule - 3 A

### COMMISSION PAID - DIRECT

Particulars	Financial Year 2008-09										Financial Year 2007-08		
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total	
													Fire
Agents	5,458	418	9,638	15,514	1,087	817	17,548	19,452	—	—	—	—	
Brokers	18,781	5,151	114,479	138,411	4,461	1,465	80,326	86,252	—	—	—	—	
Corporate Agency Referral	21	—	26,670	26,691	11	—	6,277	6,288	—	—	—	—	
Others	—	—	—	—	—	—	10,670	10,670	—	—	—	—	
<b>Total</b>	<b>24,260</b>	<b>5,569</b>	<b>150,787</b>	<b>180,616</b>	<b>5,559</b>	<b>2,282</b>	<b>114,821</b>	<b>122,662</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

(Rs. In 000's)

Particulars	Financial Year 2008-09				Financial Year 2007-08				Total	
	Fire	Marine		* Miscellaneous	Total	Fire	Marine			**Miscellaneous
		Marine Cargo	Marine Other				Marine Total	Marine Cargo		
Employees' remuneration and welfare benefits	9,939	15,927	5,758	21,685	320,272	8,542	7,508	136,090	152,140	
Travel, conveyance and vehicle running expenses	1,069	1,733	598	2,331	28,626	1,452	1,276	12,290	15,018	
Training expenses	16	23	11	34	1,831	168	148	367	683	
Rents, rates and taxes	1,654	2,586	1,021	3,607	143,440	2,298	2,020	102,537	106,855	
Repairs	142	216	95	311	24,387	54	47	4,377	4,478	
Printing and stationery	203	316	128	444	19,442	343	301	12,215	12,859	
Communication	289	456	175	631	17,431	480	422	11,192	12,094	
Legal and professional charges	1,899	2,863	1,280	4,143	112,463	8,860	7,788	97,896	114,544	
Auditors' fees, expenses etc	—	—	—	—	—	—	—	—	—	
(a) as auditors	10	15	7	22	1,768	18	16	1,541	1,575	
(b) as advisor or in any other capacity, in respect of :	—	—	—	—	—	—	—	—	—	
(i) Taxation matters	—	—	—	—	—	1	1	98	100	
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	
(iii) Management services	—	—	—	—	—	—	—	—	—	
(c) in any other capacity	—	—	—	—	—	—	—	—	—	
Advertisement and publicity	185	278	126	404	10,305	113	100	4,632	4,845	
Interest and Bank Charges	43	65	30	95	5,579	72	63	4,877	5,012	
Others :-	—	—	—	—	—	—	—	—	—	
Electricity expenses	193	295	125	420	17,633	247	217	9,541	10,005	
Office Expenses	321	495	204	699	33,694	283	257	8,618	9,168	
Miscellaneous expenses	207	324	127	451	7,385	120	106	287	513	
Service Charges	3,279	462	—	462	178,620	224	—	195,821	196,045	
Technical Service Charges	—	—	—	—	—	—	—	—	—	
Information Technology Expenses	254	357	197	554	37,940	560	492	33,394	34,446	
Postage & courier	77	130	39	169	11,710	103	90	9,746	9,939	
Loss on sale of assets (net)	17	26	12	38	374	1	1	73	75	
Depreciation	267	67	516	583	44,990	1,035	909	48,606	50,550	
Service Tax Expenditure	—	—	—	—	—	—	—	—	—	
<b>Total Operating Expenses</b>	<b>20,064</b>	<b>26,634</b>	<b>10,449</b>	<b>37,083</b>	<b>1,017,910</b>	<b>24,904</b>	<b>21,762</b>	<b>694,198</b>	<b>740,944</b>	

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

Particulars	Miscellaneous													Total Miscellaneous		
	Motor				Miscellaneous					Other						
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home		Speciality	Other
Employees' remuneration and welfare benefits	178,496	19,556	—	198,052	3,107	1,732	525	18,277	35	10,792	61,001	13,354	244	5,209	7,944	320,272
Travel, conveyance and vehicle running expenses	14,004	1,534	—	15,538	334	186	56	1,965	4	1,196	5,031	1,436	20	364	2,496	28,626
Training expenses	1,033	113	—	1,146	5	3	1	29	—	68	385	21	2	19	152	1,831
Rents, rates and taxes	85,928	9,414	—	95,342	517	288	87	3,041	6	5,562	31,672	2,222	127	2,238	2,338	143,440
Repairs	15,105	1,655	—	16,760	45	25	8	262	1	1,002	5,701	191	23	274	95	24,387
Printing and stationery	12,825	1,405	—	14,230	64	35	11	374	1	899	2,845	273	218	147	345	19,442
Communication	10,260	1,124	—	11,384	90	50	15	532	1	655	3,601	389	15	258	441	17,431
Legal and professional charges	43,322	4,746	33,147	81,215	594	331	100	3,492	7	3,676	14,586	2,552	58	723	5,149	112,483
Auditors' fees, expenses etc	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(a) as auditors	1,096	120	—	1,216	3	2	1	18	—	73	414	13	2	20	6	1,768
(b) as advisor or in any other capacity, in respect of :	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(i) Taxation matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(iii) Management services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(c) in any other capacity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advertisement and publicity	6,577	720	—	7,297	58	32	10	341	1	356	1,695	249	7	82	177	10,305
Interest and Bank Charges	3,789	415	—	4,204	14	8	2	80	—	173	954	58	11	46	29	5,579
Others :-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity expenses	10,606	1,162	—	11,768	60	34	10	354	1	682	3,886	259	16	294	269	17,633
Office Expenses	20,476	2,243	—	22,719	100	56	17	589	1	1,321	7,525	431	30	443	462	33,694
Miscellaneous expenses	4,083	447	—	4,530	65	36	11	380	1	290	1,531	278	6	84	173	7,385
Service Charges	159,372	17,460	—	176,832	45	39	18	791	102	—	—	684	—	—	109	178,620
Technical Service Charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Information Technology Expenses	25,010	2,740	—	27,750	79	44	13	467	1	1,288	7,392	341	30	357	168	37,940
Postage & courier	8,718	955	—	9,673	24	13	4	142	—	391	1,204	104	16	76	63	11,710
Loss on sale of assets (net)	223	25	—	248	5	3	1	32	—	7	41	23	—	2	12	374
Depreciation	28,470	3,119	—	31,589	84	47	14	492	1	1,740	9,912	359	40	477	235	44,990
Service Tax Expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Operating Expenses</b>	<b>629,393</b>	<b>68,953</b>	<b>33,147</b>	<b>731,493</b>	<b>5,293</b>	<b>2,964</b>	<b>904</b>	<b>31,658</b>	<b>163</b>	<b>30,181</b>	<b>159,376</b>	<b>23,237</b>	<b>865</b>	<b>11,113</b>	<b>20,663</b>	<b>1,017,910</b>

\* Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2008-09

(Rs. In 000's)

## Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2009

Particulars	Miscellaneous													Total Miscellaneous		
	Motor				Other					Miscellaneous						
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Other Liability	Home		Speciality	Other
Employees' remuneration and welfare benefits	89,958	6,331	—	96,289	1,340	766	152	6,574	—	3,759	12,767	5,718	138	4,929	3,658	136,090
Travel, conveyance and vehicle running expenses	6,786	478	—	7,264	228	130	26	1,117	—	431	1,005	972	12	495	610	12,290
Training expenses	11	1	—	12	26	15	3	129	—	1	3	113	—	—	65	367
Rents, rates and taxes	74,277	5,227	—	79,504	361	206	41	1,769	—	3,070	12,009	1,538	125	2,806	1,108	102,537
Repairs	3,323	234	—	3,557	8	5	1	41	—	128	496	36	5	74	26	4,377
Printing and stationery	8,390	590	—	8,980	54	31	6	264	—	1,416	803	230	184	107	140	12,215
Communication	7,797	549	—	8,346	75	43	9	369	—	429	1,110	321	12	275	203	11,192
Legal and professional charges	45,328	3,232	20,453	69,013	1,390	794	158	6,820	—	2,329	6,172	5,832	75	1,065	3,548	97,896
Auditors' fees, expenses etc	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(a) as auditors	1,161	82	—	1,243	3	2	—	14	—	44	188	12	2	25	8	1,541
(b) as advisor or in any other capacity, in respect of :	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(i) Taxation matters	74	5	—	79	—	—	—	1	—	3	11	1	—	2	1	98
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(iii) Management services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(c) in any other capacity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advertisement and publicity	3,480	245	—	3,725	18	10	2	87	—	135	464	76	5	62	48	4,632
Interest and Bank Charges	3,813	268	—	4,081	11	6	1	55	—	131	431	48	10	71	32	4,877
Others :-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity expenses	6,870	484	—	7,354	39	22	4	190	—	275	1,092	165	11	274	115	9,541
Office Expenses	6,122	431	—	6,553	46	26	5	225	—	292	901	196	10	208	156	8,618
Miscellaneous expenses	(34)	(2)	—	(36)	19	11	2	92	—	64	(15)	80	—	23	47	287
Service Charges	182,947	12,874	—	195,821	—	—	—	—	—	—	—	—	—	—	—	195,821
Technical Service Charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Information Technology Expenses	25,730	1,811	—	27,541	88	50	10	431	—	791	3,365	375	42	460	241	33,394
Postage & courier	8,154	574	—	8,728	16	9	2	79	—	341	377	69	19	63	43	9,746
Loss on sale of assets (net)	55	4	—	59	—	—	—	1	—	2	9	1	—	1	—	73
Depreciation	34,730	2,444	—	37,174	162	93	18	796	—	1,233	6,044	693	51	1,916	426	48,606
Service Tax Expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Operating Expenses</b>	<b>509,572</b>	<b>35,862</b>	<b>20,453</b>	<b>565,887</b>	<b>3,884</b>	<b>2,219</b>	<b>440</b>	<b>19,054</b>	<b>—</b>	<b>14,874</b>	<b>47,232</b>	<b>16,576</b>	<b>701</b>	<b>12,856</b>	<b>10,475</b>	<b>694,198</b>

\* Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2007-08

## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

### Schedule - 5

#### SHARE CAPITAL

Particulars	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
<b>Authorised Capital</b>		
200,000,000 Equity Shares of Rs. 10/- each (Previous Year: 150,000,000 Equity Shares of Rs. 10/- each)	2,000,000	1,500,000
<b>Issued Capital</b>		
200,000,000 Equity Shares of Rs. 10/- each (Previous Year: 150,000,000 Equity Shares of Rs. 10/- each)	2,000,000	1,500,000
<b>Subscribed Capital</b>		
200,000,000 Equity Shares of Rs. 10/- each (Previous Year: 150,000,000 Equity Shares of Rs. 10/- each)	2,000,000	1,500,000
<b>Called-up Capital</b>		
200,000,000 Equity Shares of Rs. 10/- each (Previous Year: 150,000,000 Equity Shares of Rs. 10/- each)	2,000,000	1,500,000
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par Value of Equity Shares bought back	—	—
Less: Preliminary Expenses	—	—
<b>Total</b>	<b>2,000,000</b>	<b>1,500,000</b>

Of the above, 148,000,000 (Previous year 111,000,000) equity shares of Rs.10/- each held by Housing Development Finance Corporation Limited, the holding company.

### Schedule - 5A

#### SHARE CAPITAL

##### PATTERN OF SHAREHOLDING [As certified by the Management]

	As at March 31, 2009		As at March 31, 2008	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters:				
Indian: Housing Development Finance Corporation Limited	148,000,000	74%	111,000,000	74%
Foreign: ERGO International AG	52,000,000	26%	39,000,000	26%
Others	—	0%	—	0%
<b>Total</b>	<b>200,000,000</b>	<b>100%</b>	<b>150,000,000</b>	<b>100%</b>

## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

### Schedule - 6

#### RESERVES AND SURPLUS

Particulars	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	—	—
General Reserves	—	—
<i>Less: Debit balance in Profit and Loss Account</i>	—	—
<i>Less: Amount utilised for buy-back</i>	—	—
Catastrophe Reserve	—	—
Other Reserves	—	—
Balance of Profit in Profit and Loss Account	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

### Schedule - 7

#### BORROWINGS

Particulars	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Debentures / Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others:		
Orix Auto and Business Solutions Pvt. Ltd.	—	2,704
Orix Auto Infrastructure & Business Solution Ltd.	5,357	—
IBM India Pvt. Ltd.	6,616	17,466
(Refer notes 4 and 13 of Schedule 16)		
<b>Total</b>	<b>11,973</b>	<b>20,170</b>

### Schedule - 8

#### INVESTMENTS (Refer note 9 of Schedule 16)

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
<b>LONG TERM INVESTMENTS</b>		
Government securities and Government guaranteed bonds including treasury bills*	880,973	670,189
Other Approved Securities:	—	—
Other Investment:		
Shares	—	—
— Equity	—	—
— Preference	—	—
Mutual Funds	—	—
Derivative Instruments	—	—

## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

### Schedule - 8 (Continued)

#### INVESTMENTS (Refer note 9 of Schedule 16)

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Debentures / Bonds	834,894	788,175
Other Securities	—	—
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector Bonds	437,286	349,875
Other than Approved Investments - Non-Convertible Debentures	—	50,177
<b>Sub-total A</b>	<b>2,153,153</b>	<b>1,858,416</b>
<b>SHORT TERM INVESTMENT</b>		
Government securities and Government guaranteed bonds including treasury bills <sup>#</sup>	49,791	51,365
Other Approved Securities:	—	—
Other Investment:		
Shares		
— Equity	—	—
— Preference	—	—
Mutual Funds	84,026	—
Derivative Instruments	—	—
Debentures / Bonds	50,009	98,410
Other Securities (Bank Deposit)	249,168	137,600
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector Bonds	—	—
Other than Approved Investments		
— Mutual Fund	142,915	67,211
<b>Sub-total B</b>	<b>575,909</b>	<b>354,586</b>
<b>Total A+B</b>	<b>2,729,062</b>	<b>2,213,002</b>

\*Includes Rs.80,983 thousand (Previous year Rs. 61,999 thousand) pursuant to Section 7 of the Insurance Act 1938.

# Includes Rs.48,791 thousand (Previous year Rs. 10,273 thousand) pursuant to Section 7 of the Insurance Act 1938.



## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

### Schedule - 9

#### LOANS

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property		
(aa) In India	—	—
(bb) Outside India	—	—
(b) On Shares, Bonds, Govt. Securities	—	—
(c) Others	—	—
Unsecured	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
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	—	—
<b>Total</b>	<u>—</u>	<u>—</u>
MATURITY-WISE CLASSIFICATION		
(a) Short-term	—	—
(b) Long-Term	—	—
<b>Total</b>	<u>—</u>	<u>—</u>

## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

Description	Cost / Gross Block		Depreciation			Net Block				
	Opening	Additions	Deductions	Closing	Upto Last Year	For The Year	On Sales / Adjustments	To Date	As at Year end	Previous Year
Goodwill	—	—	—	—	—	—	—	—	—	—
Intangibles - Computer Software	98,327	7,774	—	106,101	72,206	13,800	—	86,006	20,095	26,121
Land-Freehold	—	—	—	—	—	—	—	—	—	—
Leasehold Property	19,961	—	2,504	17,457	14,500	1,477	2,504	13,473	3,984	5,461
Building	—	—	—	—	—	—	—	—	—	—
Furniture and Fittings	4,354	1,776	146	5,984	1,655	734	125	2,264	3,720	2,699
Information Technology Equipment	110,240	49,846	—	160,086	81,949	15,656	—	97,605	62,481	28,291
Vehicles	1,175	—	—	1,175	794	294	—	1,088	87	381
Office Equipment	32,949	2,345	961	34,333	4,990	1,652	248	6,394	27,939	27,959
Leased Vehicles	3,951	4,174	1,333	6,792	1,479	1,011	444	2,046	4,746	2,472
Leased Information Technology Equipment	26,850	—	—	26,850	10,689	8,941	—	19,630	7,220	16,161
Leased Software	6,832	—	—	6,832	3,242	2,275	—	5,517	1,315	3,590
<b>Total</b>	304,639	65,915	4,944	365,610	191,504	45,840	3,321	234,023	131,587	113,135
Capital Work-in-progress	1,046	38,086	1,048	38,084	—	—	—	—	38,084	1,046
<b>Grand Total</b>	<b>305,685</b>	<b>104,001</b>	<b>5,992</b>	<b>403,694</b>	<b>191,504</b>	<b>45,840</b>	<b>3,321</b>	<b>234,023</b>	<b>169,671</b>	<b>114,181</b>
<b>Previous Year</b>	294,263	23,246	11,824	305,685	148,421	50,548	7,465	191,504	114,181	145,842

Schedule -- 10

FIXED ASSETS (Refer notes 4, 5 and 13 of Schedule 16)

(Rs.'000)

## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

### Schedule - 11

#### CASH AND BANK BALANCES

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Cash (including cheques, drafts and stamps)	449,102	106,541
Bank balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	—	—
(bb) Others	—	—
(b) Current Accounts	64,974	33,398
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
<b>Total</b>	<b>514,076</b>	<b>139,939</b>

Balances with non-scheduled banks included in Bank Balances and Money at Call and Short Notice

### Schedule - 12

#### ADVANCES AND OTHER ASSETS

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
<b>ADVANCES</b>		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	13,368	6,258
Advance to Directors / Officers	—	—
Advance tax paid and taxes deducted at source (net of provision for taxation)	1,750	2,061
Others:		
Advances to employees	322	—
Advances to suppliers	23,910	13,977
Advances payment for Service Tax	—	33,373
<b>Sub-total A</b>	<b>39,350</b>	<b>55,669</b>
<b>OTHER ASSETS</b>		
Income accrued on investments	76,682	68,189
Outstanding Premiums	—	—
Agents' Balances	—	—
Foreign Agents' Balances	—	—
Due from other entities carrying on insurance business (including reinsurers)	641,887	196,980
Due from subsidiaries / holding	—	—
Deposit with Reserve Bank of India (Pursuant to Section 7 of Insurance Act, 1938)	—	—
Others:		
Deposits for premises	42,924	12,242
Stock of Salvaged Cars	4,065	4,575
<b>Sub-total B</b>	<b>765,558</b>	<b>281,986</b>
<b>Total A+B</b>	<b>804,908</b>	<b>337,655</b>

## Schedules

Annexed to and forming part of the Balance Sheet for the year ended March 31, 2009

### Schedule -13

#### CURRENT LIABILITIES

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Agents' Balances	13,690	4,795
Balances due to other insurance companies	371,736	97,066
Deposits held on re-insurance ceded	—	—
Premiums received in advance	306,983	38,673
Unallocated Premium	101,564	54,567
Sundry creditors	169,875	89,103
Due to subsidiaries / holding company	—	—
Claims outstanding (Refer Notes no. 21 and 26 of Schedule 16)	949,703	603,368
Due to Offices / Directors	—	—
Others:		
Service tax liability	3,411	—
Tax deducted payable	5,615	3,575
Other statutory dues	62	31
Bank Overdraft (for book purpose only)	—	5,239
<b>Total</b>	<b>1,922,639</b>	<b>896,417</b>

### Schedule - 14

#### PROVISIONS

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Reserve for Unexpired Risk	1,008,728	855,787
For taxation (less advance tax paid and taxes deducted at source)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	2,696	473
<b>Total</b>	<b>1,011,424</b>	<b>856,260</b>

### Schedule - 15

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
Discount Allowed in issue of shares / debentures	—	—
Others:		
Pre-operative expenses:		
Opening balance	—	3,500
Incurred during the year	—	—
Less :Amortisation during the year	—	3,500
<b>Total</b>	<b>—</b>	<b>—</b>

## Schedule - 16

### NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009

#### 1. BACKGROUND

HDFC ERGO General Insurance Company Limited ('the Company') was incorporated on February 8, 2002 as a Company under the Companies Act, 1956 ('the Act'). As on March 31, 2009, the shareholders of the Company are HDFC (74%) and ERGO (26%). The Company is registered with the Insurance Regulatory and Development Authority ('IRDA') and continues to be in the business of underwriting general insurance policies and has launched general insurance products in Motor, Home, Accident & Health, Commercial and Specialty business lines.

The IRDA has renewed the Company's Certificate of Registration to sell general insurance products in India for the year 2009-10 vide its Certificate of Renewal of Registration dated March 13, 2009. The renewed registration is with effect from April 1, 2009 and is valid up to March 31, 2010.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time, the Companies Act, 1956, to the extent applicable and the Accounting Standards notified under the Companies Act ; 1956 to the extent applicable.

##### (b) Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, reported amount of revenues and expenses for the year and disclosures of contingent liabilities as of the balance sheet date. The estimates and assumptions used in the 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 could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### (c) Revenue Recognition

###### Premium Income

Premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

###### Income earned on investments

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over holding/maturity period on a constant yield to maturity basis.

Dividend income is recognised when the right to receive dividend is established.

The net realised gains or losses on the debt securities are the difference between the net sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of listed equity

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

shares / mutual funds units, the profit or loss on actual sale of investment includes the accumulated changes in the fair value previously recognised under “Fair Value Change Account”. The difference between the acquisition price and the maturity value of treasury bills is recognised as income in the revenue account or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.

Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any, and excludes interest received on sales.

**(d) Reinsurance ceded**

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

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

**(e) Commission received**

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium.

Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits.

**(f) Reserve for Unexpired risk**

Reserve for unexpired risk represents proportion of net premium written relating to the period of insurance subsequent to the balance sheet date, calculated on the basis of 1/365<sup>th</sup> method, or as required under Section 64V(1)(ii)(b) of The Insurance Act, 1938, whichever is higher.

**(g) Premium deficiency**

Premium deficiency is recognised if the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risk.

**(h) Claims incurred**

Claims incurred comprises of claims paid (net of salvage & other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

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 on each claim, established by the management in light of past experience and progressively modified for changes as appropriate on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Reinsurance recoverable is accounted for in the same period as the related claim.

The liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the guidance note 21 issued by the

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data.

The Basic Chain Ladder (BCL) Method has been adopted for those lines of business where claims development in the past years is thought to be representative for the future claims development. For instance, the liability has been arrived at by using BCL Method for Motor (OD&PA), Motor (TP), Personal Accident and Health Insurance where reasonable volume of claims paid data is available.

For other classes of business such as Commercial Insurance (consisting of Fire, Marine, Engineering, Public Liability, Product liability, Workmen compensation and Miscellaneous), Specialty Insurance, Cattle and Home Insurance, the available claims paid data are very small and hence not sufficient to apply any statistical method. For such classes of business, the liability has been arrived at by using Loss Ratio method by multiplying the Net Earned premium and the excess of the estimated claims ratio over the actual incurred claims ratio.

**(i) Salvage Recoveries**

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer's report.

**(j) Acquisition Costs**

Acquisition costs are 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. and are expensed as incurred.

**(k) Fixed Assets and Depreciation**

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation of assets) less accumulated depreciation and impairment of assets, if any. Salvaged vehicles, transferred and registered in the name of the Company are stated at fair market value determined based on the independent valuer's report as on the date of capitalization less accumulated depreciation.

Depreciation on fixed assets is provided using higher of the rates based on economic useful lives of assets as estimated by the management and the Straight Line Method ('SLM') specified by the Schedule XIV to the Companies Act, 1956.

Nature of Asset	Depreciation rate used	Depreciation rate as per Schedule XIV
Computer Software	25.00%	16.21%
Furniture and Fittings	6.33%	6.33%
Information Technology Equipment	25.00%	16.21%
Office Equipment	4.75%	4.75%
Salvaged Vehicles Capitalized	25.00%	9.50%

Leasehold improvements are depreciated over the primary lease period. Depreciation is charged on assets from the date the asset is capitalized on a pro-rata basis.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

**Impairment of assets**

The carrying values of assets forming part of any cash generating units at balance sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**(l) Finance leases**

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

Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term unless the period derived on the basis of straight line method rates prescribed in Schedule XIV to the Companies Act, 1956 is shorter.

**(m) Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the revenue account as per the lease terms.

**(n) Foreign Currency Transactions**

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

At the balance sheet date monetary items denominated in foreign currencies are converted into rupee equivalents at the exchange rates prevailing at that date.

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

**(o) Investments**

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001 and various other circulars / notifications issued by IRDA in this context from time to time.

Investments are recorded at cost, which include brokerage, taxes, if any, stamp duty and excludes broken period interest.

Investments maturing within twelve months from the balance sheet date and investments made with the specific intention to be disposed off within twelve months from the balance sheet date are classified as short-term investments.



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the revenue accounts and in the profit and loss account over the period of maturity / holding. All mutual fund investments are valued at realisable net asset value and any unrealised gains / losses are accounted in "Fair Value Change Account" and carried forward in the balance sheet.

**(p) Miscellaneous Expenditure**

Pre-operative expenses, incurred up to the year ended March 31, 2003 representing expenses incurred post incorporation but prior to the commencement of operations, are written off to the profit and loss account over 60 months from the date of commencement of operations.

Miscellaneous expenditure incurred after March 31, 2003 are written off to profit and loss account.

**(q) Preliminary Expenses**

Preliminary expenses incurred up to the year ended March 31, 2003 are written off to the profit and loss account over 60 months from the date of commencement of operations. The balance to the extent not written off is disclosed as a reduction from share capital.

Preliminary expenses incurred after March 31, 2003 are written off to the profit and loss account.

**(r) Employee Benefits**

**(i) Long term benefits**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in Special funds or similar securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

**(ii) Defined-contribution plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

**(iii) Defined-benefit plans**

Expenses for defined-benefit gratuity and supplemental payment plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

**(iv) Short term benefits**

Short term employee benefits are recognised at the undiscounted amount expected to be paid as an expense over the period of services rendered to the Company.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

The cost of compensated absences is accounted as under:-

- in the case of accumulating compensated absences, when employees render service that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absence when the absences occur.

**(v) Leave Encashment**

Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

**(s) Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), fringe benefit tax and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realised.

**(t) Terrorism Pool**

In accordance with the requirements of IRDA, the Company, together with other insurance companies, participates 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.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

The Company has ensured that it has created liability, to the extent of premium retroceded to the Company, through reserve for unexpired risks.

**(u) Motor Pool**

As per the directions of the IRDA, the Company has collectively, mandatorily and automatically participated in pooling arrangement to share in all Motor Third Party insurance business underwritten in respect of commercial vehicles. The pooling arrangement was made effective in respect of insurances and renewals commencing on or after April 1, 2007. The General Insurance Corporation of India (GIC) is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council (Council). The pooling amongst all the insurers is achieved through a multi-lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance/reinsurance business. Under the arrangement, GIC's participation shall be

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

to the extent of the statutory cessions from the pool. All the business remaining after deducting such cessions to GIC, is shared amongst members in the same proportion as the total gross direct premium in India of the insurer in respect of all classes of general insurance business for a Financial Year bears to the total Market gross direct premium in India in respect of all classes of general insurance business of all member insurers for that financial year (market share). Operating expenses of the pool incurred by GIC are borne by the members in proportion of their respective market share. The Company accounts for share in the income and expenditure based on the statement of account received from the pool.

**(v) Contributions to Solatium Fund**

In accordance with the requirements of IRDA circular dated March 18, 2003 and based on the decision made by the General Insurance Council in its meeting held on May 6, 2005 the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written premium for all motor policies written during the year.

**(w) Segment Reporting**

**Allocation of Investment income:**

Investment income has been allocated on the basis of the ratio of average policyholders funds comprising reserves for unexpired risks, IBNR, IBNER and outstanding claims to average shareholders funds, comprising share capital less accumulated losses, preliminary expenses and miscellaneous expenditure to the extent not written off or adjusted.

**Operating Expenses relating to insurance business:**

Expenses, which are directly attributable and identifiable to the business segments, are apportioned on actual basis.

Expenses, which are not directly identifiable though attributable to a class of business segments collectively, are apportioned amongst the respective segments on gross written premium basis.

Other allocable expenses are allocated on the basis of net earned premium.

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

**(x) Earnings per Share**

Earnings per share is calculated by dividing the Profit after Tax in the Profit and Loss account by the weighted average number of equity shares outstanding during the year.

**(y) Provisions and Contingencies**

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its 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 current best estimates. Contingent liabilities are not recognised. A Contingent asset is neither recognised nor disclosed.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009****3. CONTINGENT LIABILITIES**

Sr. No.	Particulars	March 31, 2009 (Rs. '000)	March 31, 2008 (Rs. '000)
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	Nil	Nil
6.	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

**4. ENCUMBRANCES ON ASSETS**

The assets of the Company are free from encumbrances, other than leased vehicles, leased software and leased information technology equipment, which constitutes the security in respect of the Company's finance lease arrangement.

**5. COMMITMENTS**

There are no commitments made and outstanding for investments and loans.

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments of Rs.38,084 thousand (Previous year: Rs.1,046 thousand)] is Rs.28,500 thousand (Previous year: Rs.5,192 thousand).

**6. CLAIMS**

All claims net of reinsurance are incurred and paid in India except for Marine Insurance where consignments are exported from India and Overseas Travel Insurance.

There are no claims that have been settled and remaining unpaid for a period of more than six months as at the end of the year.

**7. PREMIUM**

(a) All premiums net of reinsurance are written and received in India.

(b) Premium income recognized on "Varying Risk Pattern" is Rs. NIL (Previous year: Rs.Nil)

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

**8. EXTENT OF RISKS RETAINED AND REINSURED**

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

For the year ended March 31, 2009

Particulars	Basis	Retention (Rs. 000's)	Ceded (Rs. 000's)	Retention %	Ceded %
Motor	Total sum insured	1,370,509	482,790	74	26
Personal Accident	Value at Risk	42,521	4,776	90	10
Travel	Value at Risk	419,817	140,315	75	25
Specialty	Value at Risk	16,083	172,628	9	91
Home	Total sum insured	1,756	198	90	10
Fire	Total sum insured	44,483	602,841	7	93
Marine	Value at Risk	21,642	62,571	26	74
Miscellaneous	Value at Risk	70,134	287,217	20	80

The above excludes Excess of Loss cover reinsurance premium of Rs. 39,272 thousand for the year ended March 31, 2009.

For the year ended March 31, 2008

Particulars	Basis	Retention (Rs. 000's)	Ceded (Rs. 000's)	Retention %	Ceded %
Motor	Total sum insured	1,328,339	239,072	85	15
Personal Accident	Value at Risk	27,928	5,175	84	16
Travel	Value at Risk	239,372	42,893	85	15
Specialty	Value at Risk	18,058	161,365	10	90
Home	Total sum insured	1,275	229	85	15
Fire	Total sum insured	24,077	108,746	18	82
Marine	Value at Risk	17,729	15,151	54	46
Miscellaneous	Value at Risk	52,819	114,644	32	68

The above excludes Excess of Loss cover reinsurance premium of Rs. 33,775 thousand for the year ended March 31, 2008.

**9. INVESTMENTS**

There are no contracts outstanding in relation to purchases where deliveries are pending and sales where payments are outstanding / overdue at the end of the year.

Investments made are generally in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001.

The Company has no non-performing assets for the purpose of income recognition as per the directions of IRDA.

The historical cost of investments in mutual funds which have been valued on a fair value basis is Rs. 226,811 thousand (Previous year Rs. 64,302 thousand).

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009****(Rs. '000)**

	<b>March 31, 2009</b>	March 31, 2008
Aggregate Market value of the Investments other than Mutual fund	<b>2,519,308</b>	2,109,063
Aggregate amortised cost of the Investments other than Mutual fund	<b>2,502,121</b>	2,145,791

**Investments under Section 7 of the Insurance Act, 1938 are as follows:****(Rs. '000)**

	<b>March 31, 2009</b>	March 31, 2008
<b>In Citi Bank Custody A/c for Section 7 Deposit</b>		
9.39% Govt. of India Securities * (Maturity July 2, 2011)	<b>51,308</b>	51,824
7.99% Govt. of India Securities * (Maturity July 9, 2017)	<b>10,161</b>	10,175
11.40% Govt. of India Securities * (Maturity Aug 31, 2008)	<b>Nil</b>	10,273
8.33% Govt. of India Securities * (Maturity June 7, 2036)	<b>19,514</b>	Nil
5.87% Govt. of India Securities * (Maturity Jan 2, 2010)	<b>48,791</b>	Nil
<b>TOTAL</b>	<b>129,774</b>	72,272

\* This investment is in the Constituent Subsidiary General Ledger Account with Citi-Bank N.A.

**10. MANAGERIAL REMUNERATION**

The Managing Director and Chief Executive Officer is remunerated in terms of the approval granted by Insurance Regulatory and Development Authority.

The details of the Managing Director's remuneration included in employee remuneration and welfare benefits are as follows:

**(Rs. '000)**

<b>Particulars</b>	<b>March 31, 2009</b>	March 31, 2008
Salary, perquisites and bonus	<b>9,328</b>	487
Contribution to Provident Fund	<b>480</b>	28
Provision for Superannuation Fund	<b>Nil</b>	35
Other allowances and perquisites	<b>Nil</b>	Nil
<b>Total</b>	<b>9,808</b>	550

The Company's Managing Director has joined with effect from 10<sup>th</sup> June 2008.

The Company has paid remuneration of Rs. 550 thousand to Mr. Shirang V. Samant (for the period from 1<sup>st</sup> April 2007 to 30<sup>th</sup> April 2007) and Rs. 9,808 thousand to Mr. Ritesh Kumar (for the period from 10<sup>th</sup> June 2008).

Expenses towards gratuity funding and leave encashment provision are determined actuarially on an overall company basis annually and accordingly have not been considered in the above information.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

**11. SECTOR WISE BUSINESS [BASED ON GROSS DIRECT WRITTEN PREMIUM (GWP)]**

(Rs. in '000)

Business Sector	For the year ended March 31, 2009			For the year ended March 31, 2008		
	GWP	No. of Lives	% of GWP	GWP	No. of Lives	% of GWP
Rural	204,081	—	6.0	123,481	—	5.6
Social	310	38,622	0.0	1,584	24,863	0.1
Urban	3,187,748	—	94.0	2,080,943	—	94.3
<b>Total</b>	<b>3,392,139</b>	<b>38,622</b>	<b>100.0</b>	<b>2,206,008</b>	<b>24,863</b>	<b>100.0</b>

**12. REINSURANCE REGULATIONS**

As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000 (Reinsurance Regulations), prior approval from IRDA is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 10% of the total reinsurance premium ceded. In term of IRDA Reinsurance Regulations, the Company has submitted details in respect of its reinsurance treaties including those where the reinsurance support exceeds 10% from overseas reinsurers.

**13. ASSETS TAKEN ON LEASE**

**Vehicles, information technology equipments and software:**

(Rs. '000)

Particulars	March 31, 2009	March 31, 2008
Total commitment towards minimum lease payments	<b>14,043</b>	21,603
Present Value of minimum lease payments	<b>11,973</b>	20,170
Minimum Lease payments		
Not later than one year (Present value Rs. 8,032 thousand as on 31-03-2009) (Previous year Rs. 11,485 thousand)	<b>8,670</b>	12,388
Later than one year but not later than five years (Present value Rs. 3,951 thousand as on 31-03-2009) (Previous year Rs. 8,685 thousand)	<b>5,373</b>	9,215

**Operating lease commitments :**

The Company takes premises, both commercial and residential on lease. The minimum lease payments to be made in future towards non-cancelable lease agreements are as follows:

(Rs. '000)

Particulars	March 31, 2009	March 31, 2008
Not later than one year	<b>166,590</b>	99,454
Later than one year but not later than Five Years	<b>543,909</b>	377,235
Later than Five Years	<b>175,640</b>	262,012

The aggregate, operating lease rental, charged to the Revenue Account in the current year is Rs. 94,671 thousand (Previous year: Rs. 99,471 thousand).

The lease terms do not contain any exceptional / restrictive covenants nor are there any options given to the Company to renew the lease or purchase the asset.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009****14. TAXATION**

Accounting Standard (AS) 22 – ‘Accounting for Taxes on Income’, requires the Company to accrue taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income is different from the reported income due to timing differences, there arises a potential deferred tax asset or deferred tax liability, as the case may be. The components of the Company’s deferred tax liabilities and assets are tabulated below. In view of the existence of unabsorbed depreciation and carried forward business loss as at the year end, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.

(Rs. '000)

Particulars	March 31, 2009	March 31, 2008
<b>Deferred Tax Assets:</b>		
Section 43B & 40(a) of Income Tax Act	<b>1,341</b>	586
Unabsorbed Depreciation	<b>9,907</b>	9,341
<b>Total</b>	<b>11,248</b>	9,927
<b>Deferred Tax Liabilities:</b>		
Depreciation	<b>11,248</b>	9,927
<b>Total</b>	<b>11,248</b>	9,927
<b>Net Deferred Tax Liability</b>	<b>Nil</b>	Nil

**15. SEGMENT REPORTING**

The statement on segment reporting is included in Annexure 1.

**16. ACCOUNTING RATIOS**

The statement on accounting ratios is provided in Annexure 2.

**17. EMPLOYEE BENEFITS**

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31,2009:

(Rs. '000)

	Gratuity		
<b>I.</b>	<b>Assumptions</b>	<b>1-4-08 to 31-3-09</b>	1-4-07 to 31-3-08
	Discount Rate as on 31-3-09	7.50%	7.50%
	Rate of increase in Compensation levels as on 31-3-09	6.25%	7.00%
	Rate of Return on Plan Assets p.a.	9.00%	9.00%
	Average Future Working life (years)	25	10
<b>II.</b>	<b>Table Showing Change in Benefit Obligation</b>		
	Net liability as per books (A)	NIL	NIL
	Fair value of Assets at the beginning of the period (B)	5,024	4,273
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	(689)	(550)



**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

(Rs. '000)

	Opening net Liability as per actuarial valuation (A)+(B)+(C)	4,335	3,723
	Interest Cost for the period	325	279
	Service Cost for the period	2,842	1,458
	Benefits paid during the period	(1,243)	(782)
	Actuarial (gain) / loss on obligations	99	(343)
	Plan Benefit Obligation at the end of the period	6,358	4,335
<b>III.</b>	<b>Tables of Fair value of Plan Assets</b>		
	Fair Value of plan Assets at the beginning of the period	5,024	4,273
	Expected Return on Plan Assets for the period	452	385
	Contributions during the period	2,399	920
	Benefits Paid during the period	(1,243)	(782)
	Actuarial Gain / (loss) on Plan Assets	(274)	228
	Fair Value of Plan Assets at the end of the period	6,358	5,024
<b>IV.</b>	<b>The Amounts to be recognised in balance Sheet</b>		
	Present Value of Obligation as on 31-3-09	6,358	4,335
	Fair value of plan assets	(6,358)	(5,024)
	Liability Recognised in Balance Sheet as on 31-3-09	NIL	(689)
<b>V.</b>	<b>Amounts to be recognised in the statement of Profit and Loss (Net Periodic Cost)</b>		
	Current Service Cost	2,842	1,458
	Interest Cost	325	279
	Expected Return on Plan assets	(452)	(385)
	Net actuarial gain / (loss) recognised in the period	373	(571)
	Actuarial Determined charge for the year (A)	3,088	781
	Shortfall / (Excess) (B)	NIL	(550)
	Total Charge as per books (A+B)	3,088	231
<b>VI.</b>	<b>Movements in the liability recognised in the balance sheet:</b>		
	Net Liability as per books (A)	NIL	NIL
	Shortfall / (Excess) in opening liability determined as per actuarial valuation (B)	(689)	(550)
	Opening net liability(A+B)	(689)	(550)
	Expense as above	3,088	781
	Contribution paid	(2,399)	(920)
	Closing net Liability	NIL	(689)

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009****(Rs. '000)**

<b>VII.</b>	<b>Actual Return on Plan Assets</b>		
	Expected return on plan assets	452	385
	Actuarial Gain /(Loss) on Plan Assets	(274)	228
	Actual return on Plan assets	178	613
<b>VIII.</b>	<b>Experience Adjustments</b>		
	Plan Liabilities	(542)	—

As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company. The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2009-10, amounts to Rs. 4,820 thousand.

**18. RELATED PARTY DISCLOSURE**

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Company are as follows:

**(a) Names of the related parties and description of relationship:****Holding Company**

Housing Development Finance Corporation Limited (HDFC Ltd.)

**Fellow subsidiaries**

HDFC Standard Life Insurance Company Ltd.

HDFC Asset Management Co. Ltd.

HDFC Property Ventures Limited (HDFC Property Ventures)

HDFC Sales Pvt. Ltd.

**Entities over which control is exercised**

HDFC PROPERTY FUND – SCHEME — HDFC IT Corridor Fund

HDFC Investment Trust

**Investing Party and its group companies**

ERGO International AG

Munich Re

Federal Insurance Company (up to June 27, 2007)

**Key Management Personnel**

Mr. Ritesh Kumar, Managing Director and CEO (w.e.f. June 10, 2008)

Mr. Shrirang V. Samant, Director and CEO (upto April 30, 2007)

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

**(b) Details of Transactions :**

(Rs. ' 000)

Particulars	Holding Company		Fellow subsidiaries		Investing Party and its group Companies		Key Mgmt. Personnel	
	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2008
<b>INCOME</b>								
Interest	8,688	2,637	—	—	—	—	—	—
Insurance Premium	11,731	3,879	5,858	4,668	—	—	2	—
Commission on Reinsurance ceded	—	—	—	—	24,877	3,423	—	—
<b>Total</b>	<b>20,419</b>	<b>6,516</b>	<b>5,858</b>	<b>4,668</b>	<b>24,877</b>	<b>3,423</b>	<b>2</b>	<b>—</b>
<b>EXPENSES</b>								
Rent paid	1,579	17,055	301	—	—	—	—	—
Claims	13,183	379	1,570	76	—	—	—	—
Commission paid	21,993	595	692	—	—	—	—	—
Technical services	—	—	—	—	—	—	—	—
Premium on Reinsurance ceded	—	—	—	—	81,115	17,374	—	—
Advisory fees	—	—	90	2,697	—	—	—	—
Remuneration	—	—	—	—	—	—	9,808	550
Others	—	—	246	324	—	—	—	—
<b>Total</b>	<b>36,755</b>	<b>18,029</b>	<b>2,899</b>	<b>3,097</b>	<b>81,115</b>	<b>17,374</b>	<b>9,808</b>	<b>550</b>
<b>ASSETS</b>								
<b>(Transactions during the year)</b>								
Interest Accrued	4,596	77	—	—	—	—	—	—
Investments made	95,000	140,500	—	—	—	—	—	—
Investments redeemed	(45,000)	(160,500)	—	—	—	—	—	—
Expenses Recoverable	—	—	2,223	—	—	—	—	—
Reinsurance	—	—	—	—	14,644	—	—	—
<b>Total</b>	<b>54,596</b>	<b>(19,923)</b>	<b>2,223</b>	<b>—</b>	<b>14,644</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>								
<b>(Transactions during the year)</b>								
Equity contribution	370,000	185,000	—	—	130,000	65,000	—	—
Reinsurance	—	—	—	—	43,298	—	—	—
Others	9,868	—	511	—	—	—	—	—
Premium received in Advance	401	—	408	289	—	—	—	—
<b>Total</b>	<b>380,269</b>	<b>185,000</b>	<b>919</b>	<b>289</b>	<b>173,298</b>	<b>65,000</b>	<b>—</b>	<b>—</b>
<b>ASSETS</b>								
Investments	100,000	—	—	—	—	—	—	—
Interest accrued	4,596	77	—	—	—	—	—	—
Expenses Recoverable	—	—	2,223	—	—	—	—	—
Reinsurance	—	—	—	—	14,644	—	—	—
<b>Total</b>	<b>104,596</b>	<b>77</b>	<b>2,223</b>	<b>—</b>	<b>14,644</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>								
Equity Capital	1,480,000	1,110,000	—	—	520,000	390,000	—	—
Reinsurance	—	—	—	—	43,298	—	—	—
Balance due	—	—	—	—	—	—	—	—
Others	9,868	—	511	—	—	—	—	—
Premium received in Advance	401	—	408	289	—	—	—	—
Commission	—	—	—	—	—	—	—	—
Reinsurance	—	—	—	—	—	—	—	—
<b>Total</b>	<b>1,490,269</b>	<b>1,110,000</b>	<b>919</b>	<b>289</b>	<b>563,298</b>	<b>390,000</b>	<b>—</b>	<b>—</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2008-2009 :

(Rs. '000)

Particulars	Munich Re	ERGO International AG	HDFC Ltd.	HDFC Standard Life Insurance Company Ltd.	HDFC Asset Management Co. Ltd.	HDFC Sales Pvt. Ltd.
<b>INCOME</b>						
Interest	—	—	8,688	—	—	—
Insurance Premium	—	—	11,731	2,685	1,650	951
Commission on Reinsurance ceded	24,877	—	—	—	—	—
<b>Total</b>	<b>24,877</b>	<b>—</b>	<b>20,419</b>	<b>2,685</b>	<b>1,650</b>	<b>951</b>
<b>EXPENSES</b>						
Rent paid	—	—	1,579	301	—	—
Claims	—	—	13,183	1,570	—	—
Commission paid	—	—	21,993	—	—	692
Premium on Reinsurance ceded	81,115	—	—	—	—	—
Advisory fees	—	—	—	—	90	—
Others	—	—	—	182	—	65
<b>Total</b>	<b>81,115</b>	<b>—</b>	<b>36,755</b>	<b>2,053</b>	<b>90</b>	<b>757</b>
<b>Assets (Transactions during the year)</b>						
Interest Accrued	—	—	4,596	—	—	—
Investments made	—	—	95,000	—	—	—
Investments redeemed	—	—	(45,000)	—	—	—
Expenses Recoverable	—	—	—	2,223	—	—
Reinsurance	14,644	—	—	—	—	—
<b>Total</b>	<b>14,644</b>	<b>—</b>	<b>54,596</b>	<b>2,223</b>	<b>—</b>	<b>—</b>
<b>Liabilities (Transactions during the year)</b>						
Equity contribution	—	130,000	370,000	—	—	—
Premium received in Advance	—	—	401	106	—	302
Reinsurance	43,298	—	—	—	—	—
Others	—	—	9,868	—	—	511
<b>Total</b>	<b>43,298</b>	<b>130,000</b>	<b>380,269</b>	<b>106</b>	<b>—</b>	<b>813</b>
<b>ASSETS</b>						
Interest accrued	—	—	4,596	—	—	—
Expenses Recoverable	—	—	—	2,223	—	—
Reinsurance	14,644	—	—	—	—	—
Investment	—	—	100,000	—	—	—
<b>Total</b>	<b>14,644</b>	<b>—</b>	<b>104,596</b>	<b>2,223</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES</b>						
Equity Capital	—	520,000	1,480,000	—	—	—
Premium received in Advance	—	—	401	106	—	302
Reinsurance	43,298	—	—	—	—	—
Others	—	—	9,868	—	—	511
<b>Total</b>	<b>43,298</b>	<b>520,000</b>	<b>1,490,269</b>	<b>106</b>	<b>—</b>	<b>813</b>

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2007-2008 :

(Rs. '000)

Particulars	Federal Insurance Company	ERGO International AG	HDFC Ltd.	HDFC Standard Life Insurance Company Ltd.	HDFC Asset Management Co. Ltd.	HDFC Property Venture Ltd.
<b>INCOME</b>						
Interest	—	—	2,637	—	—	—
Insurance Premium	—	—	3,879	2,767	1,866	—
Reinsurance	3,191	—	—	—	—	—
<b>Total</b>	<b>3,191</b>	<b>—</b>	<b>6,516</b>	<b>2,767</b>	<b>1,866</b>	<b>—</b>
<b>EXPENSES</b>						
Rent paid	—	—	17,055	—	—	—
Claims	—	—	379	76	—	—
Commission paid	—	—	595	—	—	—
Reinsurance	16,561	—	—	—	—	—
Advisory fees	—	—	—	—	2,697	—
Others	—	—	—	324	—	—
<b>Total</b>	<b>16,561</b>	<b>—</b>	<b>18,029</b>	<b>400</b>	<b>2,697</b>	<b>—</b>

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2007-2008 :

(Rs. '000)

Particulars	Federal Insurance Company	ERGO International AG	HDFC Ltd.	HDFC Standard Life Insurance Company Ltd.	HDFC Asset Management Co. Ltd.	HDFC Property Venture Ltd.
<b>ASSETS (Transactions during the year)</b>						
Interest Accrued	—	—	77	—	—	—
Investments made	—	—	140,500	—	—	—
Investments redeemed	—	—	(160,500)	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>(19,923)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>LIABILITIES (Transactions during the year)</b>						
Equity Contribution	—	65,000	185,000	—	—	—
Reinsurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Premium received in Advance	—	—	400	284	—	—
Technical services	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>65,000</b>	<b>185,400</b>	<b>284</b>	<b>—</b>	<b>—</b>

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2007-2008 :

(Rs. '000)						
Particulars	Federal Insurance Company	ERGO International AG	HDFC Ltd.	HDFC Standard Life Insurance Company Ltd.	HDFC Asset Management Co. Ltd.	HDFC Property Venture Ltd.
<b>ASSETS</b>						
Investments	—	—	—	—	—	—
Interest accrued	—	—	77	—	—	—
<b>Total</b>	—	—	77	—	—	—
<b>LIABILITIES</b>						
Equity Capital	—	390,000	1,110,000	—	—	—
Reinsurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Premium received in Advance	—	—	400	284	—	—
Technical services	—	—	—	—	—	—
Reinsurance	—	—	—	—	—	—
<b>Total</b>	—	390,000	1,110,400	284	—	—

**19. LOAN RESTRUCTURING**

The Company has not given any loans during the Financial Year and in previous years.

**20. SUMMARY OF FINANCIAL STATEMENTS**

The summary of financial statements is provided in Annexure 3.

**21. FOREIGN EXCHANGE GAIN / LOSS**

- (a) During the year foreign exchange profit earned by the Company is Rs.1,539 thousand (Previous year Rs.1,229 thousand).
- (b) The year end foreign currency exposures is Nil.

**22. (a) SOLATIUM FUND**

The IRDA had asked the General Insurance Council to recommend the percentage of contribution to be made to a Solatium Fund and matters relating to the administration of the Fund. The Council in its meeting held on May 6, 2005 approved the contribution of 0.10% of the motor gross written premium with effect from the date of commencement of business, for private insurance companies.

**Schedule – 16 (Continued)**

**NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

The Council has decided that New India Assurance Co Ltd would administer the fund. During the year Company has made its contribution to the fund, for the financial year 2007-08. However the charge to the revenue account has been made on an accrual basis (see accounting policy in paragraph 2(v) above).

**(b) Contributions to Environment Fund**

An amount of Rs. 23.5 thousand (Previous year Nil) collected towards Environment Fund for public liability policies has been transfer to “United India Insurance Company Limited, Environment Fund Account” as per Notification of Environment Relief Fund (ERF) scheme under the public liability insurance Act 1991/92.

**23. EARNINGS PER SHARE (EPS)**

	Particulars	March 31, 2009	March 31, 2008
1)	Net Profit / (Loss) After Tax for the year (Rs. '000)	<b>(257,469)</b>	(169,992)
2)	Weighted Average No. of Equity Shares (in '000)	<b>169,425</b>	125,342
3)	Basic and Diluted Earnings per Share (Rs.)	<b>(1.52)</b>	(1.36)
4)	Nominal Value Per Share (Rs.)	<b>Rs. 10.00</b>	Rs. 10.00

There are no diluted potential equity shares outstanding during the year.

**24.** According to the information available with the company there are no dues payable to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2009.

**25.** Professional fees include payments made for various outsourced services amounting to Rs. 50,311 thousand (Previous year Rs. 45,861 thousand).

**26. MOTOR THIRD PARTY POOL**

The Company's share in the said pooling arrangement as at/ for the twelve months period from 01.03.2008 to 28.02.2009, have been incorporated on the basis of an extract received from the pool. The loss being Company's share in the arrangement after considering all the income and expenses for twelve months period is Rs. 57,009 thousand.

As the data for March 2009, is not available to the Company, the same could not be considered in preparing these financial statements. The Company does not expect any material change to arise on this account.

**Schedule – 16 (Continued)****NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009****27. PREVIOUS YEAR COMPARATIVES**

The following items are reclassified during the year:

<b>Current Classification</b>	<b>Previous Classification</b>	<b>Reason for Classification</b>
Claims Paid	Pre – Inspection Fees (Legal and Professional Charges)	Being Loss minimization expenditure hence regrouped accordingly.
Investments a. Other investment (Debenture / Bond) b. Other investment (Other securities – Bank Deposit) c. Other than Approved Investment (Mutual Fund)	Investment a. Other Approved Securities (Non-convertible Debenture / Investment in Housing Bonds) b. Other than approved investment (Corporate Deposit) c. Other Investment (Mutual Fund)	Re - classification done as per IRDA Regulation.
Due from other entities carrying on Insurance Business.	Balance due to other insurance company.	Reinsurance / Coinsurance entity wise netting off done as settlement is done on net basis.
Balance due to other insurance company.	Due from other entities carrying on Insurance Business	Reinsurance / Coinsurance entity wise netting off done as settlement is done on net basis.
Advance tax paid in and Tax deducted at source (TDS)	TDS Payable	Excess TDS paid previously netted off against TDS liability now grossed up.

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

**Samir H. Shah**  
CFO & Company Secretary

Directors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Stefan Emberger**  
**Jagdish Khattar**  
**Bernhard Steinruecke**

MUMBAI, April 24, 2009



## SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2009

### Annexure 1

#### Segmental Break up of the Balance Sheet as at March 31, 2009

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

(Rs. '000)

Particulars	Fire	Marine	Miscellaneous	Total
Claims Outstanding (refer note 2 (w) of schedule 16)	11,785	10,051	927,867	<b>949,703</b>
	(18,615)	(13,054)	(571,699)	<b>(603,368)</b>
Reserve for Unexpired Risk	38,656	10,686	959,386	<b>1,008,728</b>
	(12,039)	(8,865)	(834,883)	<b>(855,787)</b>

Previous year's figures are in brackets.

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2009**

**Annexure 1**

	Fire	Marine -Cargo	Marine -Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	*Others	Total
Premium earned (Net) (Schedule - A)	8,778	19,150	—	1,281,943	962,134	105,409	214,400	2,744	1,530	464	11,794	16,142	31	63,839	363,536	1,453	17,503	5,824	1,794,731
Profit on Sale of Investments	390	212	—	12,775	6,130	6,645	—	18	9	2	70	164	—	466	2,309	10	212	75	16,712
Interest and Dividend (Net of Amortisation)	2,921	1,584	—	95,575	45,861	49,714	—	137	65	14	521	1,226	—	3,484	17,274	74	1,582	572	125,029
Investment Income from Pool (Motor & Terrorism)	4,599	—	—	27,408	—	—	27,408	—	—	—	—	—	—	—	—	—	—	—	32,007
Miscellaneous Income/ Liabilities written back	—	—	—	3,037	2,737	300	—	—	—	—	—	—	—	182	1,034	4	50	188	4,495
Total Segmental Revenue	16,688	20,946	—	1,420,738	1,016,862	162,068	241,808	2,899	1,604	480	12,385	17,532	31	67,971	384,153	1,541	19,347	6,659	1,972,974
Claims incurred (Net) (Schedule - B)	1,869	10,814	—	1,042,894	628,824	148,400	265,670	21	8	17	99	5,114	3	25,910	365,371	27	(9,016)	5,814	1,448,945
Commission Paid (Net)	(74,319)	(7,218)	(1,263)	(57,717)	(29,459)	(28,258)	—	(985)	(311)	(130)	(7,387)	(32,229)	245	56	(10,081)	118	(11,908)	(324)	(203,403)
Operating Expenses Related To Insurance Business	20,064	26,634	10,449	731,493	629,393	66,953	33,147	5,293	2,964	904	23,237	31,658	163	30,181	159,376	865	11,113	20,663	1,075,057
Premium Deficiency	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Segmental Expenditure	(52,368)	30,230	9,186	1,716,670	1,228,758	189,095	298,817	4,379	2,661	791	15,949	4,543	411	56,147	514,666	1,010	(9,811)	26,159	2,320,599
Segmental Profit (Loss)	<b>69,074</b>	<b>(9,284)</b>	<b>(9,106)</b>	<b>(295,932)</b>	<b>(211,896)</b>	<b>(27,027)</b>	<b>(57,009)</b>	<b>(1,480)</b>	<b>(1,057)</b>	<b>(311)</b>	<b>(3,564)</b>	<b>12,989</b>	<b>(380)</b>	<b>11,824</b>	<b>(30,513)</b>	<b>531</b>	<b>29,156</b>	<b>(19,494)</b>	<b>(947,625)</b>

\* Includes -  
1. Directors' and officers' liability  
2. Mutual fund assets protection

**SCHEDULE - A to Annexure 1**

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	*Others	Total	
<b>PREMIUM EARNED [NET]</b> (Refer notes 7 and 8 of Schedule 16)																				
Premium from direct business written	587,923	25,285	1,587,758	1,241,364	346,394	—	8,135	7,071	3,209	122,653	141,740	18,200	76,569	580,132	1,954	174,331	19,599	3,392,137		
Add : Premium on reinsurance accepted	59,401	1,348	—	265,541	364	—	265,177	—	—	4,051	3,353	69	—	—	—	14,381	—	348,144		
Less : Premium on reinsurance ceded	(613,487)	(37,905)	(25,025)	(497,289)	(263,536)	(233,753)	—	(5,400)	(5,418)	(2,579)	(112,076)	(123,610)	(18,233)	(22,289)	(142,975)	(198)	(172,628)	(13,496)	(1,792,808)	
Net Premium	33,837	21,011	270	1,336,010	978,192	112,641	265,177	2,735	1,653	630	14,628	21,483	36	54,280	417,157	1,756	16,084	6,103	1,947,673	
Less : Adjustment for changes in reserve for unexpired risks	(25,059)	(1,861)	(270)	(74,067)	(16,058)	(7,232)	(50,777)	9	(123)	(166)	(2,834)	(5,341)	(5)	9,559	(53,021)	(303)	1,419	(279)	(152,942)	
Total Premium earned	<b>8,778</b>	<b>19,150</b>	<b>—</b>	<b>1,261,943</b>	<b>962,134</b>	<b>105,409</b>	<b>214,400</b>	<b>2,744</b>	<b>1,530</b>	<b>464</b>	<b>11,794</b>	<b>16,142</b>	<b>31</b>	<b>63,839</b>	<b>363,536</b>	<b>1,453</b>	<b>17,503</b>	<b>5,824</b>	<b>1,794,731</b>	

**SCHEDULE - B to Annexure 1**

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	*Others	Total	
<b>CLAIMS INCURRED [NET]</b> (Refer note 6 of Schedule 16)																				
Claims paid direct	50,659	22,786	—	889,944	801,426	76,616	11,902	—	—	—	—	9,807	—	29,812	366,757	8	9,344	12,589	1,391,706	
Add: Claims on Re-insurance accepted	1,652	—	—	5	5	—	—	—	—	—	—	20	—	—	—	—	—	—	1,677	
Less : Re-insurance ceded	(43,613)	(8,969)	—	(165,606)	(152,629)	(13,977)	—	—	—	—	—	(7,445)	—	(4,199)	(45,049)	(1)	(7,338)	(7,553)	(290,773)	
Net Claims paid	8,698	13,817	—	723,343	648,802	62,639	11,902	—	—	—	—	2,382	—	25,613	321,708	7	2,006	5,036	1,102,610	
Add: Claims Outstanding at the end of the period	11,785	10,051	—	765,178	102,524	309,076	353,578	763	153	46	1,179	7,231	3	17,286	124,029	234	7,157	4,588	949,703	
Less: Claims Outstanding at the beginning of the period	18,614	13,054	—	445,627	122,502	223,315	99,810	762	145	29	1,080	4,499	—	16,989	80,366	214	18,179	3,810	603,368	
Total Claims incurred	<b>1,669</b>	<b>10,814</b>	<b>—</b>	<b>1,042,894</b>	<b>628,824</b>	<b>146,400</b>	<b>265,670</b>	<b>21</b>	<b>8</b>	<b>17</b>	<b>99</b>	<b>5,114</b>	<b>3</b>	<b>25,910</b>	<b>365,371</b>	<b>27</b>	<b>(9,016)</b>	<b>5,814</b>	<b>1,448,945</b>	

**SCHEDULE - C to Annexure 1**

(Rs. '000)

**COMMISSION PAID [NET]**

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engi- neering	Aviation	Personal Accident	Health	Home	Speci- ality	*Others	Total
Commission paid direct	24,260	4,555	1,014	26,576	—	—	—	512	366	324	16,037	10,508	523	9,820	54,164	167	30,021	1,769	180,616
Add : Commission paid on re-insurance accepted	8,445	—	—	24	24	—	—	—	—	—	—	231	—	—	—	—	1,932	—	10,632
Less : Commission received on re-insurance ceded	(107,024)	(11,773)	(2,277)	(84,317)	(56,059)	(28,258)	—	(1,447)	(677)	(454)	(23,424)	(42,968)	(278)	(9,764)	(64,245)	(49)	(43,861)	(2,093)	(394,651)
Net commission paid / (received)	<b>(74,319)</b>	<b>(7,218)</b>	<b>(1,263)</b>	<b>(57,717)</b>	<b>(29,459)</b>	<b>(28,258)</b>	—	<b>(935)</b>	<b>(311)</b>	<b>(130)</b>	<b>(7,387)</b>	<b>(32,229)</b>	<b>243</b>	<b>56</b>	<b>(10,081)</b>	<b>118</b>	<b>(11,908)</b>	<b>(324)</b>	<b>(203,403)</b>

**SCHEDULE - D to Annexure 1**

(Rs. '000)

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engi- neering	Aviation	Personal Accident	Health	Home	Speci- ality	*Others	Total
9,939	15,927	5,758	198,052	178,496	19,556	—	3,107	1,732	525	13,354	18,277	35	10,792	61,001	244	5,209	7,944	351,896	
1,069	1,733	598	15,538	14,004	1,534	—	334	186	56	1,436	1,965	4	1,196	5,031	20	364	2,496	32,026	
16	23	11	1,146	1,033	113	—	5	3	1	21	29	—	68	365	2	19	152	1,881	
1,654	2,586	1,021	95,342	85,928	9,414	—	517	288	87	2,222	3,041	6	5,562	31,672	127	2,238	2,338	146,701	
142	216	95	16,760	15,105	1,655	—	45	25	8	191	262	1	1,002	5,701	23	274	95	24,840	
203	316	128	14,230	12,825	1,405	—	64	35	11	273	374	1	899	2,845	218	147	345	20,089	
289	456	175	11,384	10,260	1,124	—	90	50	15	389	532	1	655	3,601	15	258	441	18,351	
1,899	2,863	1,280	81,215	43,322	4,746	33,147	594	331	100	2,552	3,492	7	3,676	14,566	58	723	5,149	118,525	
10	15	7	1,216	1,096	120	—	3	2	1	13	18	—	73	414	2	20	6	1,800	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
185	278	126	7,297	6,577	720	—	58	32	10	249	341	1	356	1,695	7	82	177	10,894	
43	65	30	4,204	3,789	415	—	14	8	2	58	80	—	173	954	11	46	29	5,717	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
193	285	125	11,768	10,606	1,162	—	60	34	10	259	354	1	682	3,886	16	294	269	18,246	
321	495	204	22,719	20,476	2,243	—	100	56	17	431	589	1	1,321	7,525	30	443	462	34,714	
207	324	127	4,530	4,083	447	—	65	36	11	278	380	1	290	1,531	6	84	173	8,043	
3,279	462	—	176,832	159,372	17,460	—	45	39	18	684	791	102	—	—	—	—	—	109	182,361
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
254	357	197	27,750	25,010	2,740	—	79	44	13	341	467	1	1,298	7,392	30	357	168	38,748	
77	130	39	9,673	8,718	955	—	24	13	4	104	142	—	391	1,204	16	76	63	11,956	
17	26	12	248	223	25	—	5	3	1	23	32	—	7	41	—	2	12	429	
267	67	516	31,589	28,470	3,119	—	84	47	14	359	492	1	1,740	9,912	40	477	235	45,840	
<b>20,064</b>	<b>26,634</b>	<b>10,449</b>	<b>731,493</b>	<b>629,383</b>	<b>68,953</b>	<b>33,147</b>	<b>5,293</b>	<b>2,964</b>	<b>904</b>	<b>23,237</b>	<b>31,658</b>	<b>163</b>	<b>30,181</b>	<b>159,376</b>	<b>865</b>	<b>11,113</b>	<b>20,663</b>	<b>1,075,057</b>	

**OPERATING EXPENSES RELATED**

**TO INSURANCE BUSINESS**

Employees' remuneration and welfare benefits  
 (Refer note 10 of Schedule 16)  
 Travel, conveyance and vehicle running expenses  
 Training expenses  
 Rents, rates and taxes  
 Repairs  
 Printing and stationery  
 Communication  
 Legal and professional charges  
 Auditors' fees, expenses etc as auditors  
 as advisor or in any other capacity, in respect of :  
 (i) Taxation matters  
 (ii) Insurance matters  
 (iii) Management services  
 in any other capacity  
 Advertisement and publicity  
 Interest and Bank Charges  
 Others :-  
 Electricity expenses  
 Office Expenses  
 Miscellaneous expenses  
 Service Charges  
 Technical Service Charges  
 Information Technology Expenses  
 Postage & courier  
 Loss on sale of assets (net)  
 Depreciation  
 Service Tax Expenditure

**SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2008**

**Annexure 1**

	Fire	Marine -Cargo	Marine -Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	*Others	Total
Premium earned (Net) (Schedule-A)	16,137	14,185	—	1,201,700	1,046,258	73,630	81,812	2,532	1,447	287	10,804	12,421	—	39,804	109,229	1,829	22,594	7,360	1,500,529
Profit on Sale of Investments	41	21	—	1,212	790	422	—	2	1	—	8	15	—	60	150	2	32	13	1,557
Interest and Dividend (Net of Amortisation)	2,056	1,073	—	61,071	39,785	21,286	—	109	58	11	409	769	—	3,024	7,551	107	1,637	571	78,446
Other Income	5,273	355	—	23,837	18,211	1,282	4,344	68	39	8	289	332	—	1,065	4,528	49	604	202	36,649
Total Segmental Revenue	23,507	15,634	—	1,287,820	1,105,044	96,620	86,156	2,711	1,545	306	11,510	13,537	—	43,953	181,458	1,967	24,867	8,346	1,617,181
Claims incurred (Net) (Schedule-B)	3,357	13,242	—	849,105	640,650	108,645	99,810	1,135	185	2	(90)	3,531	—	25,192	241,090	(1,088)	8,084	3,997	1,147,742
Commission Paid (Net)	(27,221)	(1,734)	—	(1,433)	6,516	(7,949)	—	(389)	(194)	(85)	(5,060)	(21,260)	—	2,218	20,481	91	(9,877)	(649)	(45,112)
Operating Expenses Related To Insurance Business	24,884	21,762	—	505,887	509,568	35,866	20,453	3,884	2,219	440	16,576	19,054	—	14,874	47,232	701	12,864	10,466	740,943
Premium Deficiency	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Segmental Expenditure	1,120	33,270	—	1,413,559	1,156,734	136,582	120,263	4,630	2,210	357	11,426	1,325	—	42,284	308,803	(296)	11,071	13,814	1,843,573
Segmental Profit (Loss)	<b>22,387</b>	<b>(17,636)</b>	—	<b>(123,739)</b>	<b>(51,690)</b>	<b>(39,942)</b>	<b>(34,107)</b>	<b>(1,919)</b>	<b>(665)</b>	<b>(51)</b>	<b>84</b>	<b>12,212</b>	—	<b>1,669</b>	<b>(127,345)</b>	<b>2,263</b>	<b>13,796</b>	<b>(5,468)</b>	<b>(226,392)</b>

\* Includes - 1. Directors' and officers' liability  
2. Mutual fund assets protection

**SCHEDULE - A to Annexure 1**

	Fire	Marine -Cargo	Marine -Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	*Others	Total
<b>PREMIUM EARNED [NET]</b>																			
(Refer notes 7 and 8 of Schedule 16)																			
Premium from direct business written	128,281	32,881	—	1,403,789	1,234,034	169,755	—	4,112	2,976	824	40,348	79,330	—	52,899	282,266	1,504	161,657	15,141	2,206,008
Add : Premium on reinsurance accepted	4,542	—	—	163,623	—	—	163,623	—	—	—	3,761	1,175	—	—	—	—	17,766	—	190,867
Less : Premium on reinsurance ceded	(114,791)	(15,691)	—	(254,820)	(198,858)	(55,962)	—	(1,919)	(1,696)	(680)	(34,985)	(68,934)	—	(8,826)	(46,860)	(229)	(161,365)	(10,255)	(721,051)
Net Premium	18,032	17,190	—	1,312,592	1,035,176	113,793	163,623	2,193	1,280	144	9,124	11,571	—	44,073	235,406	1,275	18,057	4,886	1,675,824
Less : Adjustment for changes in reserve for unexpired risks	(1,895)	(3,005)	—	(110,892)	11,084	(40,105)	(81,811)	339	167	143	1,680	850	—	(4,289)	(66,177)	554	4,534	2,677	(175,294)
Total Premium earned	<b>16,137</b>	<b>14,185</b>	—	<b>1,201,700</b>	<b>1,046,260</b>	<b>73,628</b>	<b>81,812</b>	<b>2,532</b>	<b>1,447</b>	<b>287</b>	<b>10,804</b>	<b>12,421</b>	—	<b>39,804</b>	<b>189,229</b>	<b>1,829</b>	<b>22,591</b>	<b>7,563</b>	<b>1,500,530</b>

**SCHEDULE - B to Annexure 1**

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality	*Others	Total
15,701	8,663	—	845,215	785,620	59,585	—	702	293	—	—	—	6,434	—	26,668	206,220	103	766	8,305	1,119,070
23	—	—	—	—	—	—	—	—	—	—	—	21	—	—	—	—	—	—	44
(6,448)	(2,299)	—	(152,806)	(140,910)	(11,806)	—	(140)	(59)	—	—	—	(4,653)	—	(5,165)	(32,811)	(21)	(610)	(6,513)	(208,325)
9,276	6,364	—	692,409	644,710	47,699	—	562	234	—	—	—	1,802	—	21,503	173,609	82	156	4,792	910,789
18,615	13,054	—	445,627	122,502	225,315	99,810	762	145	29	1,080	4,499	—	—	16,989	80,366	214	18,179	3,809	603,368
24,534	6,176	—	288,931	126,560	162,371	—	189	194	27	1,170	2,770	—	—	13,300	12,885	1,384	10,249	4,606	366,415
<b>3,357</b>	<b>13,242</b>	<b>—</b>	<b>849,105</b>	<b>640,652</b>	<b>106,643</b>	<b>99,810</b>	<b>1,135</b>	<b>185</b>	<b>2</b>	<b>(90)</b>	<b>3,531</b>	<b>—</b>	<b>—</b>	<b>25,192</b>	<b>241,090</b>	<b>(1,088)</b>	<b>8,068</b>	<b>3,995</b>	<b>1,147,742</b>

**CLAIMS INCURRED [NET]**

(Refer note 6 of Schedule 16)

Claims paid direct

Add: Claims on Re-insurance accepted

Less: Re-insurance ceded

Net Claims paid

Add: Claims Outstanding at the end of the period

Less: Claims Outstanding at the beginning of the period

Total Claims incurred

**SCHEDULE - C to Annexure 1**

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality	*Others	Total
5,559	2,282	—	43,522	43,522	—	—	96	270	102	4,556	4,532	—	—	4,246	31,204	148	24,411	1,834	122,662
591	—	—	—	—	—	—	—	—	—	—	—	117	—	—	—	—	1,627	—	2,335
(33,371)	(4,016)	—	(44,955)	(37,006)	(7,949)	—	(485)	(464)	(167)	(6,516)	(25,909)	—	—	(2,028)	(10,223)	(57)	(35,913)	(2,485)	(170,109)
<b>(27,221)</b>	<b>(1,734)</b>	<b>—</b>	<b>(1,433)</b>	<b>6,516</b>	<b>(7,949)</b>	<b>—</b>	<b>(989)</b>	<b>(194)</b>	<b>(95)</b>	<b>(5,060)</b>	<b>(21,269)</b>	<b>—</b>	<b>—</b>	<b>2,218</b>	<b>20,481</b>	<b>91</b>	<b>(9,875)</b>	<b>(651)</b>	<b>(45,112)</b>

**COMMISSION PAID [NET]**

Commission paid direct

Add: Commission paid on re-insurance accepted

Less: Commission received on re-insurance ceded

Net commission paid / (received)

**SCHEDULE - D to Annexure 1**

	Fire	Marine - Cargo	Marine - Others	Motor Total	Motor OD	Motor TP	Motor Pool Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	*Others	Total	
	(Rs. '000)																		
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>																			
Employees' remuneration and welfare benefits	8,542	7,508	—	96,289	89,958	6,331	—	1,340	766	152	5,718	6,574	—	3,759	12,767	138	4,929	3,058	152,140
(Refer note 10 of Schedule 16)																			
Travel, conveyance and vehicle running expenses	1,452	1,276	—	7,264	6,786	478	—	228	130	26	972	1,117	—	431	1,005	12	485	610	15,018
Training expenses	168	148	—	12	11	1	—	26	15	3	113	129	—	1	3	—	—	65	683
Rents, rates and taxes	2,298	2,020	—	79,504	74,277	5,227	—	361	206	41	1,538	1,769	—	3,070	12,009	125	2,806	1,108	106,855
Repairs	54	47	—	3,557	3,323	234	—	8	5	1	36	41	—	128	496	5	74	26	4,478
Printing and stationery	343	301	—	8,980	8,390	590	—	54	31	6	230	264	—	1,416	803	184	107	140	12,859
Communication	480	422	—	8,346	7,797	549	—	75	43	9	321	389	—	429	1,110	12	275	203	12,094
Legal and professional charges	8,860	7,768	—	69,613	45,928	3,232	20,453	1,390	794	158	5,932	6,820	—	2,329	6,172	75	1,065	3,548	114,544
Auditors' fees, expenses etc as auditors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
as advisor or in any other capacity, in respect of :	18	16	—	1,243	1,161	82	—	3	2	—	12	14	—	44	188	2	25	8	1,575
(i) Taxation matters	1	1	—	79	74	5	—	—	—	1	1	1	—	3	11	—	2	1	100
(ii) Insurance matters	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(iii) Management services in any other capacity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advertisement and publicity	113	100	—	3,725	3,480	245	—	18	10	2	76	87	—	135	464	5	62	48	4,845
Interest and Bank Charges	72	63	—	4,081	3,813	268	—	11	6	1	48	55	—	131	431	10	71	32	5,012
Others :-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity expenses	247	217	—	7,354	6,870	484	—	39	22	4	165	190	—	275	1,092	11	274	115	10,005
Office Expenses	293	257	—	6,553	6,122	431	—	46	26	5	196	225	—	292	901	10	208	156	9,168
Miscellaneous expenses	120	106	—	(36)	(34)	(2)	—	19	11	2	80	92	—	64	(15)	—	23	47	513
Service Charges	224	—	—	195,821	182,947	12,874	—	—	—	—	—	—	—	—	—	—	—	—	196,045
Technical Service Charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Information Technology Expenses	560	492	—	27,541	25,730	1,811	—	88	50	10	375	431	—	791	3,365	42	480	241	34,446
Postage & courier	103	90	—	8,728	8,154	574	—	16	9	2	69	79	—	341	377	19	63	43	9,839
Loss on sale of assets (net)	1	1	—	59	55	4	—	—	—	—	1	1	—	2	9	—	1	—	75
Depreciation	1,035	909	—	37,174	34,730	2,444	—	162	93	18	693	796	—	1,233	6,044	51	1,916	426	50,550
Service Tax Expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Operating Expenses	<b>24,984</b>	<b>21,762</b>	<b>—</b>	<b>565,887</b>	<b>509,572</b>	<b>35,862</b>	<b>20,453</b>	<b>3,884</b>	<b>2,219</b>	<b>440</b>	<b>16,576</b>	<b>19,054</b>	<b>—</b>	<b>14,874</b>	<b>47,232</b>	<b>701</b>	<b>12,856</b>	<b>10,475</b>	<b>740,944</b>

Sr. No.	Performance Ratio	Ratios as on 31 March 2009				Ratios as on 31 March 2008			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	387.36%	156.12%	34.85%	56.05%	14.48%	36.67%	22.07%	21.80%
2	Gross Premium to shareholders' fund ratio Gross Premium for Current Year / (Paid up Capital plus Free Reserves)	NA	NA	NA	294.15%	NA	NA	NA	232.93%
3	Growth rate of shareholders' funds Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date	NA	NA	NA	23.57%	NA	NA	NA	8.94%
4	Net retention ratio Net Premium / Gross Premium	5.23%	25.27%	62.90%	52.07%	13.58%	52.28%	73.53%	69.92%
5	Net commission ratio Commission net of Reinsurance / Net Premium	-219.64%	-39.85%	-6.37%	-10.44%	-150.95%	-10.09%	-0.98%	-2.69%
6	Expenses of Management to gross direct Premium ratio Expenses of Management / Gross Direct Premium	3.10%	44.04%	33.83%	28.74%	18.81%	66.18%	31.11%	30.91%
7	Combined ratio Claim Paid, Commission plus Expenses of Management / Gross Premium	14.67%	77.71%	82.66%	70.78%	34.81%	99.47%	85.32%	82.72%
8	Technical reserves to net Premium ratio Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium	144.80%	99.53%	99.69%	100.47%	170.61%	128.31%	85.63%	86.98%
9	Underwriting balance ratio Underwriting Profit / Net Premium	180.76%	-95.22%	-29.95%	-27.00%	83.28%	-111.03%	-20.66%	-20.47%
10	Operating profit ratio Underwriting Profit plus Investment Income / Net Premium	204.13%	-86.79%	-21.04%	-17.85%	124.15%	-102.60%	-14.09%	-13.51%
11	Liquid assets to liabilities ratio Liquid Assets of the Insurer / Policyholders' Liabilities	NA	NA	NA	82.73%	NA	NA	NA	44.45%
12	Net earnings ratio Profit after Tax / Net Premium	NA	NA	NA	-13.22%	NA	NA	NA	-10.14%
13	Return on net worth Profit after Tax / Net Worth	NA	NA	NA	-20.25%	NA	NA	NA	-16.52%
14	Reinsurance ratio Risk Reinsured (Premium on Reinsurance Ceded) / Gross Premium	94.77%	74.73%	37.10%	47.93%	86.42%	47.72%	26.47%	30.08%

## Notes:

1. Gross Premium represents Gross Direct Premium including Premium accepted on reinsurance
2. Net Premium represents Gross Direct Premium including Premium accepted on reinsurance less reinsurance ceded
3. Expenses of Management represent Operating Expenses related to Insurance business
4. Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income
5. Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.



## Summary of Financial Statements

### Annexure 3

Sr. No.	Particulars	2008-09 (Rs. '000)	2007-08 (Rs. '000)	2006-07 (Rs. '000)	2005-06 (Rs. '000)	2004-05 (Rs. '000)
	<b>OPERATING RESULTS</b>					
1	Gross Written Premium	3,740,282	2,396,874	1,967,826	2,068,954	1,842,473
2	Net Premium Income	1,947,673	1,675,823	1,331,126	1,436,550	1,342,533
3	Income from Investments (net)	141,741	80,003	60,513	54,965	47,072
4	Other Income (includes provision written back)	36,502	36,649	4,981	23,731	75
5	<b>Total Income</b>	<b>2,125,916</b>	<b>1,792,475</b>	<b>1,396,620</b>	<b>1,515,246</b>	<b>1,389,680</b>
6	Commission (net)	(203,403)	(45,112)	48,411	78,008	107,072
7	Operating Expenses	1,075,057	740,944	639,512	576,713	460,760
8	Claims, increase in Unexpired Risk Reserve and other outflows	1,601,887	1,323,036	728,517	850,356	941,283
9	<b>Operating Profit / (Loss)</b>	<b>(347,625)</b>	<b>(226,393)</b>	<b>(19,820)</b>	<b>10,169</b>	<b>(119,435)</b>
	<b>NON-OPERATING RESULTS</b>					
10	Total Income under shareholder's account	95,481	63,115	52,968	45,970	47,703
11	Profit / (Loss) before tax	(252,144)	(167,708)	25,017	48,009	(79,862)
12	Provision for tax	5,325	2,284	4,993	3,945	8
13	Profit / (Loss) after tax	(257,469)	(169,992)	20,025	44,064	(79,870)
	<b>MISCELLANEOUS</b>					
14	Policyholders' Account :					
	Total Funds	—	—	—	—	—
	Total Investments	—	—	—	—	—
	Yield on Investments	—	—	—	—	—
15	Shareholders' Account :					
	Total Funds	1,271,551	1,029,021	944,582	916,429	814,234
	Total Investments	2,729,062	2,213,002	1,781,437	1,868,224	1,769,639
	Yield on Investments	9.5%	7.2%	6.2%	5.6%	5.2%
16	Paid up equity capital	2,000,000	1,500,000	1,250,000	1,250,000	1,200,000
17	Net worth	1,271,551	1,029,021	944,582	916,429	814,234
18	Total Assets	1,271,551	1,029,021	944,582	916,429	814,234
19	Yield on Total Investments	9.5%	7.2%	6.2%	5.6%	5.2%
20	Earnings per Share (Rs.)	(1.52)	(1.36)	0.16	0.36	(0.67)
21	Book Value per Share (Rs.)	6.36	6.87	7.56	7.33	6.79
22	Total Dividend	—	—	—	—	—
23	Dividend per Share (Rs.)	—	—	—	—	—

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

## Receipts and Payments Account for the year ended March 31, 2009

Particulars	For the year ended March 31, 2009 (Rs. '000)	For the year ended March 31, 2008 (Rs. '000)
<b>Cash flows from operating activities</b>		
Premium received from policyholders, including advance receipts	4,345,927	2,626,301
Other receipts	61,073	43,898
Payments to the re-insurers, net of commission and claims	(871,638)	(288,127)
Payments to co-insurers, net of claims recovery	4,498	(2,137)
Payments of claims	(1,491,084)	(1,118,672)
Payments of commission and brokerage	(190,385)	(124,289)
Payments of other operating expenses	(1,457,029)	(1,035,720)
Deposits, advances and staff loans	(49,799)	(1,055)
Income taxes paid (Net)	(5,108)	(2,319)
Service tax paid	(65,999)	(111,798)
<b>Net cash flow from operating activities</b>	<b>280,456</b>	<b>(13,918)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(102,952)	(20,938)
Proceeds from sale of fixed assets	1,194	231
Purchase of investments	(1,962,014)	(3,183,877)
Sale of investments	1,620,370	2,747,915
Rents / Interests / Dividends received	201,069	120,255
Investments in money market instruments and in liquid mutual funds (Net)	(149,535)	8,596
Expenses related to investments	(90)	(2,400)
<b>Net cash flow from investing activities</b>	<b>(391,958)</b>	<b>(330,218)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	500,000	250,000
Proceeds from borrowing	4,174	11,833
Repayments of borrowing	(12,371)	(12,024)
Interest / Dividend paid	(924)	(1,938)
<b>Net cash flow from financing activities</b>	<b>490,879</b>	<b>247,871</b>
<b>Net increase in cash and cash equivalents</b>	<b>379,377</b>	<b>(96,265)</b>
Cash and cash equivalents at the beginning of the year	134,699	230,965
Cash and cash equivalents at the end of the year	514,076	139,939
Book overdraft at the end of the year	—	(5,239)
<b>Net increase in cash and cash equivalents</b>	<b>379,377</b>	<b>(96,265)</b>

Refer Schedule 11 for components of cash and cash equivalents

As per our report attached

**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

MUMBAI, April 24, 2009

**S. B. Billimoria & Co.**  
Chartered Accountants

**Sanjiv V. Pilgaonkar**  
Partner  
Membership No. 39826

For and on behalf of the Board of Directors

**Deepak S. Parekh**  
Chairman

**Ritesh Kumar**  
Managing Director & CEO

**Samir H. Shah**  
CFO & Company Secretary

Directors  
**Keki M. Mistry**  
**Renu Sud Karnad**  
**Andreas Kleiner**  
**Stefan Emberger**  
**Jagdish Khattar**  
**Bernhard Steinruecke**

## Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 the Management submits the following Report:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact general insurance business, which has been renewed up to March 31, 2010.

2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.

3. We confirm that the shareholding pattern and the transfer of shares during the year ended March 31, 2009 are in accordance with the statutory or regulatory requirements.

4. We declare that funds of holders of policies issued in India have not been directly or indirectly invested outside India.

5. The Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.

6. All assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings – “Loans”, “Investment”, “Agents balances”, “Outstanding Premiums”, “Interest, Dividends and Rents outstanding”, “Interest, Dividends and Rents accruing but not due”, “Amounts due from other persons or Bodies carrying on insurance business”, “Sundry Debtors”, “Bills Receivable”, “Cash”

and the several items specified under “Other Accounts”.

7. The Company is exposed to a variety of risks associated with general insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary.

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

8. The Company does not have operations outside India.

9. The Trend in Average claim settlement time during the preceding five Financial years ended March 31, 2009 is included in Annexure 1.

10. Details of payments to individuals, firms, Companies and organizations in which directors are interested during the year ended on March 31, 2009:

Sr. no.	Name of the Director	Entity in which Director is interested	Interested as	Payment during the year (Rs.'000)
1.	Keki M. Mistry	Housing Development Finance Corporation Limited	Vice Chairman and Managing Director	36,755
		HDFC Bank Limited	Director	31,084
		HDFC Asset Management Company Limited	Director	90
2.	Deepak S. Parekh	HDFC Standard Life Insurance Company Limited	Director	2,053
		Housing Development Finance Corporation Limited	Chairman	36,755
		HDFC Asset Management Company Limited	Director	90
		HDFC Standard Life Insurance Company Limited	Director	2,053

Sr. no.	Name of the Director	Entity in which Director is interested	Interested as	Payment during the year (Rs.'000)
3.	Renu Sud Karnad	Housing Development Finance Corporation Limited	Joint Managing Director	36,755
		HDFC Asset Management Company Limited	Director	90
		HDFC Standard Life Insurance Company Limited	Director	2,053
		HDFC Bank Limited	Director	31,084

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

12. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. The Company has carried out periodic review of the investment portfolio. There are no non-performing assets as at the end of the financial year.

13. The Management of HDFC ERGO General Insurance Company Limited certifies that:

i. The financial statements have been prepared in accordance with applicable accounting standards, the

regulations stipulated by the IRDA and the provisions of the Insurance Act, 1938 and the Companies Act, 1956 and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.

ii. The Company 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 affairs of the Company at the end of the year ended March 31, 2009 and of the operating loss for the year.

iii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 1956, (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The financial statements of the Company have been prepared on a going concern basis.

v. The Company has appointed an audit firm to conduct the internal

audit of the Company. The scope of work of the firm is commensurate with the size and nature of the Company's business. The management certifies that adequate internal control systems and procedures were in existence for this financial year.

On behalf of the Board of Directors

DEEPAK S. PAREKH  
Chairman

Directors

KEKI M. MISTRY  
RENU SUD KARNAD  
ANDREAS KLEINER  
STEFAN EMBERGER  
JAGDISH KHATTAR  
BERNHARD STEINRUECKE

RITESH KUMAR  
Managing Director & CEO

MUMBAI  
April 24, 2009

SAMIR H. SHAH  
CFO & Company Secretary

# Annexure 1:

2008-09

Period	Fire		Marine		Marine - others		Motor		Workmen's compensation		Public Liability		Product Liability		Other Liabilities	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	95	16,068,382	128	3,586,616	—	—	32,738	421,081,383	—	—	—	—	—	—	—	—
30 days to 6 months	32	17,371,528	165	9,064,031	—	—	8,614	362,594,590	—	—	—	—	—	—	—	—
6 months to 1 year	21	10,385,400	50	2,166,105	—	—	666	51,253,132	—	—	—	—	—	—	—	—
1 year to 5 years	10	9,912,877	29	7,969,449	—	—	560	56,851,460	—	—	—	—	—	—	—	—
5 years and above	—	—	—	—	—	—	3	64,750	—	—	—	—	—	—	—	—

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Others	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	56	1,329,225	—	—	203	6,556,968	30839	297,780,650	0	—	0	—	204	6,132,922
30 days to 6 months	130	2,490,806	—	—	257	14,751,406	950	41,879,658	3	8,102	4	8,928,784	196	5,127,324
6 months to 1 year	23	5,010,860	—	—	50	3,122,083	115	11,700,350	0	—	1	108,125	161	1,835,822
1 year to 5 years	9	978,675	—	—	16	3,571,391	48	3,393,100	0	—	2	306,467	54	505,446
5 years and above	—	—	—	—	—	—	0	—	—	—	—	—	—	—

2007-08

Period	Fire		Marine		Marine - others		Motor		Workmen's compensation		Public Liability		Product Liability		Other Liabilities	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	4	816,275	74	1,052,971	—	—	30,824	411,976,001	—	—	7	163,987	3	117,237	—	—
30 days to 6 months	5	142,779	136	3,969,138	—	—	9,278	331,288,343	1	439,440	2	12,136	—	—	—	—
6 months to 1 year	9	1,346,661	44	1,829,369	—	—	571	55,381,688	1	262,164	—	—	—	—	—	—
1 year to 5 years	4	13,385,563	10	1,811,330	—	—	462	38,110,159	—	—	—	—	—	—	—	—
5 years and above	—	—	—	—	—	—	1	94,343	—	—	—	—	—	—	—	—

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Others	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	69	684,029	—	—	2,163	11,265,753	12,137	177,862,956	1	2,079	—	—	302	3,412,623
30 days to 6 months	161	2,956,864	—	—	612	11,828,353	229	16,907,774	3	98,085	2	602,805	226	2,993,075
6 months to 1 year	54	406,953	—	—	154	2,822,036	17	3,709,426	2	2,622	1	162,742	43	1,570,923
1 year to 5 years	10	2,385,960	—	—	10	651,847	5	114,428	—	—	—	—	19	329,269
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—

**Annexure 1:**

2006-07

Period	Fire		Marine		Marine - others		Motor		Workmen compensation		Public Liability		Product Liability		Other Liabilities	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	15	23,035,649	57	450,121			35,064	483,925,531								
30 days to 6 months	19	7,791,567	96	8,888,753			7,483	359,846,407								
6 months to 1 year	6	10,106,542	19	517,280			938	44,699,463								
1 year to 5 years	2	1,315,877	1	3,267			846	33,061,605								
5 years and above																

Period	Engineering		Aviation		Personal Accident		Health		Home		Speciality		Others	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	40	687,479			683	3,536,028	1,842	9,257,814	10	181,404			733	31,524,859
30 days to 6 months	27	837,126			3,105	22,859,606	93	1,007,476	12	172,435			231	14,085,364
6 months to 1 year	4	1,073,749			488	6,243,832	8	98,767					41	1,461,139
1 year to 5 years					7	3,643,864	3	28,618					4	1,535,149
5 years and above														

2005-06

Period	Fire		Marine		Marine - others		Motor		Workmen compensation		Public Liability		Product Liability		Other Liabilities	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	16	53,395,342	94	724,259			37,150	486,475,752								
30 days to 6 months	7	3,667,275	47	2,390,080			10,110	403,575,397	1	25,518						
6 months to 1 year	2	1,661,926	6	54,701			619	43,601,375								
1 year to 5 years			3	11,746			294	6,632,040								
5 years and above																

Period	Engineering		Aviation		Personal Accident		Health		Home		Speciality		Others	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	19	51,700			199	9,867,590	667	13,862,759	10	115,172			639	6,093,579
30 days to 6 months	13	345,714			145	15,480,038	22	1,674,239	5	145,823			36	491,385
6 months to 1 year	1	419,716			17	9,372,230	5	336,617	1	7,529	1	4,826,800	4	111,929
1 year to 5 years							2	187,311						
5 years and above														

## Annexure 1:

2004-05

Period	Fire		Marine		Marine - others		Motor		Workmen's compensation		Public Liability		Product Liability		Other Liabilities	
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved
30 days	6	32,158	12	216,461			33,200	412,217,620								
30 days to 6 months	3	68,997	3	48,561			8,115	298,742,789								
6 months to 1 year	1	47,271	—	—			249	16,397,332								
1 year to 5 years	—	—	—	—			21	47,087								
5 years and above																
Period	Engineering		Aviation		Personal Accident		Health		Home		Speciality		Others			
	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved	No of Claims	Amount Involved		
30 days					60	1,094,725	108	2,328,046					14	109,500		
30 days to 6 months					47	1,822,698	39	2,682,944					1	7,500		
6 months to 1 year					5	149,591	5	499,216					—	—		
1 year to 5 years					—	—	1	8,894					—	—		
5 years and above													—	—		

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

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

**I. Registration Details**

Registration No. 

	1	3	4	8	6	9
--	---	---	---	---	---	---

State Code 

1	1
---	---

Balance Sheet Date 

3	1
---	---

3
---

2	0	0	9
---	---	---	---

**II. Capital raised during the year (Amount in Rs. '000)**

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

		5	0	0	0	0	0
--	--	---	---	---	---	---	---

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)**

Total Liabilities

		2	0	1	2	1	0	3
--	--	---	---	---	---	---	---	---

Total Assets

		2	0	1	2	1	0	3
--	--	---	---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid-up Capital

		2	0	0	0	0	0	0
--	--	---	---	---	---	---	---	---

Reserves and Surplus

						N	I	L
--	--	--	--	--	--	---	---	---

Fair Value Change Account

						1	3	0
--	--	--	--	--	--	---	---	---

Secured Loans

				1	1	9	7	3
--	--	--	--	---	---	---	---	---

Unsecured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets

			1	6	9	6	7	1
--	--	--	---	---	---	---	---	---

Investments

			2	7	2	9	0	6	2
--	--	--	---	---	---	---	---	---	---

Net Current Assets

		(1	6	1	5	0	7	9)
--	--	----	---	---	---	---	---	----

Miscellaneous Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Debit balance in P&L A/c

			7	2	8	4	4	9
--	--	--	---	---	---	---	---	---

**IV. Performance of Company (Amount in Rs. '000)**

Turnover

(Net earned Premium, income from investments and other incomes)

		2	0	3	6	4	5	1
--	--	---	---	---	---	---	---	---

Total Expenditure

		2	2	8	8	5	9	5
--	--	---	---	---	---	---	---	---

Profit/(Loss) before Tax

		(2	5	2	1	4	4)
--	--	----	---	---	---	---	----

Profit/(Loss) after Tax

		(2	5	7	4	6	9)
--	--	----	---	---	---	---	----

Earnings per Share (in Rs.)

						1	.	5	2)
--	--	--	--	--	--	---	---	---	----

Dividend (%)

						N	I	L
--	--	--	--	--	--	---	---	---

**V. Generic Names of Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC Code) 

N	A
---	---

Product Description 

G	E	N	E	R	A	L		I	N	S	U	R	A	N	C	E
---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---









**HDFC  
ERGO**

**GENERAL INSURANCE**

**Har pal aapke saath**

**HDFC ERGO General Insurance Company Limited**

**Registered Office :** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.

**Corporate Office :** 6th Floor, Leela Business Park, Andheri Kurla Road, Andheri East, Mumbai 400 059.

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