

**HD
FC
ERGO**

GENERAL INSURANCE

Har pal aapke saath



Our people.
Cornerstone of our success.

9th Annual Report 2010-11

HDFC ERGO General Insurance Company Limited

Being one of the India's leading general insurance companies, we at HDFC ERGO are essentially and intrinsically about people. Our people are our pride, our force, our strength, the reason for our dedicated service, which ultimately results in our progress. It is because of them that we have been able to deliver unparalleled service. Annual Report 2010-11 is dedicated to our people - cornerstone of our success.



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Message from the Chairman

The financial year 2009-10 was very challenging for the global economy, as many countries struggled to come out of the economic crisis of 2008-2009. Although the global economy has shown signs of bouncing back, the recovery in the Euro Zone Area and the US is far from robust.

India on the other hand has demonstrated strength and resilience and recorded a robust growth. However, the challenges are not to be discounted, with inflation being the biggest threat due to rising fuel prices. This may have an adverse impact on the economic growth. Despite the challenges, the economy grew at 8.6% in FY 2010-11 as per the government estimates.

Given the low penetration level and the per capita spend on non-life insurance; the industry has a huge opportunity for growth. It is not without reason that the industry has registered an impressive growth of 23% in FY 2010-11. Barring a few, most product lines have seen growth in excess of 20%. Industry seems to be coming out of the de-tariffing impact with pricing beginning to find logical levels. There are still some segments where the pricing needs correction. For instance, property in particular needs special attention.

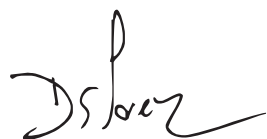
Industry has done well to keep costs under control by adopting better work practices. As a result, the deteriorating loss situation seems to be getting the desired attention. The year has been fortunate for the industry as no untoward losses have been reported, but one should not forget to provide for such eventualities in the future. With reinsurance capacity becoming dearer, there is an urgent need for the industry to start generating margins on the business.

Another worrying aspect is the worsening results of the motor pool business. The thin pricing levels in other lines of businesses do not make up for the staggering losses of the pool. Thankfully, pricing correction has been proposed and one hopes that this will be able to address the situation to a large extent.

The performance of the company during FY 2010-11 has been a story of turn around. For the first time, the company has been able to achieve a two digit combined ratio (excluding motor pool) of 99.5% for the year. This is against a like to like combined ratio of 121% for the previous year. The improvement in combined ratio has been a result of both better claims and cost management. This is a very important milestone and we can indeed be proud of this achievement.

It is critical to sustain and improve on this trend as we enter the coming financial year. Dedicating the next year to the 'PEOPLE', I have no doubt in my mind that everyone in the company is committed and aligned to achieve this important milestone. We need to continue our focus on "doing the right business the right way" through underwriting discipline, adhering to business processes and above all, treating people with the dignity they deserve.

With warm regards,



Deepak S. Parekh
Chairman

Board of Directors

Chairman

Mr. Deepak S. Parekh

Directors

Mr. Keki M Mistry

Ms. Renu Sud Karnad

Mr. Andreas Kleiner

Mr. Mark Lammerskitten

Dr. Jagdish Khattar

Mr. Bernhard Steinruecke

Mr. Ritesh Kumar
Managing Director and Chief Executive Officer

Auditors

B.K. Khare & Co.
Chartered Accountants

G. M. Kapadia & Co.
Chartered Accountants

Senior Management

Mr. Ankur Bahorey

Mr. Karan Chopra

Mr. Tommy Lee Co

Mr. S Gopalakrishnan

Mr. Mukesh Kumar

Mr. Mehmood Mansoori

Mr. Samir H Shah

Mr. Sanjiv Sharma

Mr. Anuj Tyagi

Appointed Actuary

Mr. Narayanan Lakshmanan

Bankers

HDFC Bank Ltd.

Citi Bank N.A.

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

Telephone : +91 22 6638 3600 ; Fax : +91 22 6638 3699 ; Website : www.hdfcergo.com

Brief Profile of the Directors

Mr. Deepak S. Parekh

Mr. Deepak S. Parekh is the Chairman of the Company. He is a fellow of the Institute of Chartered Accountants (England & Wales). Mr. Parekh is also the Chairman of Housing Development Finance Corporation Limited (HDFC), India's premier Housing Finance Company. He joined HDFC in a senior management position in 1978. He was inducted as a whole-time director of HDFC in 1985 and was appointed as its Managing Director (designated as 'Chairman') in 1993 and continued to be appointed as such from to time till December 31, 2009.



Mr. Deepak S. Parekh



Mr. Keki M. Mistry

Mr. Keki M. Mistry

Mr. Keki M. Mistry, the Vice Chairman & Chief Executive Officer of HDFC, is a Fellow of the Institute of Chartered Accountants of India. He has been employed with HDFC since 1981 and was appointed as the Executive Director in 1993. He was appointed as the Deputy Managing Director of HDFC in 1999, as the Managing Director in 2000, and re-designated as the Vice Chairman & Chief Executive Officer with effect from January 1, 2010.

Ms. Renu Sud Karnad

Ms. Renu Sud Karnad, the Managing Director of HDFC, is a graduate in law from the University of Mumbai and holds a Master's degree in economics from the University of Delhi. She is a Parvin Fellow — Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978 and was appointed as the Executive Director in 2000 and as its Managing Director w.e.f. January 1, 2010.



Ms. Renu Sud Karnad



Mr. Andreas Kleiner

Mr. Andreas Kleiner

Mr. Andreas Kleiner is Member of the Board of Management, ERGO International AG, Dusseldorf, Germany. He is a Graduate Civil Engineer from University of Stuttgart, Germany. He is a Chartered Insurer from Chartered Insurance Institute, London and has completed Executive MBA studies on Financial Services Industry (MBA-FSI) from University of St. Gallen (Switzerland), Vlerick Leuven Gent Management School (Belgium) and HEC Montréal (Canada). He has an experience of over 17 years in the insurance industry (in the fields of Fire and Engineering Underwriting and in Senior Executive Management positions such as CEO of Munich Reinsurance Company of Africa Ltd., Johannesburg (2003-2007) and General Manager of Munich Re Singapore Branch, Singapore.

Mr. Mark Lammerskitten

Mr. Mark Lammerskitten is the Managing Director India and Turkey for ERGO International AG. He holds a Business Administration degree from Otto Beisheim Graduate School of Management, Germany. Mr. Lammerskitten has over 16 years of experience in the Financial Services sector. After 3 years with Deutsche Bank AG, Frankfurt in Corporate and Retail Banking he consulted for Booz Allen & Hamilton Inc. banks, Insurance companies and other MNCs worldwide. He has handled various strategic roles in ERGO Insurance Group in Germany for more than 7 years before he moved to HDFC ERGO in 2008 as Head of Corporate Development. He has taken over his new assignment at ERGO International AG w.e.f. July 01, 2010.



Mr. Mark Lammerskitten



Dr. Jagdish Khattar

Dr. Jagdish Khattar

Dr. Jagdish Khattar, former officer of Indian Administrative Services (IAS), is an independent Director of the Company. He joined the administrative service in 1965 and took voluntary retirement in 1993 to join Maruti Udyog Ltd. as Director- Marketing. He took over as CEO of Maruti Udyog Ltd. in August 1993 and continued till December 2007. While in the administrative service he held various positions including Managing Director of UP State Industrial Corporation; Director, Tea Board of India, London; Chairman, Tea Board, Ministry of Commerce, India; Chairman and Managing Director, UP State Cement Corporation and Chairman, UP State Road Transport Corporation.

Mr. Bernhard Steinruecke

Mr. Bernhard Steinruecke is the Director General of Indo German Chamber of Commerce. Mr. Steinruecke studied Law and Economics in Vienna, Bonn, Geneva and Heidelberg and has a Law Degree from the University of Heidelberg in 1980 (Honours Degree) and has done Special exam in Tax Law in 1982 and Bar exam at the High Court of Hamburg in 1983. Mr. Steinruecke was the former General Manager of Deutsche Bank, Managing Partner and Speaker of the Board of ABC Privatkunden-Bank, Berlin, Member of the Supervisory Board of ABC Lebensversicherungs and a Member of the Advisory Board of SCHUFA GmbH.



Mr. Bernhard Steinruecke



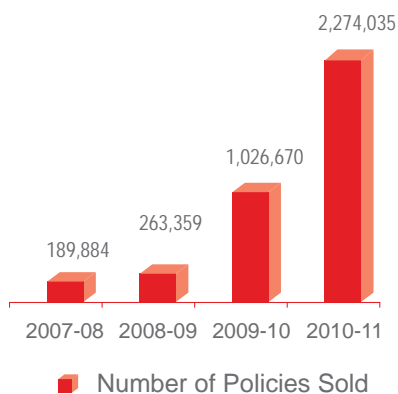
Mr. Ritesh Kumar

Mr. Ritesh Kumar

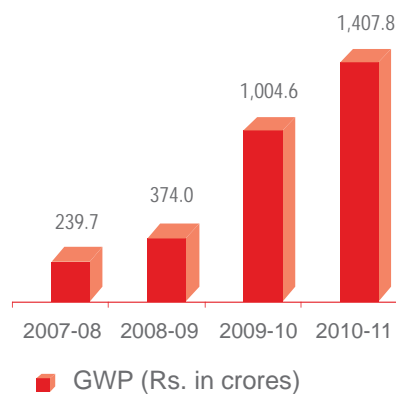
Mr. Ritesh Kumar is the Managing Director and CEO of the Company. Mr. Kumar has about 19 years of experience in the financial services industry, of which the first 10 years were in Banking and the last about 9 years in Insurance. He joined HDFC ERGO in the year 2008. Mr. Kumar is a commerce graduate from Shriram College of Commerce, Delhi and holds a MBA degree from Faculty of Management Studies (FMS), Delhi.

Financial Graphs

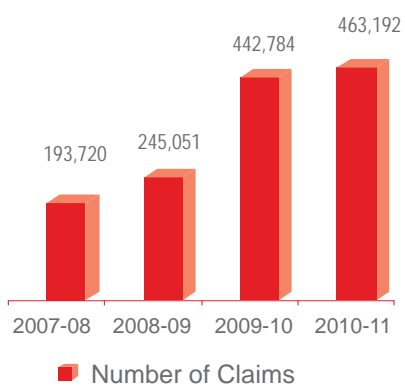
Volume Growth



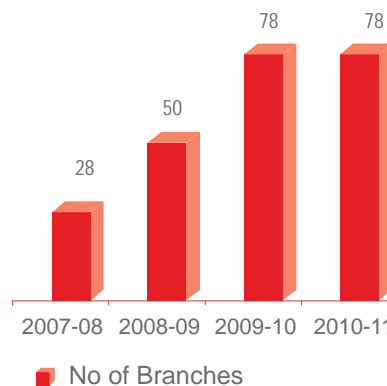
Revenue Growth



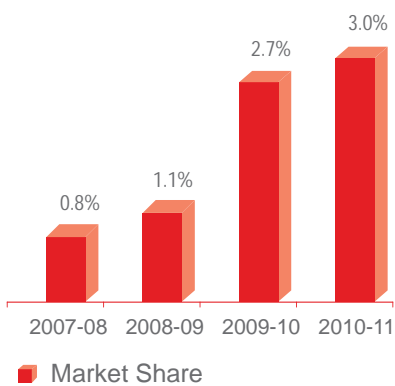
Claims Handled



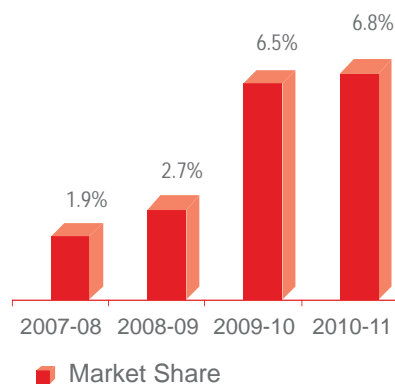
Branches



Market Share - Growth



Market Share - Growth (Private Sector)



Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Ninth Annual Report of your Company together with the audited accounts for the year ended on March 31, 2011.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended	
	March 31, 2011	March 31, 2010
Gross Written Premium	1,407.82	1,004.61
Net Written Premium	775.14	588.68
Net Earned Premium	606.36	400.06
Other Income/Liabilities written back	4.56	7.85
Net Incurred Claims	532.30	395.86
Net Commission (Income) / Expenses	(38.64)	(37.43)
Expenses of Management	229.52	182.82
Investment Income – Policyholders	50.78	25.26
General Insurance Result	(61.48)	(108.09)
Investment Income – Shareholders	25.05	13.63
Provision for Wealth tax /Fringe Benefit Tax	NIL	(0.16)
Profit/(Loss) after Tax	(36.43)	(94.30)

ECONOMIC SCENARIO

After robust recovery post the global financial crisis period, the Indian economy grew by 8.6% in Financial Year 2010-11 as compared to 8% (revised estimates) during Financial Year 2009-10, on the back of recovery in agricultural output. Car sales in India grew a record 30% in Financial Year 2010-11 to over two million units, driven by a burgeoning middle class, easier access to loans and a wider choice of models. The improved Indian economic scenario and robust growth of the manufacturing sector saw impressive investments in industries and infrastructure. Recovery in consumption led to healthy rise in production of consumer durables. Revival of global

demand led to an increase in exports in Financial Year 2010–11. High inflation continues to remain an area of concern. The interest rates hardened during the year on account of monetary measures taken by Reserve Bank of India to rein inflation.

During the last financial year, most of the global economies showed recovery in terms of economic growth. However, certain developments in past few months – political turmoil in North Africa and the Middle East leading to upsurge in oil prices, earthquake and tsunami in Japan, two major earthquakes in New Zealand and major floods in Australia will have negative impacts on global economic growth in the current year.

INSURANCE INDUSTRY

The gross written premium of the industry for the year ended March 31, 2011 was around ₹ 44,127 crores (PY: ₹ 35,724 crores) growing at 23.5% (PY: 13%). The market share of private sector companies continues at 43%.

During the year, the pricing pressure on premium continued and the industry witnessed two new players coming into operation.

With the objective of ensuring prompt and effective redressal of grievances of Policyholders, the Insurance Regulatory and Development Authority (IRDA) issued additional Guidelines for Grievance redressal to be followed by all insurers.

IRDA, based on a review of the loss reserves of the Indian Motor Third Party Insurance Pool (IMTPIP), directed the general insurers to provide for higher claim ratio and to provide for the shortfall in reserves for financial years from 2008 to 2010. This has resulted in companies providing for larger losses during the year to the extent of around ₹ 1,930 crores (for the previous years). As a result, overall losses on account of motor pool increased to ₹ 3,613.6 crores for the industry, up from ₹ 674.0 crores in the previous year, thereby affecting their solvency adversely.

COMPANY PERFORMANCE

Your Company completed its eighth full year of operations. During the year under review, your Company achieved a gross written premium of ₹ 1,407.8 crores as against ₹ 1004.6 crores in the previous year, a growth of 40%. The Company's market share grew from 2.67% to 2.95%. Your Company has continued to invest in strengthening its servicing capabilities.

During the year, your Company achieved profit of ₹ 32.7 crores (PY: Loss of ₹ 79.3 crores) before considering the losses from the Indian Motor Third Party Insurance Pool (IMTPIP). The losses from IMTPIP were ₹ 69.1 crores as against ₹ 15.0 crores in the previous year. The IMTPIP losses for the current year include additional loss provisioning on account of revision in loss estimates by IMTPIP for business written in FY 2008, FY 2009 and FY 2010 to the extent of ₹ 22.0 crores. The overall loss for the year under review is ₹ 36.4 crores, as against loss of ₹ 94.3 crores in the previous year. The net earned premium increased to ₹ 606.4 crores from ₹ 400.1 crores in the previous year. During the year, the Company has achieved significant improvement in operating efficiencies, cost ratios and productivity.

BUSINESS AND OPERATIONAL OVERVIEW

During the year, your Company maintained a steady focus on growth areas and portfolio balancing. The Company continued its focus on servicing the existing and new clients and developing new products, stabilizing bancassurance tie-up, and developing appropriate mix of retail and corporate portfolio. During the year, in line with the long term strategy of your Company, the share of retail and rural business has gone up to 59% as against 48% in the previous year. Premium from motor business excluding the Motor Pool was at ₹ 420.7 crores as against ₹ 289.9 crores in the previous year and the non-motor business was at ₹ 881.4 crores as against ₹ 638.5 crores in the previous year. Premium from accident and health insurance business was at ₹ 457.9 crores

as against ₹ 341.6 crores in the previous year. During the year under review, the Company continued its focus on risk based underwriting.

RETAIL BUSINESS GROUP

During the year, the Retail business grew by 76%, with the premium for the year being ₹ 736.3 crores as compared with ₹ 417.2 crores (₹ 440.6 crores including Rural business) for the previous year. The Company issued over 22 lakh policies during the year, with the retail group contributing most of it.

Premium from the motor business grew from ₹ 289.9 crores to ₹ 420.7 crores, representing a growth of 45%. The environment continued to be tough on the motor insurance front this year as well, with the market seeing aggressive competition. The Company continued its focus on growing the non-motor product portfolio. The premium from non-motor retail products grew from ₹ 127.3 crores to ₹ 315.6 crores, representing a growth of 148%. This portfolio steering has resulted in an improved portfolio loss ratio vis-à-vis previous year.

The Company's bancassurance arrangements with HDFC Bank Limited and HDFC Limited gained further momentum during the year.

CORPORATE BUSINESS GROUP

The Company's corporate business strategy focuses on providing whole range of solutions to cater to all the needs of corporate insurance buyers, backed by strong technical capabilities and service platform. The Company over the years has invested a lot in underwriting and risk management functions to offer value added solutions to the customers. With a view to bring in more transparency and to disseminate information and knowledge, the Company launched the "Knowledge Series" platform, wherein the clients can interact with each other and also with the industry experts on various aspects of insurance business.

During the year, the Company has emerged as one of the key corporate business players in the country and has established itself amongst the leading lead

capacity providers to the large and complex risks in property and liability segments. The Company has seen robust growth in the property and liability portfolio during the year. The total corporate business premium has grown to ₹ 532.3 crores from ₹ 487.8 crores in previous year and the non health premium grew by over 35% from ₹ 293.1 crores to ₹ 395.2 crores during the same period.

The Company works closely with the brokers for the corporate business, with around 50% of its corporate business coming from this channel.

RURAL AND AGRI BUSINESS GROUP

The Company has been exploring rural market as an opportunity to expand and develop rural business much beyond the compliance requirement.

During the year, the Company has invested in product development, market creation and channel development to provide the desired focus to develop value creating business opportunities in this market segment.

In this segment, the focus has been to develop tractor insurance and weather based products. Considering the vast potential in Weather Based Crop Insurance Scheme (WBCIS), the Company decided to enter into this line of business and was empanelled for Rabi crop season in the States of Rajasthan, Tamil Nadu, Karnataka and Madhya Pradesh. During the year, the Company covered approximately 50,000 farmers. The Government of India has empanelled the Company to implement WBCIS and Modified National Agriculture Insurance Scheme (MNAIS) across the Country for FY 2011-12.

UNDERWRITING

Against the backdrop of difficult operating environment being faced by the industry, the Company continued to tread cautiously and instituted a number of exposure controlling measures to mitigate the impact of adverse market conditions.

During the year, the Company continued to stay clear of unprofitable business segments. The abundance of local reinsurance capacity continued to spawn a lingering cut-throat environment for the year despite initial anticipation of market correction. The underwriting philosophy of prudence in risk selection continues to guide the Company.

Moving forward, as the Company continues to face a multitude of challenges and opportunities in a changing market landscape, the Company shall harness its strengths and continue to enhance its risk profile by way of sound underwriting practices.

CLAIMS SERVICE

While selecting an insurer, claims service is the key differentiating factor for the customer. In line with the shareholder's values, the Company believes in fair and transparent practices. The Company continued to deliver outstanding value to the customer in terms of claims service along with effective communication to the claimant throughout the life of a claim. The Company communicates with its customers through e-mails and SMSes for reducing turn around time. At every stage of a claim, from appointment of surveyor to dispatch of claim cheques the claimant is kept informed of the progress through SMSes or e-mails. The claimant is given opportunity to communicate with the Company or give feedback through its toll-free 'customer care' numbers. To further improve the service levels, the Company has introduced in-house surveyors and also expanded the network of service providers. This focus on customer service has resulted in a continuous improvement in customer service levels over the financial year.

REINSURANCE

The Company's business portfolio is protected by way of Reinsurance Programme that optimizes the Company's retentions and also ensures protection such that the Company's exposure to a large loss affecting a single risk or a series of losses affecting a number of risks arising out of a single catastrophic loss event does not substantially impact the Company.

If everyone is moving forward together,
then success takes care of itself.

- *Henry Ford*



The achievements of an organization are the result of the combined effort of each individual.

-Vincent Lombardi



As per statutory requirements, the Company cedes to the national reinsurer, General Insurance Corporation of India (GIC) 10% of its business subject to certain monetary limits as per IRDA Regulations. The Company's Reinsurance Programme other than the statutory cessions is placed with GIC as well as other reputed international reinsurers of superior financial strength.

INFORMATION TECHNOLOGY

With the objective of IT enabling the new business, underwriting, claims, reinsurance, and agency functions, the Company had taken up the project for the implementation of a core insurance platform. During the year, the project got substantially implemented with most of the Company's products now being serviced through the new platform. The new platform is adding process efficiencies, better compliance, controls and is scalable to support the increasing business volume. Significant volume of the business is now serviced at points of sales, thereby improving processing efficiencies, turn around time and higher customer satisfaction. With the vision of being technology driven organization, the Company continues to invest in technology and has taken up certain new IT initiatives, including an IT system to service weather insurance product, implementation of ERP solution to strengthen planning, budgeting, financials and procurement functions. The Company has also initiated projects around mobile technologies and e-Commerce. To take organizational efficiencies to next level, investments are being made on initiatives like sales portal, customer self service portal, e-Learning, and business intelligence solutions.

DISTRIBUTION NETWORK

The Company continues to offer its products through a mix of distribution channels comprising of agents, brokers, corporate agents, bancassurance and Direct Sales Team. The Company has presence in 71 cities with 78 branch offices across India. Through the network of these branch offices, the Company's channels are able to service the expanding customer base across India. With an intention to spread the Company's geographical reach and give thrust to retail business, the Company continues to focus on

strengthening its agency force. Online sale of policies through Company's website viz. www.hdfcergo.com introduced during the previous year has been well accepted, and has been extended to more retail products during the year. The multi-channel approach and a robust distribution model enables the Company to reach out to wider customer base. The Company has also leveraged the distribution network of its group companies for expanding access to desirable segments of the retail and corporate markets.

OPERATIONS AND SERVICE GROUP

During the year, the Company processed over 22 lakh policies as against 10 lakh policies in previous year. The improved productivity was the result of seamless implementation and adoption of new processing and reporting platform. During the year, the Company strengthened its capacity to manage expected increase in volumes in future.

The Branch Operations and Services Group (BOSG) has become a key service point for our customers and channel partners. Customer Satisfaction is the key to long term organizational success. In order to provide focus on customer service, during the year, a dedicated unit namely "Office of the Customer" was formed. This unit provides a single window interface to customers to take up their complaints and grievances and provide priority resolution to the policyholder.

Operations and Services group aims to set higher standards, both in turn-around-time and quality.

HUMAN RESOURCES

For the Company, its employees are the most important asset for its success. The focus during the year was skill development and productivity. Your Company has created a team of committed professionals from diverse backgrounds suited to the needs of the Company for its growth plans. The demand for resources with domain expertise remained high. The focus continued to be on training & development of the new recruits & the skill development of the existing manpower. During the year, the HR processes were further reviewed and automated.

CAPITAL INFUSION

During the year under review, in order to fund the planned expansion of the business, the Company allotted 4.5 crores equity shares of ₹ 10 each for cash at par and 2.6 crores equity shares for cash at a premium of ₹ 40 per share, on a right basis. Consequently, the paid-up capital of the Company has increased from ₹ 415 crores to ₹ 486 crores and the Securities Premium Account stands at ₹ 104 crores.

The Board of Directors vide circular resolution dated March 21, 2011 approved the issuance of 1 crore equity shares of ₹ 10 each for cash at a premium of ₹ 40 per share. As on March 31, 2011, the Company received ₹ 37 crores and the same has been accounted as Share Application Money. The balance amount of ₹ 13 crores was received on April 7, 2011 and accordingly 1 crore equity shares of ₹ 10 each was allotted at a premium of ₹ 40 per share on April 8, 2011.

EMPLOYEES STOCK OPTION PLAN (ESOP)

Presently, the stock options granted by the Company to the employees operates under HDFC ERGO Employees Stock Option Plan – 2009 (ESOP-2009). During the year, the Company granted 29,84,000 stock options at a grant price of ₹ 10 per option, in respect of 29,84,000 equity shares of ₹ 10 each, under ESOP-2009-Tranche-II to eligible employees.

The Options granted above vest in tranches – 25% on completion of 2 years from grant date, 25% at the end of 3 years from grant date and the balance 50% on completion of 4 years from the grant date and are exercisable within a period of 5 years from the date of respective vesting.

None of the options granted till date has vested and consequently no options have been exercised. Options lapsed during the year aggregated to 2,16,000 and the options in force as on March 31, 2011 were 54,08,000.

THE ROAD AHEAD

The Indian economy has shown robust growth in past on the strength of its strong fundamentals. The economy has benefited from strong domestic demand and a revival in investor and consumer sentiment, although higher interest rates are expected to have a slight adverse impact on the overall growth rate. Improved external demand and stronger private capital inflows have also played a role. The retail market along with the services sector has been attracting interest of major global players. Favorable monsoon has also helped the farm sector expand and has in the process boosted rural demand as well.

The growth of the insurance industry was strong in the last financial year due to robust growth in the economy. It is felt that the industrial growth will continue to be impressive during the current financial year with its corresponding impact on the growth of insurance industry. Measures such as framework for amalgamation of non-life insurance companies by IRDA would go a long way in further strengthening the industry. The revision in rates for Third Party insurance for commercial vehicles, will result in additional overall growth of the industry by around 5%. Your Company would continue to focus on profitable growth by building upon its superior customer service capabilities, efficient claims management, expense management and productivity.

PARTICULARS OF EMPLOYEES

The total employee strength of the Company as on March 31, 2011 was 996 as against 957 at the beginning of the year. During the year, 2 employees employed throughout the year were in receipt of remuneration of ₹ 60 lacs or more per annum and 2 employees employed for part of the year were in receipt of remuneration of ₹ 5 lacs or more per month. As required under the provisions of the Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the 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

Individually, we are one drop. Together, we are an ocean.

- *Ryunosuke Santoro*



Great teamwork is the only way we create
the breakthroughs that define our careers.

- Pat Riley



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 ₹ 59.1 crores (Previous Year - ₹ 58.2 crores) in foreign exchange during the year under review mainly on account of reinsurance premium.

Earnings in foreign exchange during the year was ₹ 18.7 crores (Previous Year - ₹ 11.8 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. Andreas Kleiner and Mr. Bernhard Steinruecke retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment. Further as required under the provisions of Corporate Governance Guidelines (Guidelines) notified by IRDA, the Company and the said Directors respectively, have entered into a Deed of Covenant as per the prescribed format.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as director in terms of Section 274(1) (g) of the Companies Act, 1956. Further, all the Directors of the Company have confirmed that they comply with the

'fit and proper' criteria prescribed under the said Guidelines and submitted the requisite declarations in the format prescribed therein.

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

AUDITORS

At the Eighth Annual General Meeting of the Company held on July 26, 2010, Members had appointed Messrs B. K. Khare & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 105 102W), and Messrs. G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Registration No. of the firm with the ICAI 104767W), 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 Ninth 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. B. K. Khare & Co., as Statutory Auditors of the Company would expire on the conclusion of Ninth Annual General Meeting of the Company.

In view of the above, your Directors, after considering the experience, expertise and stature of the Chartered Accountants firm viz. Messrs. A. F. Ferguson Associates, Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI 102849W), 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 Tenth Annual General Meeting of the Company together with the other Statutory Auditor.

The other Statutory Auditor, Messrs. G. M. Kapadia & 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. G. M. Kapadia & Co., Chartered Accountants and Messrs. A. F. Ferguson Associates, 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 re-appointment of Messrs. G. M. Kapadia & Co., Chartered Accountants & appointment of Messrs. A. F. Ferguson Associates, 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 Ninth Annual General Meeting of the Company circulated to the Members. Members are requested to consider their re-appointment / appointment and authorise the Board of Directors to fix their remuneration for the financial year 2011-12.

The Board wishes to place on record its appreciation for the services rendered by Messrs. B. K. Khare & Co., Chartered Accountants during their tenure as Statutory Auditors of the Company.

REPORT OF THE BOARD ON CORPORATE GOVERNANCE

Report of the Board of Directors of the Company detailing the status of compliance of the various provisions of the Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority (IRDA) is given in an annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217

(2AA) of the Companies Act, 1956 and based on the information provided by the management, your Directors state that:

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments 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, 2011 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, Insurance Act, 1938, Insurance Rules, 1939 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 wishes to place on record its sincere thanks for the support and co-operation extended by the Policyholders, Reinsurers, and various channel partners.

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
May 02, 2011

DEEPAK S. PAREKH
Chairman

Annexure to Directors' Report

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Corporate governance is not only a set of rules that define the relationship between shareholders, management, Board of directors and customers of a company but also influences the operations of a company. At its most basic level, corporate governance deals with issues that result from the separation of ownership, management and control.

Good corporate governance ensures that the business environment is fair and transparent and that the companies can be held accountable for their actions. Regardless of the type of venture, only good governance can deliver sustainable good business performance and value to all stakeholders.

Good corporate governance inter-alia aims for sustainable development of all stakeholders; equitable distribution of wealth; compliance of laws in letter and spirit; discharge of social responsibility and adherence to ethical standards.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on corporate governance has been influenced by its promoter, Housing Development Finance Corporation Limited (HDFC) and joint venture partner ERGO International, AG (ERGO). Corporate Governance at the Company is not just adherence to mandatory rules and guidelines. It lies in observing the spirit behind the letter. A commitment to Policyholder satisfaction and nurturing of shareholder value has been the cornerstone of governance practices at HDFC ERGO. The Company endeavors to adhere to the established and proven practices of HDFC and ERGO in maintaining corporate culture and the spirit in managing the business.

HDFC ERGO's mission is to become a long term trusted and transparent Company to its Policyholders, Shareholders, Channel Partners, Employees and the community it works and operates in.

The Board of Directors fully supports and endorses the guidelines on Corporate Governance for the Insurance Sector (the Guidelines) prescribed by the Insurance Regulatory and Development Authority (IRDA). The Company has complied with the

mandatory requirements of the Guidelines and certain provisions of the non-mandatory requirements and listed below is the status with regard to the same.

BOARD OF DIRECTORS

Composition

The Board comprises of eight members, of which seven are non-executive Directors. Of the seven non-executive Directors, three Directors represent HDFC, two Directors represent ERGO and two Directors are Independent Directors. The independent directors have confirmed that they satisfy the criteria laid for an independent director in the listing agreement notified by the Securities and Exchange Board of India. The directors bring to the Board a wide range of experience and skills. Brief profiles of the directors are set out elsewhere in the annual report.

The Composition of the Board is in conformity with the provisions of the Guidelines and is as under:

Sr. No.	Directors	No. of Directorships held in other public companies*
1.	Mr. Deepak S. Parekh Chairman (Non-Executive)	11**
2.	Mr. Keki M Mistry Non-Executive Director	12
3.	Ms. Renu S. Karnad Non-Executive Director	12
4.	Mr. Andreas Kleiner Non-Executive Director	-
5.	Mr. Stefan Emberger@ Non-Executive Director	-
6.	Mr. Mark Lammerskitten# Non-Executive Director	-
7.	Dr. Jagdish Khattar Independent Director	3
8.	Mr. Bernhard Steinruecke Independent Director	4
9.	Mr. Ritesh Kumar Managing Director and CEO	-

*Directorships held in public companies registered under the provisions of the Companies Act, 1956 (excluding HDFC ERGO) have been considered.

**Excluding the directorships mentioned above, Mr. Deepak S. Parekh is alternate director in 4 companies.

@ - Ceased to be a Director w.e.f. July 1, 2010

- Appointed as a Director w.e.f. July 1, 2010

RESPONSIBILITIES

The Board of Directors represents the interests of the Company's shareholders in optimizing long-term value by providing the management with guidance and strategic direction on shareholder's behalf.

The Board's mandate is to oversee the Company's strategic direction, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interest of all stakeholders.

TENURE

The Non – Executive Directors of the Company are liable to retire by rotation. One – third of the said directors are liable to retire every year and if eligible, offer themselves for re-appointment.

BOARD MEETINGS

The meetings of the Board of Directors are normally held at the Company's registered office in Mumbai. Meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each Director. The Board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The CFO & Company Secretary in consultation with the Managing Director and CEO prepares a detailed agenda for the meetings. With the objective of transparent information flow from the management, detailed agenda notes are sent to all Directors well in advance. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. The members of the Board have access to all information of the Company. Senior management is invited to attend the Board meetings so as to provide additional inputs on the items being discussed by the Board. The brief minutes of each Board / Committee meeting are circulated to the Board / Committee members within 2 working days of the date of meeting and the detailed minutes are finalised within 30 days and thereafter recorded in the Minutes Book. The minutes of the Board meetings, summary of the key decisions taken by the Board and the details of significant transactions or arrangements entered into by the Company, if any, are submitted to the holding company on a regular basis.

During the year under review, the Board met four (4) times on April 24, 2010, July 26, 2010, November 2, 2010 and January 27, 2011. The attendance of the Directors at the said meetings is listed below:

Directors	No. of Meetings held during the tenure	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Deepak S. Parekh	4	4	80,000
Mr. Keki M Mistry	4	4	80,000
Ms. Renu S. Karnad	4	2#	40,000
Mr. Andreas Kleiner	4	4	-
Mr. Stefan Emberger*	1	1	-
Dr. Jagdish Khattar	4	4	80,000
Mr. Bernhard Steinruecke	4	3#	60,000
Mr. Mark Lammerskitten@	3	3	-
Mr. Ritesh Kumar	4	4	-

Leave of absence granted.

*Ceased to be a Director w.e.f. July 1, 2010.

@Appointed as a Director w.e.f. July 1, 2010.

The Board also met on May 2, 2011, for approval of audited accounts of the Company for the financial year 2010-11.

The Appointed Actuary was invited to all meetings of the Board. Leave of absence was granted from attending the meeting held on January 27, 2011.

COMMITTEES

To enable better and more focused attention on the affairs of the Company and as required under Regulatory provisions, the Company has set up various Committees. These Committees prepare the groundwork for decision-making and report at the subsequent Board meeting. The terms of reference of the Committees are approved by the Board. Meetings of the Committees are held on a regular basis depending upon the business to be transacted by the Committee. Minutes of the Committee's meetings / report on the activities of the Committee are submitted to the Board on a periodical basis. Matters requiring the Board's attention / approval are generally placed in the form of notes to the Board from the respective Committee.

The role and composition of various Committees, including the number of meetings held during the year and the related attendance of the Committee members at the said meetings, are given below.

AUDIT AND COMPLIANCE COMMITTEE (ACC)

The Audit and Compliance Committee of the Board comprise five (5) members, all of whom are Non-executive Directors. The Chairman of the Committee is an Independent Director. All the members of the

Committee have strong financial analysis background. The composition of the Committee is in accordance with the provisions of Section 292A of the Companies Act, 1956 and the Guidelines issued by IRDA.

The Committee inter-alia oversees the financial statements and financial reporting before submission to the Board, internal audit function, compliance function and the work of the statutory auditors. It also reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The Committee invites senior executives, as it considers appropriate to be present at the meetings of the Committee. Senior management and auditors are invited to participate in the meetings of the Committee as and when necessary.

During the year under review, the ACC met four (4) times on April 24, 2010, July 26, 2010, November 2, 2010 and January 27, 2011. The Committee also met on May 2, 2011, prior to finalization of accounts of the Company for the financial year 2010-11.

The details of composition of the ACC and the attendance of the Committee members at the meetings are listed below:

Directors	No. of Meetings held during the tenure	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Bernhard Steinruecke (Chairman)	4	3#	30,000
Mr. Keki M. Mistry	4	4	40,000
Ms. Renu Sud Karnad	4	2#	20,000
Mr. Andreas Kleiner	4	4	-
Mr. Stefan Emberger*	1	1	-
Mr. Mark Lammerskitten@	3	3	-

Leave of absence granted.

*Ceased to be a member w.e.f. July 1, 2010.

@Appointed as a member w.e.f. July 1, 2010.

INVESTMENT COMMITTEE (IC)

The Investment Committee comprises six (6) members - two non-executive Directors, the Managing Director and CEO, the Chief Financial Officer and Company Secretary, the Appointed Actuary and the Chief Investment Officer. The composition of the Committee is in accordance with the provisions of the IRDA (Investment) Regulations, 2000, as amended and the Guidelines issued by IRDA.

The Committee reviews the investment policy of the Company, its implementation and the operational framework for the investment operations, ensuring liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management / mitigation strategies to ensure adequate return on investment of Policyholder and Shareholder funds. All members of the Committee are fully conversant with the various responsibilities cast on them by the IRDA (Investment) Regulations, 2000, as amended and guidelines issued thereunder by IRDA from time to time. The Committee regularly appraises the Board on the performance and analysis of Company's investment portfolio.

During the year under review, the IC met four (4) times on April 24, 2010, July 26, 2010, November 2, 2010 and January 27, 2011.

The details of composition of the IC and the attendance of the members at the meetings are listed below:

Directors	No. of Meetings held during the tenure	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Keki M. Mistry (Chairman)	4	4	40,000
Mr. Stefan Emberger*	1	1	-
Mr. Mark Lammerskitten@	3	3	-
Mr. N. Lakshmanan (Appointed Actuary)	4	3#	-
Mr. Ritesh Kumar	4	4	-
Mr. Samir H. Shah (CFO & Company Secretary)	4	4	-
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4	-

Leave of absence granted.

*Ceased to be a member w.e.f. July 1, 2010.

@Appointed as a member w.e.f. July 1, 2010.

RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee comprises seven (7) members. Mr. Ritesh Kumar, Managing Director and CEO of the Company is the Chairman of the Committee and Mr. S Gopalakrishnan, Head – Reinsurance is the Chief Risk Officer of the Company.

The terms of reference of RMC inter-alia includes laying down the Risk Management Strategy to manage risks across the organization, assisting the Board in the effective operation of the risk management system, maintenance of group-wide and aggregate view of the risks affecting the business of the Company and reporting thereof on various risks and measures taken to minimize the impact of the said risks.

During the year, the Committee formulated and adopted the Risk Management Framework (RMF) of the Company. The RMF provides the mechanism for risk identification, assessment, mitigation and reporting. During the year, Risk Officers were appointed for various functions and a Risk Containment Unit was set up with the objective of identifying fraudulent transactions and initiating swift remedial actions. The Committee also suggested additional steps towards risk mitigation with respect to risks associated with reinsurance.

During the year under review, the RMC met four (4) times on April 12, 2010, July 8, 2010, October 21, 2010 and December 16, 2010.

The composition of the RMC and the attendance of the members at the meetings are listed below:

Members	No. of Meetings held during the tenure	No. of meetings attended
Mr. Ritesh Kumar (Managing Director & CEO)	4	4
Mr. S. Gopalakrishnan (Head – Reinsurance & Chief Risk Officer)	4	4
Mr. Tommy Lee Co (Chief Underwriting Officer)	4	4
Mr. Sanjiv Sharma (Head – Claims)	4	4
Mr. Ankur Bahorey (Head - Operation and Services Group)	4	3*
Mr. Samir H. Shah (CFO & Company Secretary)	4	3*
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4

*Leave of absence granted.

Being executives of the Company, members are not eligible to receive any sitting fees for attending the meetings of the Committee.

POLICYHOLDER PROTECTION AND GRIEVANCE REDRESSAL COMMITTEE – (PPGRC)

The Committee comprises three senior executives of the Company. The Committee reviews the process being followed by the Company in redressal of Policyholder grievances and the grievance redressal mechanism of the Company and suggests mechanism for speedy redressal of complaints/grievances from Policyholders. The Committee regularly submits its report to the Board inter alia with regard to complaints/grievances received and resolved, mechanism in place/process being followed for resolution of the complaints/grievances and its

observations on the efficacy of the existing mechanism. During the year, pursuant to Circular No. 3/CA/GRV/YPB/10-11 dated July 27, 2010 of IRDA, the Committee revised the Complaints and Grievance Redressal Policy of the Company. The key objective of the Policy is to provide for a mechanism to speedily redress the grievance and complaints of the Policyholders to their satisfaction in accordance with the applicable laws. The Policy is uploaded on the website of the Company. A designated email id viz. grievance@hdfcergo.com was created for enabling Policyholders to submit their grievance / complaint and its speedy redressal.

During the year under review, the PPGRC met eleven (11) times on April 7, 2010, May 17, 2010, July 19, 2010, August 10, 2010, September 7 & 8, 2010, October 18, 2010, November 17, 2010, December 14, 2010, January 18, 2011 and March 14, 2011, . The composition of the PPGRC and the attendance of the members at the meetings are listed below:

Members	Total Meetings held during the tenure	No. of meetings attended
Mr. Mukesh Kumar (Head - Strategy Planning, HR & Marketing)	11	11
Mr. Sanjiv Sharma (Head – Claims)	11	8*
Mr. Ankur Bahorey (Head - Operation and Services Group)	11	11

*Leave of absence granted.

Being executives of the Company, members are not eligible to receive any sitting fees for attending the meetings of the Committee.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The NRC comprises two independent directors and two non-executive directors. The Committee considers and determines the salary and other terms of the compensation package for the Managing Director and CEO. The annual compensation of the Managing Director and CEO is recommended by the Committee, approved by the Board subject to approval of the Shareholders and IRDA. The Committee is also responsible for framing of Employee Stock Option Plan (ESOP), its administration and approving of performance / deferred bonus to employees. During the year, the Committee approved the grant of 29,84,000 stock options at ₹ 10 per option representing 29,84,000 equity shares of ₹ 10 each to eligible employees.

During the year, the Committee met twice on April 24, 2010 and January 27, 2011.

The details of composition of the NRC and the attendance of the members at the meetings are listed below:

Directors	No. of meetings held during the tenure	No. of meetings attended	Sitting Fees Paid (₹)
Ms. Renu Sud Karnad (Chairperson)	2	2	20,000
Mr. Andreas Kleiner	2	2	-
Dr. Jagdish Khattar	2	2	20,000
Mr. Bernhard Steinruecke	2	2	20,000

CAPITAL EXPENDITURE AND TECHNOLOGY REVIEW COMMITTEE (CETRC)

The CETRC comprise of four (4) members – two non-executive Directors, one independent Director and the Managing Director & CEO.

The terms of reference of CETRC inter-alia includes review of existing Technology platform of the Company, its adequacy and the need for upgradation and / or change and approval of major capital expenditure proposals. During the year, the Committee met once on July 26, 2010.

The details of composition of the CETRC and the attendance of the members at the said meeting are listed below:

Members	Whether attended the Meeting	Sitting Fees Paid (₹)
Ms. Renu Sud Karnad	No*	-
Mr. Mark Lammerskitten	Yes	-
Dr. Jagdish Khattar	Yes	10,000
Mr. Ritesh Kumar	Yes	-

*Leave of absence granted.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

During the year under review, other than sitting fees detailed herein above, the Company did not pay any remuneration to any of its Non-Executive Directors.

RELATED PARTY TRANSACTIONS

There were no materially significant transactions with the directors, the management, the promoters or the relatives of the directors that have a potential conflict with the interest of the Company at large. Details of related party transactions entered into by the Company in the normal course of business are included in the Notes of Accounts.

CODE OF CONDUCT

The Company has framed and adopted a Code of Conduct, which is applicable to all Directors and employees of the Company. All the Members of the Board and senior management personnel have confirmed adherence to the provisions of the Code of Conduct.

On behalf of the Board of Directors

Mumbai
May 02, 2011

DEEPAK S. PAREKH
Chairman

Compliance Certificate

In accordance with the provisions of Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority, I, Samir H. Shah – CFO & Company Secretary of the Company hereby certify that the Company has complied with the provisions of Corporate Governance Guidelines for Insurance companies notified by IRDA as amended from time to time and to the extent applicable and nothing has been concealed or suppressed.

Mumbai
May 02, 2011

SAMIR H. SHAH
CFO & Company Secretary

Auditor's 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, 2011 and also the revenue accounts, profit & loss account, and receipts & 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 & loss account and receipts & 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, 2011, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of subsection (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 & loss account and receipts & 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, 2011;
 - ii. in the case of the revenue accounts, of the surplus/deficit, as the case may be, for the year ended March 31, 2011;
 - iii. in the case of the profit & loss account, of the loss for the year ended March 31, 2011; and
 - iv. in the case of the receipts & payments account, of the receipts & payments of the Company for the year ended March 31, 2011.

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, 2011 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 G. M. KAPADIA & CO
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No.: 044784
Firm Regn. No.: 105102W

Rajen R. Ashar
Partner
Membership No.: 048243
Firm Regn. No.: 104767W

Mumbai
May 02, 2011

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, 2011).

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 G. M. KAPADIA & CO
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No.: 044784
Firm Regn. No.: 105102W

Rajen R. Ashar
Partner
Membership No.: 048243
Firm Regn. No.: 104767W

Mumbai
May 02, 2011

FORM B - BS

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

**Balance Sheet as at March 31, 2011**

	Schedule	As at Mar 31, 2011 (₹ '000)	As at Mar 31, 2010 (₹ '000)
SOURCES OF FUNDS			
SHARE CAPITAL	5	4,860,000	4,150,000
SHARE APPLICATION MONEY		370,000	—
RESERVES AND SURPLUS	6	1,040,000	—
FAIR VALUE CHANGE ACCOUNT		3,871	373
BORROWINGS	7	6,086	7,011
DEFERRED TAX LIABILITY		—	—
TOTAL		6,279,957	4,157,384
APPLICATION OF FUNDS			
INVESTMENTS	8	12,236,121	6,236,769
LOANS	9	—	—
FIXED ASSETS	10	832,673	246,839
CURRENT ASSETS			
Cash and Bank Balances	11	1,032,457	670,866
Advances and Other Assets	12	1,187,590	1,821,050
Sub-Total (A)		2,220,047	2,491,916
CURRENT LIABILITIES	13	6,454,740	3,593,105
PROVISIONS	14	4,589,892	2,896,508
Sub-Total (B)		11,044,632	6,489,613
NET CURRENT ASSETS/ (LIABILITIES) (C) = (A-B)		(8,824,585)	(3,997,697)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		2,035,748	1,671,473
TOTAL		6,279,957	4,157,384
NOTES TO ACCOUNTS	16		

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

Signature to the Balance Sheet Schedules 5 to 16

As per our report of even date attached

B. K. Khare & Co.
Chartered Accountants**Padmini Khare Kaicker**
Partner
Membership No. 044784
Firm Regn. No. 105102W

Mumbai, May 02, 2011

G. M. Kapadia & Co.
Chartered Accountants**Rajen R Ashar**
Partner
Membership No. 048243
Firm Regn. No. 104767W

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman**Ritesh Kumar**
Managing Director & CEO**Samir H. Shah**
CFO & Company SecretaryDirectors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark LammerskittenIndependent Directors
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, 2011

	Schedule	For the year ended March 31, 2011 (₹ '000)	For the year ended March 31, 2010 (₹ '000)
OPERATING PROFIT / (LOSS)			
Fire Insurance		103,580	106,663
Marine Insurance		4,835	(14,265)
Miscellaneous Insurance		(719,931)	(1,172,880)
		<u>(611,516)</u>	<u>(1,080,482)</u>
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		239,883	128,350
Profit on sale of investments		17,369	13,317
Less: Loss on sale of investments		—	—
Amortisation of debt securities		(6,795)	(5,354)
		<u>250,457</u>	<u>136,313</u>
OTHER INCOME			
		—	—
TOTAL (A)		<u>(361,059)</u>	<u>(944,169)</u>
PROVISIONS (OTHER THAN TAXATION)			
For diminution in the value of investment		—	—
For doubtful debts		—	—
Others		—	—
OTHER EXPENSES			
Expenses other than those related to insurance business			
Employee's related remuneration and welfare benefits		3,216	437
Bad debts written off		—	—
Others		—	—
TOTAL (B)		<u>3,216</u>	<u>437</u>
PROFIT / (LOSS) BEFORE TAX		<u>(364,275)</u>	<u>(944,606)</u>
Income Tax Expense :			
– Current Tax		—	—
– Deferred Tax		—	—
– Fringe Benefits Tax		—	—
– Excess provision written back		—	(1,582)
Provision for Taxation		—	—
– Wealth Tax		—	—
PROFIT / (LOSS) AFTER TAX		<u>(364,275)</u>	<u>(943,024)</u>
APPROPRIATIONS			
Interim dividends paid during the year		—	—
Proposed final dividend		—	—
Dividend distribution tax		—	—
Transfer to any Reserves or Other Accounts		—	—
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit / (Loss) brought forward from previous year		(1,671,473)	(728,449)
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>(2,035,748)</u>	<u>(1,671,473)</u>
EARNINGS PER SHARE (Basic and Diluted) (in ₹)		<u>(0.78)</u>	<u>(3.01)</u>

(Face Value ₹ 10 per share) (Refer note 24 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 & Loss Account Schedules 1 to 16

As per our report of even date attached

For and on behalf of the Board of Directors

B. K. Khare & Co.
Chartered Accountants**G. M. Kapadia & Co.**
Chartered Accountants**Deepak S. Parekh**
ChairmanDirectors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten**Padmini Khare Kaicker**
Partner
Membership No. 044784
Firm Regn. No. 105102W**Rajen R Ashar**
Partner
Membership No. 048243
Firm Regn. No. 104767W**Ritesh Kumar**
Managing Director & CEO**Samir H. Shah**
CFO & Company SecretaryIndependent Directors
Jagdish Khattar
Bernhard Steinruecke

Mumbai, May 02, 2011

FORM B - RA

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002



Revenue Account for the year ended March 31, 2011

Particulars	Schedule	FIRE BUSINESS		MARINE BUSINESS		MISCELLANEOUS BUSINESS		TOTAL BUSINESS	
		Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010
1 Premiums Earned (Net)	1	140,068	33,210	77,745	30,086	5,845,768	3,937,261	6,063,581	4,000,557
2 Profit / Loss on Sale / Redemption of Investments (Net)		1,698	819	487	301	33,032	23,555	35,217	24,675
3 Amortisation of debt securities		(664)	(329)	(191)	(121)	(12,922)	(9,472)	(13,777)	(9,922)
4 Other									
Investment Income from Pool (Motor & Terrorism)		4,446	—	—	—	37,109	74,489	41,555	74,489
Miscellaneous Income/ Liabilities written back		21	36	63	31	4,003	3,921	4,087	3,988
Interest and Dividend (Gross of TDS)		23,454	7,898	6,732	2,901	456,189	227,043	486,375	237,842
TOTAL (A)		169,023	41,634	84,836	33,198	6,363,179	4,256,797	6,617,038	4,331,629
1 Claims Incurred (Net)	2	137,023	52,157	63,292	46,509	5,122,649	3,859,968	5,322,964	3,958,634
2 Commission	3	(173,384)	(182,203)	(20,653)	(17,431)	(192,409)	(174,696)	(386,446)	(374,330)
3 Operating Expenses Related to Insurance Business	4	101,804	65,017	37,362	18,385	2,152,870	1,744,405	2,292,036	1,827,807
4 Premium Deficiency		—	—	—	—	—	—	—	—
TOTAL (B)		65,443	(65,029)	80,001	47,463	7,083,110	5,429,677	7,228,554	5,412,111
Operating Profit/Loss (A-B)		103,580	106,663	4,835	(14,265)	(719,931)	(1,172,880)	(611,516)	(1,080,482)
APPROPRIATIONS									
Transfer to Shareholders Account		103,580	106,663	4,835	(14,265)	(719,931)	(1,172,880)	(611,516)	(1,080,482)
Transfer to Catastrophe Reserve		—	—	—	—	—	—	—	—
Transfer to Other Reserves		—	—	—	—	—	—	—	—
TOTAL (C)		103,580	106,663	4,835	(14,265)	(719,931)	(1,172,880)	(611,516)	(1,080,482)

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 required by Section 40C(2) of the Insurance Act 1938, we hereby certify that on the basis of information and explanation given to us, all expenses of management, incurred by the Company, in respect of general insurance business have been fully debited in the Revenue Account as expenses.

As per our report of even date attached

For and on behalf of the Board of Directors

B. K. Khare & Co.
Chartered Accountants

G. M. Kapadia & Co.
Chartered Accountants

Deepak S. Parekh
Chairman
Ritesh Kumar
Managing Director & CEO
Samir H. Shah
CFO & Company Secretary

Directors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten
Independent Directors
Jagdish Khattar
Bernhard Steinnuecke

Rajen R Ashar
Partner
Membership No. 048243
Firm Regn. No. 104767W

Mumbai, May 02, 2011

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

Schedule - 1
PREMIUM FINANCIAL YEAR 2010-11

(₹ '000)

Particulars	Financial Year 2010-11					Financial Year 2009-10				
	Fire	Marine			Total	Fire	Marine			Total
		Marine Cargo	Marine Hull	Marine Total			Marine Cargo	Marine Hull	Marine Total	
Premium from direct business written-net of Service tax	1,801,694	300,792	183,378	484,170	12,799,143	1,329,678	153,664	95,193	248,857	9,154,022
Add : Premium on reinsurance accepted	141,553	252	770	1,022	1,136,486	98,160	1,233	41	1,274	892,135
Less : Premium on reinsurance ceded	(1,602,463)	(197,926)	(169,901)	(367,827)	(4,356,507)	(1,291,583)	(108,864)	(91,131)	(199,995)	(4,159,337)
Net Premium	340,784	103,118	14,247	117,365	7,751,407	136,255	46,033	4,103	50,136	5,886,820
Less : Adjustment for changes in reserve for unexpired risks	(200,716)	(29,301)	(10,319)	(39,620)	(1,447,490)	(103,045)	(15,462)	(4,588)	(20,050)	(1,886,263)
Total Premium earned	140,068	73,817	3,928	77,745	5,845,768	33,210	30,571	(485)	30,086	4,000,557

Miscellaneous Premium Breakup for financial year 2010-11

(₹ '000)

Particulars	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	Total Miscellaneous
Premium from direct business written-net of Service tax	3,042,587	1,164,412	—	4,206,999	36,758	15,466	21,751	475,204	326,079	1,291,727	3,287,267	263,404	2,218	408,683	10,513,279
Add : Premium on reinsurance accepted	—	—	1,057,664	1,057,664	—	100	—	63,449	—	—	2	5,608	—	9,663	1,136,486
Less : Premium on reinsurance ceded	(328,187)	(738,518)	—	(1,066,705)	(29,845)	(11,488)	(19,192)	(444,671)	(325,177)	(163,187)	(1,571,812)	(237,009)	(411)	(384,812)	(4,356,507)
Net Premium	2,714,400	425,894	1,057,664	4,197,958	6,913	4,078	2,559	93,982	902	1,128,540	1,715,457	32,003	1,807	33,534	7,293,258
Less : Adjustment for changes in reserve for unexpired risks	(450,431)	(79,533)	(145,501)	(675,465)	(281)	(852)	169	(19,922)	171	(584,586)	(168,052)	(2,086)	170	(1,392)	(1,447,490)
Total Premium earned	2,263,969	346,361	912,163	3,522,493	6,632	3,226	2,728	74,060	1,073	543,954	1,547,405	29,917	1,977	32,142	5,845,768

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

** Miscellaneous Premium Break-up for financial year 2009-10

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
Premium from direct business written-net of Service tax	2,009,951	889,264	—	2,899,215	20,174	9,266	9,075	279,396	182,763	728,950	2,687,410	202,504	2,120	436,307	118,307	7,575,487
Add : Premium on reinsurance accepted	—	—	761,992	761,992	—	—	—	13,700	—	—	—	4,402	—	10,102	2,505	792,701
Less : Premium on reinsurance ceded	(214,869)	(607,903)	—	(822,772)	(13,695)	(7,004)	(6,734)	(238,201)	(181,779)	(133,676)	(620,056)	(179,758)	(212)	(411,011)	(52,861)	(2,667,759)
Net Premium	1,795,082	281,361	761,992	2,838,435	6,479	2,262	2,341	54,895	984	595,274	2,067,354	27,148	1,908	35,398	67,951	5,700,429
Less : Adjustment for changes in reserve for unexpired risks	(479,347)	(91,205)	(247,399)	(817,951)	(1,510)	(20)	(1,320)	(24,793)	(401)	(433,050)	(427,224)	(5,632)	(87)	(7,587)	(43,593)	(1,763,168)
Total Premium earned	1,315,735	190,156	514,593	2,020,484	4,969	2,242	1,021	30,102	583	162,224	1,640,130	21,516	1,821	27,811	24,358	3,937,261

Schedule - 2
CLAIMS INCURRED (NET) FINANCIAL YEAR 2010-11

Particulars	Financial Year 2010-11											Financial Year 2009-10				
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total				
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total						
Claims paid direct	492,170	96,022	84,510	180,532	4,534,513	132,199	46,177	46,177	46,177	—	46,177	3,143,668	3,322,044			
Add: Claims on Re-insurance accepted	49,713	—	—	—	226,312	5,225	—	—	—	—	—	71,970	77,195			
Less :Re-insurance ceded	(497,049)	(55,322)	(83,562)	(138,884)	(1,463,096)	(114,985)	(22,006)	(22,006)	(22,006)	(22,006)	(22,006)	(454,006)	(590,997)			
Net Claims paid	44,834	40,700	948	41,648	3,297,729	22,439	24,171	24,171	24,171	—	24,171	2,761,632	2,808,242			
Add: Claims Outstanding at the end of the period	133,691	48,845	5,188	54,033	3,851,123	41,502	849	849	32,389	849	32,389	2,026,203	2,100,094			
Less: Claims Outstanding at the beginning of the period	(41,502)	(31,540)	(849)	(32,389)	(2,026,203)	(11,784)	(10,051)	(10,051)	(10,051)	—	(10,051)	(927,867)	(949,702)			
Total Claims incurred	137,023	58,005	5,287	63,292	5,122,649	52,157	45,660	45,660	46,509	849	46,509	3,859,968	3,958,634			

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

* Miscellaneous Claims Incurred (Net) Break-up for financial year 2010-11

(₹ '000)

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	1,566,417	249,485	—	1,815,902	461	—	—	51,864	576,656	236,206	1,720,066	18,032	84	42,628	72,614	4,534,513
Add: Claims on Re-insurance accepted	—	—	224,540	224,540	—	—	—	1,772	—	—	—	—	—	—	—	226,312
Less: Re-insurance ceded	(157,182)	(157,875)	—	(315,057)	(314)	—	—	(31,496)	(576,369)	(25,112)	(450,125)	(17,854)	(8)	(39,158)	(7,603)	(1,463,096)
Net Claims paid	1,409,235	91,610	224,540	1,725,385	147	—	—	22,140	287	211,094	1,269,941	178	76	3,470	65,011	3,297,729
Add: Claims Outstanding at the end of the period	327,913	695,988	2,328,313	3,352,214	1,449	484	421	47,008	565	158,699	251,196	8,149	320	11,110	19,508	3,851,123
Less: Claims Outstanding at the beginning of the period	(136,435)	(431,115)	(934,469)	(1,502,019)	(1,212)	(336)	(165)	(12,785)	(58)	(68,602)	(415,453)	(4,612)	(389)	(7,180)	(13,392)	(2,026,203)
Total Claims incurred	1,600,713	356,483	1,618,384	3,575,580	384	148	256	56,363	794	301,191	1,105,684	3,715	7	7,400	71,127	5,122,649

** Miscellaneous Claims Incurred (Net) Breakup for financial year 2009-10

(₹ '000)

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	981,992	144,524	—	1,126,516	346	6	—	30,720	7,699	85,926	1,832,548	—	58	10,750	49,099	3,143,668
Add: Claims on Re-insurance accepted	580	—	71,385	71,965	—	—	—	5	—	—	—	—	—	—	—	71,970
Less: Re-insurance ceded	(137,484)	(57,086)	—	(194,570)	(105)	(5)	—	(15,492)	(7,699)	(9,220)	(187,768)	—	(6)	(6,588)	(32,553)	(454,006)
Net Claims paid	845,088	87,438	71,385	1,003,911	241	1	—	15,233	—	76,706	1,644,780	—	52	4,162	16,546	2,761,632
Add: Claims Outstanding at the end of the period	136,435	431,115	934,469	1,502,019	1,212	336	165	12,785	58	68,602	415,453	4,612	389	7,180	13,392	2,026,203
Less: Claims Outstanding at the beginning 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
Total Claims incurred	878,999	209,477	652,276	1,740,752	670	184	119	20,787	55	128,022	1,936,204	3,433	207	4,185	25,350	3,859,968

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

Particulars	Financial Year 2010-11										Financial Year 2009-10																																		
	Fire					Marine					*Miscellaneous					Total																													
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation Accident	Personal Insurance	Health Liability	Other	Home	Speciality	Other	Total Miscellaneous	Marine Cargo	Marine Hull	Marine Total	**Miscellaneous	Total																								
Commission paid direct	197,115	—	—	197,115	3,386	1,013	2,714	39,167	5,970	175,952	352,462	26,202	255	45,240	9,780	859,256	14,097	2,506	16,603	431,463	524,791																								
Add : Commission paid on re-insurance accepted	—	—	—	—	—	—	—	8,618	—	—	—	1,473	—	1,150	—	11,241	10	—	10	1,899	7,900																								
Less : Commission received on re-insurance ceded	(64,037)	—	—	(64,037)	(8,324)	(8,601)	(2,324)	(132,964)	(256)	(30,080)	(700,049)	(32,987)	(51)	(61,416)	(21,817)	(1,062,906)	(24,130)	(9,914)	(34,044)	(608,058)	(907,021)																								
Net commission paid/(received)	133,078	—	—	133,078	(4,938)	(7,588)	390	(85,179)	5,714	145,872	(347,587)	(5,312)	204	(15,026)	(12,037)	(192,409)	(7,408)	(17,431)	(24,839)	(174,696)	(374,330)																								
* Miscellaneous Commission Breakup for financial year 2010-11																																													
Particulars	Motor										Miscellaneous																																		
	Motor					Workmens Compensation					Public Liability					Product Liability					Engineering					Aviation Accident					Personal Insurance					Health Liability					Other				
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation Accident	Personal Insurance	Health Liability	Other	Home	Speciality	Other	Total Miscellaneous	Marine Cargo	Marine Hull	Marine Total	**Miscellaneous	Total																								
Commission paid direct	76,648	—	—	76,648	1,521	797	663	20,851	171	97,418	161,388	22,385	240	43,041	6,340	431,463	—	—	—	—	—																								
Add : Commission paid on re-insurance accepted	—	—	—	—	—	—	—	497	—	—	—	242	—	1,160	—	1,899	—	—	—	—	—																								
Less : Commission received on re-insurance ceded	(40,355)	(63,746)	—	(104,101)	(3,788)	(1,357)	(1,286)	(75,394)	(5,908)	(52,572)	(264,941)	(30,699)	(42)	(62,337)	(5,643)	(608,058)	—	—	—	—	—																								
Net commission paid/(received)	36,293	(63,746)	—	(27,453)	(2,267)	(560)	(623)	(54,036)	(5,737)	44,846	(103,553)	(8,072)	198	(18,136)	697	(174,696)	—	—	—	—	—																								
** Miscellaneous Commission Breakup for financial year 2009-10																																													
Particulars	Motor										Miscellaneous																																		
	Motor					Workmens Compensation					Public Liability					Product Liability					Engineering					Aviation Accident					Personal Insurance					Health Liability					Other				
	Motor-OD	Motor-TP	Motor Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation Accident	Personal Insurance	Health Liability	Other	Home	Speciality	Other	Total Miscellaneous	Marine Cargo	Marine Hull	Marine Total	**Miscellaneous	Total																								
Commission paid direct	2,085	221	52,149	54,455	2,228	797	692	28,702	31,622	161,388	22,385	240	43,041	6,340	431,463	—	—	—	—	—	—																								
Add : Commission paid on re-insurance accepted	35,555	25,145	181,997	242,697	41,930	14,656	169,613	226,199	91,661	—	—	—	—	—	—	—	—	—	—	—	—																								
Less : Commission received on re-insurance ceded	(55,297)	(9,328)	(470,060)	(534,685)	(12,278)	(1,254)	(153,766)	(175,309)	(175,309)	—	—	—	—	—	—	—	—	—	—	—	—																								
Net commission paid/(received)	39,236	4,628	155,050	198,914	20,289	1,254	153,766	175,309	175,309	—	—	—	—	—	—	—	—	—	—	—	—																								
Total	132,173	39,322	859,256	1,030,751	76,725	16,603	431,463	524,791	—	—	—	—	—	—	—	—	—	—	—	—	—																								

Schedule - 3 COMMISSION

Schedule - 3 A COMMISSION PAID - DIRECT

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

Particulars	Financial Year 2010-11				Financial Year 2009-10				Total		
	Fire	Marine		*Miscellaneous	Fire	Marine		**Miscellaneous			
		Marine Cargo	Marine Hull			Marine Total	Marine Cargo			Marine Hull	Marine Total
Employees' remuneration and welfare benefits	52,712	11,785	3,765	15,550	795,441	38,962	5,844	1,849	7,693	601,551	648,206
Travel, conveyance and vehicle running expenses	4,391	798	346	1,144	50,266	3,167	436	150	586	48,252	52,005
Training expenses	822	268	39	307	20,641	265	162	1	163	18,832	19,260
Rents, rates and taxes	6,939	3,968	211	4,179	276,168	2,625	2,301	—	2,301	261,641	266,567
Repairs	2,183	408	84	492	45,838	331	263	—	263	29,431	30,025
Printing and stationery	1,576	603	68	671	45,090	588	283	14	297	32,227	33,112
Communication	1,801	603	84	687	46,175	1,062	352	32	384	41,608	43,054
Legal and professional charges	10,917	4,692	275	4,967	420,634	6,059	2,690	36	2,726	406,549	415,334
Auditors' fees, expenses etc	—	—	—	—	—	—	—	—	—	—	—
(a) as auditors	68	39	2	41	2,700	18	16	—	16	1,767	1,801
(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	6,501	2,187	464	2,651	130,791	3,758	832	221	1,053	62,566	67,377
Interest and Bank Charges	2,887	1,651	88	1,739	114,898	59	52	—	52	6,771	6,882
Others :-											
Electricity expenses	762	436	23	459	30,332	343	300	—	300	34,159	34,802
Office Expenses	291	141	11	152	9,894	330	23	17	40	2,836	3,206
Miscellaneous expenses	5,154	1,003	575	1,578	24,557	5,853	622	747	1,369	9,888	17,110
Service Charges	—	—	—	—	96,879	65	—	—	—	58,406	58,471
Technical Service Charges	—	—	—	—	—	—	—	—	—	—	—
Information Technology Expenses	2,144	1,225	65	1,290	85,269	586	495	—	495	56,022	57,103
Postage & courier	1,066	501	37	538	36,549	316	205	3	208	22,863	23,387
Loss on sale of assets (net)	119	22	9	31	1,365	163	22	8	30	2,487	2,680
Depreciation	1,471	841	45	886	58,549	467	409	—	409	46,549	47,425
Service Tax Expenditure	—	—	—	—	—	—	—	—	—	—	—
Total Operating Expenses	101,804	31,171	6,191	37,362	2,292,036	65,017	15,307	3,078	18,385	1,744,405	1,827,807

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

Particulars	Miscellaneous											Total 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
Employees' remuneration and welfare benefits	294,083	69,588	—	363,671	1,363	563	639	16,939	6,165	87,009	217,867	7,532	235	10,462	14,734	727,179
Travel, conveyance and vehicle running expenses	16,917	4,655	—	21,572	97	39	49	1,279	592	5,293	12,733	587	12	862	1,616	44,731
Training expenses	8,533	1,710	—	10,243	29	12	12	320	51	2,304	5,917	130	7	158	329	19,512
Rents, rates and taxes	121,705	18,619	—	140,324	356	173	147	3,816	58	29,241	83,184	1,608	106	1,728	4,309	265,050
Repairs	18,098	4,978	—	23,076	62	19	20	654	123	5,709	12,367	223	14	280	616	43,163
Printing and stationery	19,055	3,513	—	22,568	61	27	25	671	76	4,943	13,110	276	16	322	748	42,843
Communication	19,180	3,772	—	22,952	64	27	26	710	107	5,110	13,213	291	16	350	821	43,687
Legal and professional charges	172,929	31,633	22,204	226,766	500	218	187	5,243	118	43,889	114,845	2,037	144	2,190	8,613	404,750
Auditors' fees, expenses etc	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(a) as auditors	1,189	182	—	1,371	3	2	1	37	1	286	813	16	1	17	42	2,591
(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	52,341	8,978	—	61,319	211	100	103	2,573	698	13,460	38,403	1,190	45	1,548	1,989	121,639
Interest and Bank Charges	50,634	7,747	—	58,381	148	72	61	1,587	24	12,166	34,608	669	44	719	1,793	110,272
Others :	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity expenses	13,367	2,045	—	15,412	39	19	16	419	6	3,212	9,136	177	12	190	473	29,111
Office Expenses	4,287	694	—	4,981	13	6	5	143	9	1,054	2,944	61	4	68	162	9,451
Miscellaneous expenses	3,587	753	—	4,340	99	51	69	1,559	1,014	1,458	6,711	859	4	1,332	329	17,825
Service Charges	80,196	—	—	80,196	—	—	—	—	—	12,241	4,442	—	—	—	—	96,879
Information Technology Expenses	37,575	5,751	—	43,326	110	54	45	1,178	18	9,030	25,682	496	33	533	1,330	81,835
Postage & courier	15,822	2,673	—	18,495	48	22	19	515	27	3,957	10,831	212	14	235	570	34,945
Loss on sale of assets (net)	459	127	—	586	3	1	1	35	16	144	346	16	—	23	44	1,215
Depreciation	25,802	3,947	—	29,749	76	37	31	809	12	6,199	17,635	341	23	366	914	56,192
Total Operating Expenses	955,759	171,365	22,204	1,149,328	3,282	1,442	1,456	38,487	9,115	246,705	624,787	16,721	730	21,383	39,432	2,152,870

* Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2010-11

(₹ '000)

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2011

Particulars	Miscellaneous											Total Miscellaneous				
	Motor				Miscellaneous								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
Employees' remuneration and welfare benefits	228,209	75,779	—	303,988	1,017	408	934	9,077	3,427	42,259	216,400	6,260	375	10,967	6,439	601,551
Travel, conveyance and vehicle running expenses	19,205	7,302	—	26,507	76	30	67	696	274	3,027	15,641	464	25	843	602	48,252
Training expenses	7,332	1,342	—	8,674	27	12	10	160	6	884	8,638	118	10	153	140	18,832
Rents, rates and taxes	100,612	14,541	—	115,153	380	171	78	2,217	45	12,405	125,418	1,645	139	2,127	1,863	261,641
Repairs	11,294	1,655	—	12,949	43	19	9	255	10	1,406	14,075	189	16	249	211	29,431
Printing and stationery	12,578	2,515	—	15,093	47	21	18	303	33	1,625	14,309	215	17	304	242	32,227
Communication	16,413	3,974	—	20,387	60	26	32	408	68	2,225	17,336	286	23	423	334	41,608
Legal and professional charges	123,716	23,139	86,527	233,382	461	195	158	2,774	149	17,058	144,816	1,980	178	2,602	2,796	406,549
Auditors' fees, expenses etc	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(a) as auditors	679	98	—	777	3	1	1	15	—	84	847	11	1	14	13	1,767
(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	21,179	3,475	—	24,654	111	56	46	1,076	452	3,081	30,124	827	30	1,498	611	62,566
Interest and Bank Charges	2,263	1,212	—	3,475	9	4	2	50	1	279	2,821	37	3	48	42	6,771
Others :	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity expenses	13,136	1,898	—	15,034	50	22	10	289	6	1,620	16,374	215	18	278	243	34,159
Office Expenses	1,159	685	—	1,844	5	2	9	59	29	317	424	35	2	70	40	2,836
Miscellaneous expenses	1,601	288	—	1,889	7	9	8	1,224	2,137	326	2,497	439	2	659	691	9,888
Service Charges	49,263	—	—	49,263	—	—	—	—	—	4,833	4,310	—	—	—	—	58,406
Information Technology Expenses	21,581	3,195	—	24,776	81	37	18	478	13	2,643	26,733	354	30	461	398	56,022
Postage & courier	8,852	1,452	—	10,304	33	15	9	203	14	1,086	10,665	150	12	203	169	22,863
Loss on sale of assets (net)	990	377	—	1,367	4	2	3	36	14	156	806	24	1	43	31	2,487
Depreciation	17,900	2,587	—	20,487	68	31	14	394	8	2,207	22,313	293	25	378	331	46,549
Total Operating Expenses	657,962	145,514	86,527	890,003	2,482	1,061	1,426	19,714	6,686	97,521	674,547	13,542	907	21,320	15,196	1,744,405

**Miscellaneous Operating expenses related to Insurance business Breakup for financial year 2009-10

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule - 5

SHARE CAPITAL

Particulars	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
Authorised Capital		
600,000,000 Equity Shares of ₹ 10/- each (Previous Year: 600,000,000 Equity Shares of ₹ 10/- each)	6,000,000	6,000,000
Issued Capital		
486,000,000 Equity Shares of ₹ 10/-each (Previous Year: 415,000,000 Equity Shares of ₹ 10/- each)	4,860,000	4,150,000
Subscribed Capital		
486,000,000 Equity Shares of ₹ 10/-each (Previous Year: 415,000,000 Equity Shares of ₹ 10/- each)	4,860,000	4,150,000
Called-up Capital		
486,000,000 Equity Shares of ₹ 10/-each (Previous Year: 415,000,000 Equity Shares of ₹ 10/- each)	4,860,000	4,150,000
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par Value of Equity Shares bought back	—	—
Less: Preliminary Expenses	—	—
Total	4,860,000	4,150,000

Of the above, 359,640,000 (Previous Year 307,100,000) equity shares of ₹ 10/- each are 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, 2011		As at March 31, 2010	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters:				
Indian: Housing Development Finance Corporation Limited	359,640,000	74%	307,100,000	74%
Foreign: ERGO International AG	126,360,000	26%	107,900,000	26%
Others	—	0%	—	0%
Total	486,000,000	100%	415,000,000	100%

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule - 6

RESERVES AND SURPLUS

Particulars	As at	As at
	March 31, 2011 (₹ '000)	March 31, 2010 (₹ '000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	1,040,000	—
General Reserves	—	—
Less: Debit balance in Profit and Loss Account	—	—
Less: Amount utilised for buy-back	—	—
Contingency Reserve for Unexpired Risk	—	—
Catastrophe Reserve	—	—
Other Reserves	—	—
Balance of Profit in Profit and Loss Account	—	—
Total	1,040,000	—

Schedule - 7

BORROWINGS

Particulars	As at	As at
	March 31, 2011 (₹ '000)	March 31, 2010 (₹ '000)
Debentures / Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others:		
Orix Auto Infrastructure & Business Solution Ltd.	6,086	7,011
Total	6,086	7,011

Schedule - 8

INVESTMENTS (Refer note 9 of Schedule 16)

	As at	As at
	March 31, 2011 (₹ '000)	March 31, 2010 (₹ '000)
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including treasury bills	2,451,743	1,321,027
Other Approved Securities:	—	—
Non-Convertible Debentures	—	—
Investments in Housing Bonds	—	—
Other Investment:		
Shares	—	—
– Equity	40,642	4,170
– Preference	—	—
Mutual Funds	—	—

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule - 8 (Continued)

INVESTMENTS (Refer note 9 of Schedule 16)

	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
Derivative Instruments	—	—
Debentures / Bonds	3,318,267	1,564,398
Other Securities (Bank Deposits)	500,000	—
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector Bonds	2,114,410	1,682,952
Other than Approved Investments - Equity	4,295	—
Sub-total A	8,429,357	4,572,547

SHORT TERM INVESTMENTS

Government securities and Government guaranteed bonds including treasury bills	1,316,509	796,612
Other Approved Securities:	—	—
Non-Convertible Debentures	—	—
Investments in Housing Bonds	—	—
Bank deposits	—	—
Other Investment:		
Shares		
– Equity	—	—
– Preference	—	—
Mutual Funds	—	—
Derivative Instruments	—	—
Debentures / Bonds	215,000	169,715
Other Securities (Commercial Papers & Certificate of Deposits)	2,023,056	495,572
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector Bonds	119,659	30,000
Other than Approved Investments		
– Mutual Fund	132,540	172,323
– Corporate Deposits	—	—
Sub-total B	3,806,764	1,664,222
Total A+B	12,236,121	6,236,769

	(₹ '000)	(₹ '000)
Note: Aggregate value of the investments other than Mutual Fund		
Long term investments		
– Book Value	8,384,420	4,568,377
Market Value	8,209,723	4,561,880
Short term investments		
– Book Value	3,674,225	1,491,899
Market Value	3,672,697	1,493,857

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule - 9

LOANS

	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '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	—	—
Total	<u>—</u>	<u>—</u>
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
Total	<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	—	—
Total	<u>—</u>	<u>—</u>
MATURITY-WISE CLASSIFICATION		
(a) Short-term	—	—
(b) Long-Term	—	—
Total	<u>—</u>	<u>—</u>

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

(₹ '000)

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	—	—	—	—	—	—	—	—	—	—
Building	—	575,856	—	575,856	—	5,940	—	5,940	569,916	—
Intangibles - Computer Software	204,768	50,050	—	254,818	99,139	23,936	—	123,075	131,743	105,629
Land-Freehold	—	—	—	—	—	—	—	—	—	—
Leasehold Property	17,457	217	4,657	13,017	14,950	1,232	4,657	11,525	1,492	2,507
Furniture and Fittings	7,030	1,330	—	8,360	2,645	594	—	3,239	5,121	4,385
Information Technology Equipment	216,179	8,757	18,287	206,649	117,664	23,039	18,000	122,703	83,946	98,516
Vehicles	1,175	—	1,175	—	1,175	—	1,175	—	—	—
Office Equipment	33,489	5,125	3,154	35,460	7,885	1,842	1,471	8,256	27,204	25,604
Leased Vehicles	9,526	894	424	9,996	3,197	1,966	424	4,739	5,257	6,329
Leased Information Technology Equipment	—	—	—	—	—	—	—	—	—	—
Leased Software	—	—	—	—	—	—	—	—	—	—
Total	489,624	642,229	27,697	1,104,156	246,655	58,549	25,727	279,477	824,679	242,970
Capital Work-in-progress	3,869	7,996	3,871	7,994	—	—	—	—	7,994	3,869
Grand Total	493,493	650,225	31,568	1,112,150	246,655	58,549	25,727	279,477	832,673	246,839
Previous Year	403,693	165,472	75,673	493,492	234,023	47,427	34,796	246,654	246,839	169,671

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule - 11

CASH AND BANK BALANCES	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
Cash (including cheques, drafts and stamps)	557,938	368,806
Bank balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	150,000	—
(bb) Others	—	—
(b) Current Accounts	324,519	302,060
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
Total	<u>1,032,457</u>	<u>670,866</u>

Schedule - 12

ADVANCES AND OTHER ASSETS	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	—	—
Application money for investments	—	—
Prepayments	157,678	149,315
Advance to Directors / Officers	—	—
Advance tax paid and taxes deducted at source (net of provision net of taxation)	8,224	3,898
Others:		
Advances to employees	1,588	232
Advances to suppliers	47,802	32,177
Advances payment for Service Tax	—	28,379
Sub-total A	<u>215,292</u>	<u>214,001</u>
OTHER ASSETS		
Income accrued on investments	326,524	192,491
Outstanding Premiums	45,585	—
Agents' Balances	—	—
Foreign Agents' Balances	—	—
Due from other entities carrying on insurance business (including reinsurers)	552,814	1,365,904
Due from subsidiaries / holding	14	181
Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938)	—	—
Others:		
Deposits for premises	46,036	46,886
Stock of Salvaged Cars	1,325	1,587
Sub-total B	<u>972,298</u>	<u>1,607,049</u>
Total A+B	<u>1,187,590</u>	<u>1,821,050</u>

Schedules

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule - 13

CURRENT LIABILITIES

	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
Agents' Balances	96,709	21,373
Balances due to other insurance companies	594,538	554,978
Deposits held on re-insurance ceded	—	—
Premiums received in advance	512,652	279,489
Unallocated Premium	594,814	281,880
Unclaimed amount of Policy holder's (Refer Note no. 28 of Schedule 16)	29,777	13,405
Sundry creditors	520,722	334,618
Due to subsidiaries / holding company	—	—
Claims outstanding (Refer Note no. 23(b) and 27 of Schedule 16)	4,038,848	2,100,094
Due to Officers / Directors	—	—
Others:		
Service tax liability	44,348	—
Tax deducted payable	22,070	7,248
Other statutory dues	262	20
Total	6,454,740	3,593,105

Schedule - 14

PROVISIONS

	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
Reserve for Unexpired Risk	4,582,816	2,894,991
For taxation (less advance tax paid and taxes deducted at source)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	7,076	1,517
Total	4,589,892	2,896,508

Schedule - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at March 31, 2011 (₹ '000)	As at March 31, 2010 (₹ '000)
Discount Allowed in issue of shares / debentures	—	—
Others:		
Pre-operative expenses:		
Opening balance	—	—
Incurred during the year	—	—
Less :Amortisation during the year	—	—
Total	—	—

Schedule – 16

Notes to Accounts for the Financial Year Ended March 31, 2011

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, 2011, the shareholders of the Company are Housing Development Finance Corporation Limited (HDFC) (74%) and ERGO International AG (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 2011-12 vide its Certificate of Renewal of Registration dated February 28, 2011. The renewed registration is with effect from April 1, 2011 and is valid up to March 31, 2012.

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 Accounting Standard Rules 2006 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 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.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

(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. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. 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 and as intimated by the Reinsurer.

(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 1/365th 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. Premium Deficiency is calculated at business segment level.

(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.

Claims (net of amounts receivables from reinsurers/coinsurers) are recognized on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

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 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 considered to be representative for the future claims development. The liability has been arrived at by using BCL method for Motor (OD&PA), Personal Accident, Health and Travel Insurance and Bornhuetter-Ferguson Method (BF) for Motor TP 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.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

(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. These costs are expensed in the period in which they are incurred.

(k) Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation of assets) and expenses directly attributable to bringing the asset to its working condition for its intended use, 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. The depreciation rates used are as under:

Nature of Asset	Depreciation rate used	Depreciation rate as per Schedule XIV
Building	1.63%	1.63%
Computer Software	16.21%	16.21%
Furniture and Fittings	6.33%	6.33%
Information Technology Equipment	16.21%	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.

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 transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, 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.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

(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(the Regulation) 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.

Investments other than short term investments are classified as long term investments.

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 net asset value as at balance sheet date.

Equities actively traded and convertible preference shares as at the balance sheet due are stated at fair value, being the lowest of last quoted closing price on the National Stock Exchange or Bombay Stock Exchange Limited.

In accordance with the Regulations any unrealized gains / losses arising due to change in fair value of mutual fund investments or listed equity shares are accounted in "Fair Value Change Account" and carried forward in the balance sheet and is not available for distribution.

(p) 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.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

(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.

(v) Other Long Term Benefits

Provision for Other long term benefits is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

(q) Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), 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.

(r) 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.

(s) 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 multilateral 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 to the extent of the statutory cessions from the pool.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

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.

(t) 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 till year ended March 31, 2010. Further, General Insurance Council in its meeting held on April 1, 2010 recommended the contribution should be a percentage of gross written third party premium including premium ceded to IMTPIP (Indian Motor Third Party Insurance Pool).

(u) 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.

(v) 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.

(w) 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.

(x) Employee Stock Option Scheme ("ESOS")

The Company follows the intrinsic method for computing the compensation cost, for options granted under the scheme(s). The difference if any, between the intrinsic value and the grant price, being the compensation cost is amortized over the vesting period of the options.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

3. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	March 31, 2011	March 31, 2010
1.	Partly paid up investments	135,000	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 commitments made and outstanding of ₹ 50,000 thousand (Previous Year ₹ Nil) for investments and no commitments made and outstanding for loans.

Estimated amount of contracts remaining to be executed on capital account and not provided for, [net of payments of ₹ 7,994 thousand (Previous Year ₹ 3,871 thousand)] is ₹ 50,127 thousand (Previous Year ₹ 13,755 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.

(₹ '000)

Particulars	As at March 31, 2011	As at March 31, 2010
Outside India	46,045	29,616

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.

The Ageing of claims outstanding (unsettled) is as under :

(₹ '000)

Particulars	As at March 31, 2011	As at March 31, 2010
More than six months	1,148,704	316,262
Others	2,562,042	1,275,983

7. PREMIUM

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

(b) Premium income recognized on "Varying Risk Pattern" is ₹ NIL (Previous Year ₹ Nil).

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

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 on March 31, 2011

Particulars	Basis	Gross Premium ('000)	Retention ('000)	Ceded ('000)	Retention %	Ceded %
Motor	Total sum insured	5,264,663	4,221,139	1,043,524	80	20
Personal Accident	Value at Risk	1,291,727	1,158,596	133,131	90	10
Travel & Health	Value at Risk	3,287,270	1,718,162	1,569,108	52	48
Specialty	Value at Risk	418,346	33,534	384,812	8	92
Home	Total sum insured	2,218	1,807	411	81	19
Fire	Total sum insured	1,943,247	378,771	1,564,476	19	81
Marine	Value at Risk	485,192	125,013	360,179	26	74
Miscellaneous	Value at Risk	1,385,541	245,196	1,140,345	18	82

The above excludes Excess of Loss cover reinsurance premium of ₹ 130,812 thousand for the year ended on March 31, 2011.

For the year ended on March 31, 2010

Particulars	Basis	Gross Premium (₹ '000)	Retention (₹ '000)	Ceded (₹ '000)	Retention %	Ceded %
Motor	Total sum insured	3,661,208	2,852,665	808,543	78	22
Personal Accident	Value at Risk	728,950	603,611	125,339	83	17
Travel & Health	Value at Risk	2,687,410	2,069,251	618,159	77	23
Specialty	Value at Risk	446,409	35,398	411,011	8	92
Home	Total sum insured	2,120	1,908	212	90	10
Fire	Total sum insured	1,427,838	167,045	1,260,793	12	88
Marine	Value at Risk	250,130	57,126	193,004	23	77
Miscellaneous	Value at Risk	842,092	181,576	660,516	22	78

The above excludes Excess of Loss cover reinsurance premium of ₹ 81,760 thousand for the year ended March 31, 2010.

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.

Historical cost of investments which have been valued on a fair value basis:

Mutual Funds – ₹ 132,500 thousand (Previous Year ₹ 172,314 thousand)

Equity Shares – ₹ 41,106 thousand (Previous Year ₹ 3,805 thousand)

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

	As at March 31, 2011	As at March 31, 2010
Aggregate Market value of the Investments other than Mutual fund	11,927,357	6,059,906
Aggregate amortized cost of the Investments other than Mutual fund	12,099,750	6,064,081

Investments under Section 7 of the Insurance Act, 1938 are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
9.39% Govt. of India Securities (Maturity July 2, 2011)	50,141	50,751
7.99% Govt. of India Securities (Maturity July 9, 2017)	10,131	10,146
6.85% Govt. of India Securities (Maturity April 5, 2012)	50,165	50,319
8.33% Govt. of India Securities (Maturity June 7, 2036)	19,524	19,519
TOTAL	129,961	130,735

Note: The above Investments are held in the Constituent Subsidiary General Ledger Account with Citi-Bank N.A.

10. MANAGERIAL REMUNERATION

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

Details of the MD & CEO's remuneration included in employee remuneration and welfare benefits are as follows:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Salary, perquisites and bonus	17,559	14,880
Contribution to Provident Fund	657	557
Provision for Superannuation Fund	Nil	Nil
Other allowances and perquisites	Nil	Nil
Total	18,216	15,437

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.

11. SECTOR WISE BUSINESS (BASED ON GROSS DIRECT WRITTEN PREMIUM)

Business Sector	For the year ended March 31, 2011		For the year ended March 31, 2010	
	GWP (₹ '000)	% of GWP	GWP (₹'000)	% of GWP
Rural	1,150,159	9.0	979,132	10.7
Urban	11,648,984	91.0	8,174,898	89.3
Total	12,799,143	100.0	9,154,030	100.0

Social Sector	For the year ended March 31, 2011	For the year ended March 31, 2010
No. of lives	205,223	53,098

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

12. REINSURANCE REGULATIONS

As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000, 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 reinsurer.

13. ASSETS TAKEN ON LEASE

Finance Lease Commitments:

Vehicles, Information Technology Equipments and Software:

(₹ '000)

Particulars	As at March 31, 2011	As at March 31, 2010
Total commitment towards minimum lease payments	7,406	9,232
Present Value of minimum lease payments	6,086	7,011
Minimum Lease payments		
Not later than one year (Present value ₹ 1,924 thousand as on 31-03-2011) (Previous Year ₹ 1,743 thousands)	2,690	2,717
Later than one year but not later than five years (Present value ₹ 4,164 thousand as on 31-03-2011) (Previous Year ₹ 5,268 thousands)	4,716	6,515

Operating Lease Commitments:

Premises and Furniture:

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

(₹ '000)

Particulars	As at March 31, 2011	As at March 31, 2010
Not later than one year	132,581	227,682
Later than one year but not later than Five Years	133,293	445,718
Later than Five Years	706	176,654

The aggregate, operating lease rental, charged to the Revenue Account in the current year is ₹ 174,801 thousand (Previous Year: ₹ 145,471 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.

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.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

	As at March 31, 2011	As at March 31, 2010
(₹ '000)		
Deferred Tax Assets:		
Section 43B & 40(a) of Income Tax Act	2,296	932
Unabsorbed Depreciation	57,609	28,657
Total	59,905	29,590
Deferred Tax Liabilities:		
Depreciation	59,905	29,590
Total	59,905	29,590
Net Deferred Tax Liability	Nil	Nil

15. EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company had introduced an Employee Stock Option Scheme 2009 ('ESOP 2009) in previous year. ESOP 2009 provides that eligible employees are granted options to acquire equity shares of the Company that vest in graded manner. The vested options may be exercised within a specified period. Under ESOP 2009, during the year 2,984,000 options (Previous Year 2,640,000 options) were granted at an exercise price of ₹ 10 per option. The options will vest over a period of two to four years from the date of grant as given below and are exercisable over a period of five years from the respective dates of vesting. Hence no options have vested/exercised during the year.

Vesting (%)	Vesting Period
25%	2 years after date of grant
25%	3 years after date of grant
50%	4 years after date of grant

Method Used for Accounting:

The Company has adopted intrinsic value method for computing the compensation cost for the Options granted. Since the exercise price is more than the fair value of shares on the date of grant, value of options is ₹ Nil and accordingly, no compensation cost is recognized in the books.

Had the Company followed the fair value method for valuing its options for the year, the charge to the Revenue and Profit & Loss Account would have been higher by ₹10,768 thousand (previous year ₹11,418 thousand) and loss after tax would have been higher by same amount. Consequently Company's basic and diluted earnings per share would have been ₹ 0.81 (Previous Year ₹ 3.04).

Movement in the Options under ESOP 2009:

(No. of Options)

Particulars	Tranche II		Tranche I	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Outstanding at the beginning of the year	-	-	2,640,000	-
Granted during the year	2,984,000	-	-	2,640,000
Exercise during the year	-	-	-	-
Lapsed during the year	60,000	-	156,000	-
Outstanding at the end of the year	2,924,000	-	2,484,000	2,640,000
Unvested at the end of the year	2,924,000	-	2,484,000	2,640,000
Exercisable at the end of the year	-	-	-	-
Weighted average price per option (₹)	10	-	10	10

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

Fair Value Methodology:

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I and Tranche II as on the date of grant viz. February 10, 2010 and May 25, 2010, are as follows:

Particulars	Tranche II	Tranche I
Risk-free interest rate	6.92%-7.42%	7.29%-7.72%
Expected life	4-6 years	4-6 years
Expected volatility*	22%	32%
Expected dividend yield	Nil	Nil

*Volatility of BSE Sensex for one year has been considered.

Particulars	Fair Value Method	
	As at March 31, 2011	As at March 31, 2010
A Net Profit After Tax (₹ '000) Less Preference dividend	(375,043)	(954,451)
B Weighted Average number of Equity Shares of ₹ 10/- each (Basic) (in '000)	464,625	313,068
C Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) (in '000)	464,625	313,068
D Basic Earning per Share (₹)	(0.81)	(3.04)
E Diluted Earning per Share (₹)	(0.81)	(3.04)

Information in Respect of Option Outstanding:

Particulars	Tranche II		Tranche I	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Exercise Price (₹)	10	–	10	10
No. of Options	2,924,000	–	2,484,000	2,640,000
Weighted Average remaining life	29 months	–	26 months	38 months

16. SEGMENT REPORTING

The statement on segment reporting is included in Annexure 1.

17. ACCOUNTING RATIOS

The statement on accounting ratios is provided in Annexure 2.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

18. EMPLOYEE BENEFITS

Disclosures as per AS-15 (Revised) "Employee Benefits" for the year ended on March 31, 2011:

(₹ '000)

	Gratuity	March 31, 2011	March 31, 2010
I. Assumptions			
	Discount Rate as on 31-3-11	8.00%	8.00%
	Rate of increase in Compensation levels as on 31-3-11	6.50%	6.25%
	Rate of Return on Plan Assets p.a.	8.00%	9.00%
	Average Future Working life (years)	31.27	30.42
II. Table Showing Change in Benefit Obligation :			
	Net liability as per books (A)	Nil	Nil
	Fair value of Assets at the beginning of the period (B)	13,120	6,358
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	Nil	Nil
	Opening net Liability as per actuarial valuation (A)+(B)+(C)	13,120	6,358
	Interest Cost for the period	1,050	477
	Service Cost for the period	7,391	6,632
	Benefits paid during the period	(613)	(262)
	Actuarial (gain) / loss on obligations	(981)	(86)
	Plan Benefit Obligation at the end of the period	19,967	13,120
III. Tables of Fair value of Plan Assets			
	Fair Value of plan Assets at the beginning of the period	13,120	6,358
	Expected Return on Plan Assets for the period	1,050	572
	Contributions during the period	6,855	6,503
	Benefits Paid during the period	(613)	(262)
	Actuarial Gain / (loss) on Plan Assets	(470)	(52)
	Fair Value of Plan Assets at the end of the period	19,940	13,120
IV. The Amounts to be recognised in balance Sheet			
	Present Value of Obligation as on 31-3-11	19,966	13,120
	Fair value of plan assets	(19,940)	(13,120)
	Liability Recognised in Balance Sheet as on 31-3-11	26	NIL
V. Amounts to be recognised in the statement of Profit and Loss (Net Periodic Cost)			
	Current Service Cost	7,392	6,632
	Interest Cost	1,050	477
	Expected Return on Plan assets	(1,050)	(572)
	Net actuarial gain / (loss) recognised in the period	(511)	(33)
	Actuarial Determined charge for the year (A)	6,881	6,503
	Shortfall / (Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	6,881	6,503

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

		(₹ '000)	
	Gratuity	March 31, 2011	March 31, 2010
VI.	Movements in the liability recognised in the balance sheet:		
	Net Liability as per books (A)	Nil	Nil
	Shortfall / (Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability (A+B)	Nil	Nil
	Expense as above	6,881	6,503
	Contribution paid	(6,855)	(6,503)
	Closing net Liability	26	NIL
VII.	Actual Return on Plan Assets		
	Expected return on plan assets	1,050	572
	Actuarial Gain /(Loss) on Plan Assets	(470)	(52)
	Actual return on Plan assets	579	520
VIII.	Experience Adjustments		
	Plan Liabilities	2,307	(351)

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, take 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 2011-12, amounts to ₹ 7,814 thousand.

19. 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 Property Ventures Limited (HDFC Property Ventures)
HDFC Sales Pvt Ltd
HDFC Asset Management Co Ltd.
Gruh Finance 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

Key Management Personnel

Mr. Ritesh Kumar, Managing Director and CEO
Mr. Amish Kumar Agarwal (Relative of Key Management Personnel)

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

(b) Details of Transactions:

(₹ '000)

Particulars	Holding Company		Fellow subsidiaries		Investing Party and its group companies		Key Mgmt. Personnel (incl. relatives)	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
INCOME								
Interest	9,952	7,775	-	-	-	-	-	-
Insurance Premium	47,603	22,893	55,876	115,862	-	-	8	-
Commission on Reinsurance ceded	-	-	-	-	19,509	12,867	-	-
Total	57,555	30,668	55,876	115,862	19,509	12,867	8	-
EXPENSES								
Rent paid	3,516	3,159	-	-	-	-	-	-
Claims *	32,810	29,486	27,188	125,994	-	-	-	-
Commission paid	7,624	47,927	125,267	43,570	-	-	-	-
Premium on Reinsurance ceded	-	-	-	-	85,531	57,072	-	-
Advisory fees	-	-	360	360	-	-	-	-
Remuneration	-	-	-	-	-	-	18,216	15,437
Others	-	1,600	2,759	9,338	-	-	-	-
Reinsurance claims recovery	-	-	-	-	(147)	-	-	-
Total	43,950	82,172	155,574	1,79,262	85,384	57,072	18,216	15,437
ASSETS								
Investments	350,000	100,000	-	-	-	-	-	-
Interest accrued	11,556	2,011	-	-	-	-	-	-
Expenses Recoverable	14	-	3,083	2,514	-	-	-	-
Reinsurance	-	-	-	-	4,919	2,900	-	-
Total	361,570	102,011	3,083	2,514	4,919	2,900	-	-
LIABILITIES								
Equity Capital & Share Premium	4,366,000	3,071,000	-	-	1,534,000	1,079,000	-	-
Share Application Money	370,000	-	-	-	-	-	-	-
Reinsurance Balance due	-	-	-	-	18,529	10,202	-	-
Others	8,293	4,339	9,179	7,759	-	-	13	-
Premium received in Advance	8	839	204	249	-	-	-	-
Commission	-	-	11,710	-	-	-	-	-
Total	4,744,301	3,076,178	21,093	8,008	1,552,529	1,089,202	13	-

* Includes amount paid to employees under group medical policy.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

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 2010-2011:

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC Ltd.	HDFC Standard Life Insurance Company Ltd.	HDFC Asset Management Co. Ltd.	HDFC Sales Pvt. Ltd.
INCOME						
Interest	-	-	9,952	-	-	-
Insurance Premium	-	-	47,603	47,897	3,917	3,086
Commission on Reinsurance ceded	19,509	-	-	-	-	-
Total	19,509	NIL	57,555	47,897	3,917	3,086
EXPENSES						
Rent paid	-	-	3,516	-	-	-
Claims *	-	-	32,810	13,564	11,334	2,290
Commission paid	-	-	7,624	-	-	125,267
Premium on Reinsurance ceded	85,531	-	-	-	-	-
Advisory fees	-	-	-	-	360	-
Others	-	-	-	2,759	-	-
Reinsurance claims recovery	(147)	-	-	-	-	-
Total	85,384	NIL	43,950	16,323	11,694	127,557
ASSETS						
Interest accrued	-	-	11,556	-	-	-
Expenses Recoverable	-	-	14	3,083	-	-
Reinsurance	4,919	-	-	-	-	-
Investment	-	-	350,000	-	-	-
Others	-	-	-	-	-	-
Total	4,919	NIL	361,571	3,083	NIL	NIL
LIABILITIES						
Equity Capital & Share Premium	-	1,534,000	4,366,000	-	-	-
Share Application Money	-	-	370,000	-	-	-
Premium received in Advance	-	-	8	90	-	112
Reinsurance	18,529	-	-	-	-	-
Commission	-	-	-	-	-	11,710
Others	-	-	8,293	2,292	5,274	950
Total	18,529	1,534,000	4,744,301	2,382	5,274	12,772

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

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 2009-2010 :

(₹ '000)

Particulars	Munich Re	ERGO International AG	HDFC Ltd.	HDFC Standard Life Insurance Company Ltd.	HDFC Asset Management Co. Ltd.	HDFC Sales Pvt. Ltd.
INCOME						
Interest	-	-	7,775	-	-	-
Insurance Premium Commission on Reinsurance ceded	-	-	22,893	111,850	1,740	1,899
Total	12,867	NIL	30,668	111,850	1,740	1,899
EXPENSES						
Rent paid	-	-	3,159	-	-	-
Claims *	-	-	29,486	124,419	-	1,575
Commission paid Premium on Reinsurance ceded	-	-	47,927	-	-	43,570
Advisory fees	57,072	-	-	-	-	-
Others	-	-	1,600	9,287	360	51
Total	57,072	NIL	82,172	133,706	360	45,196
ASSETS						
Interest accrued	-	-	2,011	-	-	-
Expenses Recoverable	-	-	-	2,514	-	-
Reinsurance Investment	2,900	-	-	-	-	-
Total	2,900	NIL	102,011	2,514	NIL	NIL
LIABILITIES						
Equity Capital Premium received in Advance	-	1,079,000	3,071,000	-	-	-
Reinsurance	-	-	839	91	-	158
Others	10,202	-	-	-	-	-
Total	10,202	1,079,000	3,076,178	91	NIL	7,917

20. LOAN RESTRUCTURING

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

21. SUMMARY OF FINANCIAL STATEMENTS

The summary of financial statements is provided in Annexure 3.

22. FOREIGN EXCHANGE GAIN / LOSS

- During the year foreign exchange profit/(Loss) earned by the Company is ₹ 935 thousand (Previous Year ₹ 2,061 thousand).
- The year end foreign currency exposures is Nil.

23. (a) CONTRIBUTION TO TERRORISM POOL

The company is a participant in and has received the Terrorism Pool retrocession of premium in the current financial year. Accordingly, as per the statement received from the Pool managers, the Company has recognized the pool retrocession for one quarter ended 31st March 2010 and for the three quarters ended 30th June 2010, 30th September 2010 and 31st December 2010, the accounts of which were received till the end of the financial year.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

(b) SOLATIUM FUND

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

Vide letter dated July 26, 2010, the Council recommended the companies w.e.f. April 1, 2010 to contribute of 0.10% of all the Third party premium written as solatium fund to the administrator on demand. During the year Company has made its contribution to the fund, for the financial year 2009-10. However the charge to the revenue account has been made on an accrual basis (see accounting policy in paragraph 2(v) above).

(c) CONTRIBUTIONS TO ENVIRONMENT FUND

During the year, an amount of ₹ 1,791 thousand (Previous Year ₹ 634 thousand) was collected towards Environment Fund for public liability policies. Out of which the amount of ₹ 1,422 thousand (Previous Year ₹ 536 thousand) has been transferred to "United India Insurance Company Limited, Environment Fund Account" as per Notification of Environment Relief Fund (ERF) scheme under the public liability insurance Act 1991/92. The balance amount of ₹ 369 thousand (Previous Year ₹ 98 thousand) is included under Sundry Creditors in Schedule 13.

24. EARNINGS PER SHARE (EPS)

	Particulars	March 31, 2011	March 31, 2010
1)	Net Profit / (Loss) After Tax for the year (₹ '000)	(364,275)	(943,024)
2)	Weighted Average No. of Equity Shares (₹ '000)	464,625	313,068
3)	Basic and Diluted Earnings per Share (₹)	(0.78)	(3.01)
4)	Nominal Value Per Share (₹)	10.00	10.00

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

25. 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, 2011.

26. Professional fees include payments made for various outsourced services amounting to ₹133,333 thousand (Previous Year ₹ 107,016 thousand).

27. INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP)

The Company's share in the Motor Third Party pooling arrangement as at for the twelve months period from 01.03.2010 to 28.02.2011, have been incorporated on the basis of unaudited financial statement received from the IMTPIP. The loss being Company's share in the arrangement after considering all the income and expenses for twelve months period is ₹ 691,316 thousand (Previous Year ₹ 149,721 thousand).

As the data for March 2011, 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 on this account.

28. STATEMENT SHOWING THE AGE-WISE ANALYSIS OF THE UNCLAIMED AMOUNT OF POLICYHOLDERS

The statement of age-wise analysis of the unclaimed amount of policyholder's is provided in Annexure 4.

29. SHARE APPLICATION MONEY

During the year the Company issued 45,000,000 equity shares of ₹10 each for cash at par and 26,000,000 equity shares of ₹10 each for cash at a premium of ₹ 40 per share.

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2011

As on March 31, 2011, the company had received share application money amounting to ₹ 370,000 thousand (Previous Year ₹ Nil.) in respect of Right issue of equity shares, which has since been allotted.

30. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES DURING FINANCIAL YEAR 2010-11

(₹ '000)					
Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	N.A. (Social Sector compliance – FY 2007-08)	Nil (500)	Nil (500)	Nil (Nil)
2	Service Tax Authorities	Service tax not paid/ short paid for the period from April 2005 to March 2006.	276 (N.A.)	276 (N.A.)	Nil (Nil)
3	Income Tax Authorities	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
4	Any other Tax Authorities	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
8	Securities and Exchange Board of India	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
9	Competition Commission of India	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
10	Any other Central/State/ Local Government / Statutory Authority	Nil (Nil)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)

(Previous year's figures are in brackets)

31. Previous year figures have been regrouped where possible and wherever necessary to make them comparable with those of the current year.

- (i) Pursuant to circular no. IRDA/F&I/CIR/CMP/174/11/2010 dated November 4, 2010 on treatment of Unclaimed amount of Policyholder's, issued by IRDA, In Schedule 13 of Current Liabilities, (a) an amount of ₹11,893 thousand which was classified under Sundry Creditors has been regrouped under Unclaimed amount of Policy holder's due (b) an amount of ₹ 1,512 thousand which was classified under Unallocated Premium has been regrouped under Unclaimed amount of Policy holder's due.
- (ii) In Schedule 13 pertaining to Current Liabilities and amount of ₹ 181 thousand which was classified under Sundry Creditors has been regrouped under Due from subsidiaries / holding company in Schedule 12 of Current Asset.

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
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

Mumbai
May 02, 2011

Segment Reporting for the Year Ended March 31, 2011

Annexure 1

Segmental Breakup of the Balance Sheet as at March 31, 2011

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

(₹ '000)

Particulars	Fire	Marine	Miscellaneous	Total
Claims Outstanding	133,691	54,033	3,851,124	4,038,848
(refer note 2 (w) of Schedule 16)	(41,502)	(32,389)	(2,026,203)	(2,100,094)
Reserve for Unexpired Risk	359,651	70,665	4,152,500	4,582,816
	(607,642)	(90,523)	(2,196,826)	(2,894,991)

(Previous year's figures are in brackets.)

Segment Reporting for the Year Ended March 31, 2011

(₹ '000)

	Fire	Marine - Cargo	Marine - Hull	Motor	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)	140,068	73,817	3,928	3,522,493	2,263,969	346,361	912,163	6,632	3,226	2,728	29,917	74,060	1,073	543,954	1,547,405	1,977	32,142	80,161	6,063,581
Profit on Sale of Investments	1,698	421	66	22,347	7,540	14,807	-	21	9	9	106	405	3	4,474	5,200	7	133	318	35,217
Interest and Dividend (Net of Amortisation)	22,790	5,655	886	299,887	101,181	198,706	-	282	115	123	1,420	5,429	44	60,038	69,787	90	1,782	4,270	472,598
Investment Income from Pool (Motor & Terrorism)	4,446	-	-	37,109	-	-	37,109	-	-	-	-	-	-	-	-	-	-	-	41,555
Other Income	21	60	3	2,119	1,838	281	-	5	3	2	24	58	1	442	1,256	2	26	65	4,087
Total Segmental Revenue	169,023	79,953	4,883	3,883,955	2,374,528	560,155	949,272	6,940	3,353	2,862	31,467	79,952	1,121	608,908	1,623,648	2,076	34,083	84,814	6,617,038
Claims Incurred (Net) (Schedule - B)	137,023	58,005	5,287	3,575,580	1,600,713	356,483	1,618,384	384	148	256	3,715	56,363	794	301,191	1,105,684	7	7,400	71,127	5,322,964
Commission Paid (Net) (Schedule - C)	(173,384)	(15,448)	(5,205)	133,078	133,078	-	-	(4,938)	(7,588)	390	(5,312)	(85,179)	5,714	145,872	(347,587)	204	(15,026)	(12,037)	(386,446)
Operating Expenses Related To Insurance Business (Schedule - D)	101,804	31,171	6,191	1,149,328	955,759	171,365	22,204	3,282	1,442	1,456	16,721	38,487	9,115	246,705	624,787	730	21,383	39,432	2,292,036
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	65,443	73,728	6,273	4,857,986	2,689,550	527,848	1,640,588	(1,272)	(5,998)	2,102	15,124	9,671	15,623	693,768	1,382,884	941	13,757	98,522	7,228,554
Segmental Profit (Loss)	103,580	6,225	(1,390)	(974,031)	(315,022)	32,307	(691,316)	8,212	9,351	760	16,343	70,281	(14,502)	(84,860)	240,764	1,135	20,326	(13,708)	(611,516)

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

Segment Reporting for the Year Ended March 31, 2011

(₹ '000)

SCHEDULE - A to Annexure 1

	Fire	Marine - Cargo	Marine - Hull	Motor OD	Motor TP	Motor Pool Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Others	Total		
PREMIUM EARNED (NET) (Refer notes 7 and 8 of Schedule 16)																			
Premium from direct business written	1,801,694	300,792	183,378	4,206,999	3,042,587	1,164,412	–	36,758	15,466	21,751	263,404	475,204	326,079	1,291,727	3,287,267	2,218	408,683	177,723	12,799,143
Add : Premium on reinsurance accepted	141,553	252	770	1,057,664	–	1,057,664	–	100	–	5,608	63,449	–	–	2	–	–	9,663	–	1,279,061
Less : Premium on reinsurance ceded	(1,602,463)	(197,926)	(169,901)	(1,066,705)	(328,187)	(738,518)	–	(29,845)	(11,488)	(19,192)	(237,009)	(444,671)	(325,177)	(163,187)	(1,571,812)	(411)	(384,812)	(102,198)	(6,326,797)
Net Premium	340,784	103,118	14,247	4,197,958	2,714,400	425,894	1,057,664	6,913	4,078	2,559	32,003	93,982	902	1,128,540	1,715,457	1,807	33,534	75,525	7,751,407
Less : Adjustment for changes in reserve for unexpired risks	(200,716)	(29,301)	(10,319)	(675,465)	(450,431)	(79,533)	(145,501)	(281)	(852)	169	(2,086)	(19,922)	171	(584,586)	(168,052)	170	(1,392)	4,636	(1,687,826)
Total Premium earned	140,068	73,817	3,928	3,522,493	2,263,969	346,361	912,163	6,632	2,728	29,917	74,060	1,073	543,954	1,547,405	1,977	32,142	80,161	6,063,581	

(₹ '000)

SCHEDULE - B to Annexure 1

	Fire	Marine - Cargo	Marine - Hull	Motor OD	Motor TP	Motor Pool Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Others	Total	
CLAIMS INCURRED (NET) (Refer note 6 of Schedule 16)																		
Claims paid direct	492,170	96,022	84,510	1,815,902	1,566,417	249,485	–	461	–	18,032	51,864	576,656	1,720,066	84	42,628	72,614	5,207,215	
Add: Claims on Re-insurance accepted	49,713	–	–	224,540	–	224,540	–	–	–	1,772	–	–	–	–	–	–	–	276,025
Less: Re-insurance ceded	(497,049)	(55,322)	(83,562)	(315,057)	(157,182)	(157,875)	–	(314)	–	(17,854)	(31,496)	(576,369)	(450,125)	(8)	(39,158)	(7,603)	(2,099,029)	
Net Claims paid	44,834	40,700	948	1,725,385	1,409,235	91,610	224,540	147	–	178	22,140	287	211,094	76	3,470	65,011	3,384,211	
Add: Claims Outstanding at the end of the period	133,691	48,845	5,188	3,352,214	327,913	695,988	2,328,313	1,449	484	8,149	47,008	565	158,699	251,196	320	11,110	19,508	4,038,847
Less: Claims Outstanding at the beginning of the period	41,502	31,540	849	1,502,019	136,435	431,115	934,469	1,212	336	165	12,785	58	68,602	415,453	389	7,180	13,392	2,100,094
Total Claims incurred	137,023	58,005	5,287	3,575,580	1,600,713	356,483	1,618,384	384	148	3,715	56,363	794	301,191	1,105,684	7	7,400	71,127	5,322,964

Segment Reporting for the Year Ended March 31, 2011

SCHEDULE - C to Annexure 1

	Fire	Marine - Cargo	Marine - Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality*	Others	Total	
COMMISSION PAID [NET]																				
Commission paid direct	132,173	27,568	11,754	197,115	197,115	-	-	3,386	1,013	2,714	26,202	39,167	5,970	175,952	352,462	255	45,240	9,780	1,030,751	
Add : Commission paid on re-insurance accepted	5,353	113	15	-	-	-	-	-	-	-	1,473	8,618	-	-	-	-	1,150	-	16,722	
Less : Commission received on re-insurance ceded	(310,910)	(43,129)	(16,974)	(64,037)	(64,037)	-	-	(8,324)	(8,601)	(2,324)	(32,987)	(132,964)	(256)	(30,080)	(700,049)	(51)	(61,416)	(21,817)	(1,433,919)	
Net commission paid / (received)	(173,364)	(15,448)	(5,205)	133,078	133,078	-	-	(4,938)	(7,588)	390	(5,312)	(85,179)	5,714	145,872	(347,587)	204	(15,026)	(12,037)	(386,446)	

SCHEDULE - D to Annexure 1

	Fire	Marine - Cargo	Marine - Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality	Others	Total	
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees' remuneration and welfare benefits	52,712	11,785	3,765	363,671	294,083	69,588	-	1,363	563	639	7,532	16,939	6,165	87,009	217,867	235	10,462	14,734	795,441	
Travel, conveyance and vehicle running expenses	4,391	798	346	21,572	16,917	4,655	-	97	39	49	587	1,279	592	5,293	12,733	12	862	1,616	50,266	
Training expenses	822	268	39	10,243	8,533	1,710	-	29	12	12	130	320	51	2,304	5,917	7	158	329	20,641	
Rents, rates and taxes	6,939	3,968	211	140,324	121,705	18,619	-	356	173	147	1,608	3,816	58	29,241	83,184	106	1,728	4,309	276,168	
Repairs	2,183	408	84	23,076	18,098	4,978	-	62	19	20	223	654	123	5,709	12,367	14	280	616	45,838	
Printing and stationery	1,576	603	68	22,568	19,055	3,513	-	61	27	25	276	671	76	4,943	13,110	16	322	748	45,090	
Communication	1,801	603	84	22,952	19,180	3,772	-	64	27	26	291	710	107	5,110	13,213	16	350	821	46,175	
Legal and professional charges as auditors' fees, expenses etc	10,917	4,692	275	226,766	172,929	31,633	22,204	500	218	187	2,037	5,243	118	43,889	114,845	144	2,190	8,613	420,634	
as advisors or in any other capacity, in respect of :	68	39	2	1,371	1,189	182	-	3	2	1	16	37	1	286	813	1	17	42	2,700	
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
in any other capacity	6,501	2,187	464	61,319	52,341	8,978	-	211	100	103	1,190	2,573	698	13,460	38,403	45	1,548	1,989	130,791	
Advertisement and publicity	2,887	1,651	88	58,381	50,634	7,747	-	148	72	61	669	1,587	24	12,166	34,608	44	719	1,793	114,898	
Interest and Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others :	762	436	23	15,412	13,367	2,045	-	39	19	16	177	419	6	3,212	9,136	12	190	473	30,332	
Electricity expenses	291	141	11	4,981	4,287	694	-	13	6	5	61	143	9	1,054	2,944	4	68	162	9,894	
Office expenses	5,154	1,003	575	4,340	3,587	753	-	99	51	69	859	1,559	1,014	1,458	6,711	4	1,332	329	24,557	
Miscellaneous expenses	-	-	-	80,196	80,196	-	-	-	-	-	-	-	-	-	4,442	-	-	-	96,879	
Service charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Technical service charges	2,144	1,225	65	43,326	37,575	5,751	-	110	54	45	496	1,178	18	9,030	25,682	33	533	1,330	85,269	
Information technology expenses	1,066	501	37	18,495	15,922	2,673	-	48	22	21	212	515	27	3,957	10,831	14	235	570	36,549	
Postage & courier	119	22	9	586	459	127	-	3	1	1	16	35	16	144	346	-	23	44	1,365	
Loss on sale of assets (net)	1,471	841	45	29,749	25,802	3,947	-	76	37	31	341	809	12	6,199	17,635	23	366	914	58,549	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service tax expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Operating Expenses	101,804	31,171	6,191	1,149,328	955,759	171,365	22,204	3,282	1,442	1,456	16,721	38,487	9,115	246,705	624,787	730	21,383	39,432	2,292,036	

Segment Reporting for the Year Ended March 31, 2010

(₹ '000)

	Fire	Marine - Cargo	Marine - Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speci-ality*	Others	Total
Premium earned (Net) (Schedule - A)	33,210	30,571	(485)	2,020,484	1,315,735	190,156	514,593	4,969	2,242	1,021	21,516	30,102	583	162,224	1,640,130	1,821	27,811	24,358	4,000,557
Profit on Sale of Investments	819	282	19	16,183	6,247	9,936	-	20	7	7	93	255	2	2,025	4,573	9	136	245	24,675
Interest and Dividend (Net of Amortisation)	7,569	2,602	178	149,465	57,694	91,771	-	186	69	66	860	2,358	16	18,704	42,236	85	1,259	2,267	227,920
Investment Income from Pool (Motor & Terrorism)	-	-	-	74,489	-	-	74,489	-	-	-	-	-	-	-	-	-	-	-	74,489
Other Income	36	32	(1)	2,118	1,379	739	-	5	2	1	23	(175)	1	170	1,719	2	29	26	3,988
Total Segmental Revenue	41,634	33,487	(289)	2,262,739	1,381,055	292,602	589,082	5,180	2,320	1,095	22,492	32,540	602	183,123	1,688,658	1,917	29,235	26,896	4,331,629
Claims incurred (Net) (Schedule - B)	52,157	45,660	849	1,740,752	878,999	209,477	652,276	670	184	119	3,433	20,787	55	128,022	1,936,204	207	4,185	25,350	3,958,634
Commission Paid (Net) (Schedule - C)	(182,203)	(10,023)	(7,408)	(27,453)	36,293	(63,746)	-	(2,267)	(560)	(623)	(8,072)	(54,036)	(5,737)	44,846	(103,553)	198	(18,136)	697	(374,330)
Operating Expenses Related to Insurance Business (Schedule - D)	65,017	15,307	3,078	890,003	657,962	145,514	86,527	2,482	1,061	1,426	13,542	19,714	6,686	97,521	674,547	907	21,320	15,196	1,827,807
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	(65,029)	50,944	(3,481)	2,603,302	1,573,254	291,245	738,803	885	685	922	8,903	(13,535)	1,004	270,389	2,507,198	1,312	7,369	41,243	5,412,111
Segmental Profit (Loss)	106,663	(17,457)	3,192	(340,563)	(192,199)	1,357	(149,721)	4,295	1,635	173	13,589	46,075	(402)	(87,266)	(818,540)	605	21,866	(14,347)	(1,080,482)

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

SCHEDULE - A to Annexure 1

(₹ '000)

	Fire	Marine - Cargo	Marine - Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speci-ality*	Others	Total
PREMIUM EARNED (NET) (Refer notes 7 and 8 of Schedule 16)																			
Premium from direct business written	1,329,678	153,664	95,193	2,899,215	2,009,951	889,264	-	20,174	9,266	9,075	202,504	279,396	182,763	728,950	2,687,410	2,120	436,307	118,307	9,154,022
Add : Premium on reinsurance accepted	98,160	1,233	41	761,992	-	-	761,992	-	-	-	4,402	13,700	-	-	-	-	10,102	2,505	892,135
Less : Premium on reinsurance ceded	(1,291,583)	(108,864)	(91,131)	(822,772)	(214,869)	(607,903)	-	(13,695)	(7,004)	(6,734)	(179,758)	(238,201)	(181,779)	(133,676)	(620,056)	(212)	(411,011)	(52,861)	(4,159,337)
Net Premium	136,255	46,033	4,103	2,838,435	1,795,082	281,361	761,992	6,479	2,262	2,341	27,148	54,895	984	595,274	2,067,354	1,908	35,398	67,951	5,886,820
Less : Adjustment for changes in reserve for unexpired risks	(103,045)	(15,462)	(4,588)	(817,951)	(479,347)	(91,205)	(247,399)	(1,510)	(20)	(1,320)	(5,632)	(24,793)	(401)	(433,050)	(427,224)	(87)	(7,587)	(43,593)	(1,886,263)
Total Premium earned	33,210	30,571	(485)	2,020,484	1,315,735	190,156	514,593	4,969	2,242	1,021	21,516	30,102	583	162,224	1,640,130	1,821	27,811	24,358	4,000,557

Segment Reporting for the Year Ended March 31, 2010

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality*	Others	Total	
CLAIMS INCURRED [NET] (Refer note 6 of Schedule 16)																				
Claims paid direct	132,199	46,177	-	1,126,516	981,992	144,524	-	346	6	-	-	30,720	7,699	85,926	1,832,548	58	10,750	49,099	3,322,044	
Add: Claims on Re-insurance accepted	5,225	-	-	71,965	580	-	71,385	-	-	-	-	5	-	-	-	-	-	-	-	77,195
Less -Re-insurance ceded	(114,985)	(22,006)	-	(194,570)	(137,484)	(57,086)	-	(105)	(5)	-	-	(15,492)	(7,699)	(9,220)	(187,768)	(6)	(6,588)	(32,553)	(590,997)	
Net Claims paid	22,439	24,171	-	1,003,911	845,088	87,438	71,385	241	1	-	-	15,233	-	76,706	1,644,780	52	4,162	16,546	2,808,242	
Add: Claims Outstanding at the end of the period	41,502	31,540	849	1,502,019	136,435	431,115	934,469	1,212	336	165	4,612	12,785	58	68,602	415,453	389	7,180	13,392	2,100,094	
Less: Claims Outstanding at the beginning of the period	11,784	10,051	-	765,178	102,524	309,076	353,578	783	153	46	1,179	7,231	3	17,286	124,029	234	7,157	4,588	949,702	
Total Claims incurred	52,157	45,660	849	1,740,752	878,999	209,477	652,276	670	184	119	3,433	20,787	55	128,022	1,936,204	207	4,185	25,350	3,958,634	

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Speciality*	Others	Total	
COMMISSION PAID [NET]																				
Commission paid direct	76,725	14,097	2,506	76,648	76,648	-	-	1,521	797	663	22,385	20,851	171	97,418	161,388	240	43,041	6,340	524,791	
Add : Commission paid on re-insurance accepted	5,991	10	-	-	-	-	-	-	-	-	242	497	-	-	-	-	1,160	-	7,900	
Less : Commission received on re-insurance ceded	(264,919)	(24,130)	(9,914)	(104,101)	(40,355)	(63,746)	-	(3,788)	(1,357)	(1,286)	(30,699)	(75,384)	(5,908)	(52,572)	(264,941)	(42)	(62,337)	(5,643)	(907,021)	
Net commission paid / (received)	(182,203)	(10,023)	(7,408)	(27,453)	36,293	(63,746)	-	(2,267)	(560)	(623)	(8,072)	(54,036)	(5,737)	44,846	(103,553)	198	(18,136)	697	(374,330)	

Segment Reporting for the Year Ended March 31, 2010

(₹'000)

	Fire	Marine - Cargo	Marine - Hull	Motor	Motor OD	Motor TP	Motor Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engi- Aviation neering	Personal Accident	Health	Home	Speci- ality	Others	Total	
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																			
Employees' remuneration and welfare benefits	38,962	5,844	1,849	303,988	228,209	75,779	-	1,017	408	934	6,260	9,077	3,427	216,400	375	10,967	6,439	648,206	
(Refer note 10 of Schedule 16)																			
Travel, conveyance and vehicle running expenses	3,167	436	150	26,507	19,205	7,302	-	76	30	67	464	696	274	15,641	25	843	602	52,005	
Training expenses	265	162	1	8,674	7,332	1,342	-	27	12	10	118	160	6	884	10	153	140	19,260	
Rents, rates and taxes	2,625	2,301	-	115,153	100,612	14,541	-	380	171	78	1,645	2,217	45	12,405	139	2,127	1,863	266,567	
Repairs	331	263	-	12,949	11,294	1,655	-	43	19	9	189	255	10	1,406	16	249	211	30,025	
Printing and stationery	588	283	14	15,093	12,578	2,515	-	47	21	18	215	303	33	1,625	17	304	242	33,112	
Communication	1,062	352	32	20,387	16,413	3,974	-	60	26	32	286	408	68	2,225	23	423	334	43,054	
Legal and professional charges	6,059	2,690	36	233,382	123,716	23,139	86,527	461	195	158	1,980	2,774	149	17,058	178	2,602	2,796	415,334	
Auditors' fees, expenses etc as auditors	18	16	-	777	679	98	-	3	1	1	11	15	-	84	847	1	14	1,801	
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	3,758	832	221	24,654	21,179	3,475	-	111	56	46	827	1,076	452	3,081	30	1,498	611	67,377	
Interest and Bank charges	59	52	-	3,475	2,263	1,212	-	9	4	2	37	50	1	279	3	48	42	6,882	
Others :																			
Electricity expenses	343	300	-	15,034	13,136	1,998	-	50	22	10	215	289	6	1,620	18	278	243	34,802	
Office expenses	330	23	17	1,844	1,159	685	-	5	2	9	35	59	29	317	424	2	70	40	3,206
Miscellaneous expenses	5,853	622	747	1,889	1,601	288	-	7	9	8	439	1,224	2,137	326	2,497	2	659	691	17,110
Service charges	65	-	-	49,263	49,263	-	-	-	-	-	-	-	-	4,833	4,310	-	-	58,471	
Technical service charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information technology expenses	586	495	-	24,776	21,581	3,195	-	81	37	18	354	478	13	2,643	30	461	398	57,103	
Postage & courier	316	205	3	10,304	8,852	1,452	-	33	15	9	150	203	14	1,086	12	203	169	23,387	
Loss on sale of assets (net)	163	22	8	1,367	990	377	-	4	2	3	24	36	14	156	806	1	43	31	2,680
Depreciation	467	409	-	20,487	17,900	2,587	-	68	31	14	293	394	8	2,207	22,313	25	378	331	47,425
Service tax expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	65,017	15,307	3,078	890,003	657,962	145,514	86,527	2,482	1,061	1,426	13,542	19,714	6,686	97,521	674,547	907	21,320	15,196	1,827,807

Ratios for Non-Life Companies

Annexure 2

Sr. No.	Performance Ratio	March 31, 2011				March 31, 2010			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate	35.50%	94.56%	38.78%	39.82%	126.17%	200.32%	178.37%	169.86%
	Gross Premium for Current Year / Gross Premium for Previous Year								
2	Gross Premium to shareholders' fund ratio	NA	NA	NA	302.28%	NA	NA	NA	369.33%
	Gross Premium for Current Year / (Paid up Capital plus Free Reserves)								
3	Growth rate of shareholders' funds	NA	NA	NA	70.84%	NA	NA	NA	94.92%
	Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date								
4	Net retention ratio	18.91%	24.24%	69.37%	60.56%	10.25%	20.15%	75.25%	64.31%
	Net Premium / Gross Premium								
5	Gross commission ratio	7.34%	8.12%	8.17%	8.05%	5.77%	6.67%	5.70%	5.73%
	Gross Commission / Gross Premium								
6	Expenses of Management to gross direct Premium ratio	12.99%	15.84%	28.65%	25.96%	10.66%	14.06%	28.72%	25.70%
	Expenses of Management + Gross Commission/ Gross Direct Premium								
7	Combined ratio	20.59%	28.91%	77.38%	67.55%	14.58%	32.75%	79.68%	68.94%
	Gross Claim Paid, Gross Commission plus Expenses of Management / Gross Premium								
8	Technical reserves to net premium ratio	139.29%	106.36%	109.98%	111.21%	133.40%	126.79%	83.27%	84.80%
	Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium								
9	Underwriting balance ratio	21.90%	-1.92%	-16.97%	-15.03%	72.10%	-34.66%	-26.18%	-23.98%
	Underwriting Profit / Net Premium								
10	Operating profit ratio	30.39%	4.12%	-9.87%	-7.89%	78.28%	-28.45%	-20.58%	-18.35%
	Underwriting Profit plus Investment Income / Net Premium								
11	Liquid assets to liabilities ratio	NA	NA	NA	56.14%	NA	NA	NA	46.78%
	Liquid Assets of the Insurer / Policyholders' Liabilities								
12	Net earnings ratio	NA	NA	NA	-4.70%	NA	NA	NA	-16.02%
	Profit after Tax / Net Premium								
13	Return on net worth	NA	NA	NA	-8.60%	NA	NA	NA	-38.05%
	Profit after Tax / Net Worth								
14	Reinsurance ratio	81.09%	75.76%	30.63%	39.44%	89.75%	79.85%	24.75%	35.69%
	Risk Reinsured (Premium on Reinsurance Ceded) / Gross Premium								

Notes:

1. Gross Premium represents Gross Direct Premium
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	2010-11 (₹ '000)	2009-10 (₹ '000)	2008-09 (₹ '000)	2007-08 (₹ '000)	2006-07 (₹ '000)	2005-06 (₹ '000)
	OPERATING RESULTS						
1	Gross Written Premium	14,078,204	10,046,157	3,740,281	2,396,874	1,967,826	2,068,954
2	Net Premium Income	7,751,407	5,886,820	1,947,673	1,675,823	1,331,126	1,436,550
3	Income from Investments (net)	507,815	252,595	141,741	80,003	60,513	54,965
4	Other Income (includes provision written back)	45,642	78,477	36,502	36,649	4,981	23,731
5	Total Income	8,304,864	6,217,892	2,125,916	1,792,475	1,396,620	1,515,246
6	Commission (net)	(386,446)	(374,330)	(203,403)	(45,112)	48,411	78,008
7	Operating Expenses	2,292,036	1,827,807	1,075,057	740,944	639,512	576,713
8	Claims, increase in Unexpired Risk Reserve and other outflows	7,010,790	5,844,897	1,596,360	1,323,036	728,517	850,356
9	Operating Profit / (Loss)	(611,516)	(1,080,482)	(342,098)	(226,393)	(19,820)	10,169
	NON-OPERATING RESULTS						
10	Total Income under shareholder's account	250,457	136,313	95,481	63,115	52,968	45,970
11	Profit / (Loss) before tax	(364,275)	(944,606)	(252,144)	(167,708)	25,017	48,009
12	Provision for tax	-	(1,582)	5,325	2,284	4,993	3,945
13	Profit / (Loss) after tax	(364,275)	(943,024)	(257,469)	(169,992)	20,025	44,064
	MISCELLANEOUS						
14	Policyholders' Account :						
	Total Funds	-	-	-	-	-	-
	Total Investments	-	-	-	-	-	-
	Yield on Investments	-	-	-	-	-	-
15	Shareholders' Account :						
	Total Funds	4,234,252	2,478,527	1,271,551	1,029,021	944,582	916,429
	Total Investments	12,236,121	6,236,769	2,729,062	2,213,002	1,781,437	1,868,224
	Yield on Investments	7.8%	8.1%	9.5%	7.2%	6.2%	600.0%
16	Paid up equity capital	4,860,000	4,150,000	2,000,000	1,500,000	1,250,000	1,250,000
17	Net worth	4,234,252	2,478,527	1,271,551	1,029,021	944,582	916,429
18	Total Assets	4,234,252	2,478,527	1,271,551	1,029,021	944,582	916,429
19	Yield on Total Investments	7.8%	8.1%	9.5%	7.2%	6.2%	5.6%
20	Earnings per Share (₹)	(0.78)	(3.01)	(1.52)	(1.36)	0.16	0.36
21	Book Value per Share (₹)	8.71	5.97	6.36	6.87	7.56	7.33
22	Total Dividend	-	-	-	-	-	-
23	Dividend per Share (₹)	-	-	-	-	-	-

Statement Showing the Age-wise Analysis of the Unclaimed Amount of Policyholders

Annexure 4

(₹ '000)

Particulars	Total	AGE-WISE ANALYSIS						
	Amount (₹ '000)	1-6 months*	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 Months
Claims settled but not paid to the policyholders /insured's due to any reasons except under litigation from the insured / policyholders	-	-	-	-	-	-	-	-
Sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-	-
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	4,192 (1,512)	1,883 (825)	1,616 (682)	684 (4)	9 (1)	- -	- -	- -
Cheques issued but not encashed by the policyholder/ insured								
- i.e. Premium	12,236 (6,961)	7,525 (3,926)	726 (1,157)	948 (258)	1,157 (233)	259 (190)	233 (1,197)	1,388 -
- i.e. Claims	242,983 (137,692)	222,111 (128,838)	6,973 (3,021)	5,044 (1,506)	3,021 (1,150)	1,507 (1,331)	1,150 (1,846)	3,177 -

(Previous year's figures are in brackets)

*Unclaimed amount of Policy holder's aging "1 to 6 months" includes ₹ 229,636 (Previous Year ₹ 132,764) lying in the Bank book

Receipts and Payments Account for the Year Ended March 31, 2011

Particular	For the year ended March 31, 2011 (₹ '000)	For the year ended March 31, 2010 (₹ '000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	15,946,124	11,279,298
Other receipts	134,413	113,518
Payments to the re-insurers, net of commission and claims	(3,068,226)	(2,671,413)
Payments to co-insurers, net of claims recovery	289,564	104,415
Payments of claims	(5,488,832)	(3,608,657)
Payments of commission and brokerage	(960,255)	(531,270)
Payments of other operating expenses	(2,098,333)	(2,675,126)
Deposits, advances and staff loans	(30,250)	(140,167)
Income taxes paid (Net)	4,326	4,656
Service tax paid	(467,209)	(500,262)
Net cash flow from operating activities	4,261,322	1,374,992
Cash flows from investing activities		
Purchase of fixed assets	(646,353)	(127,276)
Proceeds from sale of fixed assets	605	-
Purchase of investments	(12,825,181)	(5,915,605)
Sale of investments	6,774,516	2,356,952
Rents / Interests / Dividends received	591,788	250,317
Investments in money market instruments and in liquid mutual funds (Net)	86,818	73,907
Expenses related to investments	-	(360)
Net cash flow from investing activities	(6,017,807)	(3,362,065)
Cash flows from financing activities		
Proceeds from issuance of share capital	1,750,000	2,150,000
Receipt of Share application money pending allotment	370,000	-
Proceeds from borrowing	894	2,980
Repayments of borrowing	(1,818)	(7,941)
Interest / Dividend paid	(1,000)	(1,176)
Net cash flow from financing activities	2,118,076	2,143,863
Net increase in cash and cash equivalents	361,591	156,790
Cash and cash equivalents at the beginning of the year	670,866	514,076
Cash and cash equivalents at the end of the year	1,032,457	670,866
Book overdraft at the end of the year	-	-
Net increase in cash and cash equivalents	361,591	156,790

Refer Schedule 11 for components of cash and cash equivalents

As per our report of even date attached

B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 044784
Firm Regn. No. 105102W

Mumbai,
May 02, 2011

G. M. Kapadia & Co.
Chartered Accountants

Rajen R Ashar
Partner
Membership No. 048243
Firm Regn. No. 104767W

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
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

Management Report

In accordance with Part IV of 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, 2012.
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, 2011 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. We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.
6. We certify that 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", "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 re-insurance program kept its risk exposure at a level commensurate with its capacity.
8. The Company does not have operations outside India.
9. a. For ageing analysis of claims outstanding (excluding provision for IBNR / IBNER and claims relating to inward reinsurance from terrorism pool and the Indian Motor Third Party Insurance Pool) during the preceding five years, please refer Annexure 1.
b. For average claims settlement time during the preceding five years, please refer Annexure 2.
10. Details of payments to individuals, firms, companies and organizations in which directors are interested during the year ended on March 31, 2011 are as follows:

Sr. No.	Name of the Director	Entity in which Director is interested	Interested as	Payment during the year (₹ '000)*
1.	MR. DEEPAK S. PAREKH	GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Director	19,646
		HDFC ASSET MANAGEMENT COMPANY LIMITED	Director	11,694
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	16,323
		INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED	Director	1,803
		MAHINDRA & MAHINDRA LIMITED	Director	2,113
		THE INDIAN HOTELS COMPANY LIMITED	Director	4,068
		EXIDE INDUSTRIES LIMITED	Director	500
		LAFARGE INDIA PVT LIMITED	Director	14
		WNS GLOBAL SERVICES PRIVATE LIMITED	Director	45

Management Report (continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested as	Payment during the year (₹ '000)*
2.	MR. KEKI M. MISTRY	HDFC ASSET MANAGEMENT COMPANY LIMITED	Director	11,694
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	16,323
		NEXT GEN PUBLISHING LIMITED	Director	1,000
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	3,391
		TORRENT POWER LIMITED	Director	571
3.	MS. RENU SUD KARNAD	CREDIT INFORMATION BUREAU (INDIA) LIMITED	Director	608
		HDFC ASSET MANAGEMENT COMPANY LIMITED	Director	11,694
		HDFC BANK LIMITED	Director	891,850
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	16,323
		INDRAPRASTHA MEDICAL CORPORATION LIMITED	Director	77
		HDFC SALES PRIVATE LIMITED	Director	127,558
4.	DR. JAGDISH KHATTAR	GENPACT LIMITED	Director	6
5.	MR. BERNHARD STEINRUECKE	APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED	Director	211,431
		INDO - GERMAN CHAMBER OF COMMERCE	Director - General	1,534

* Payments made include claims paid to employees under group medical policy.

11. We certify that the Investments in Government securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortization. Market values of Government securities and other debt instruments have been reported in accordance with guideline INV/GLN/003/2003-04 dated January 21, 2004 issued by the Authority.

Listed equity shares as at the balance sheet date are stated at fair value being the lower of last quoted closing price on the National Stock Exchange or Bombay Stock Exchange Limited.

Mutual fund investments are stated at fair value being the closing net asset value as at the balance sheet date.

In accordance with the regulation, unrealized gain/loss arising due to changes in fair value of listed equity shares and mutual fund investments are not taken to revenue(s)/Profit and loss account but are taken to the Fair Value change Account.

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. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDA. 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:

Management Report (continued)

- 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 as at March 31, 2011 and of the operating loss for the year ended on that date.
- 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
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

Ritesh Kumar
Managing Director & CEO

Samir H. Shah
CFO and Company Secretary

Mumbai,
May 02, 2011

Annexures to Management Report

Annexure 1 Outstanding Ageing Analysis as on 31.03.2011 (F. Y. 2010-11)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	27	232,576,004	246	24,286,762	-	-	3,021	98,459,375	717	146,628,418	3,083	161,800,149	606	86,484,663	7,700	750,235,370
31 days to 6 months	65	911,718,989	199	31,409,198	4	68,428,390	1,614	116,532,244	2,769	476,806,756	1,143	41,867,493	663	165,044,293	6,457	1,811,807,363
6 months to 1 year	35	133,171,829	44	13,439,222	-	-	99	35,068,207	1,474	241,897,966	68	3,296,425	184	137,498,074	1,904	564,371,722
1 year to 5 years	13	184,419,464	6	12,902,086	-	-	41	17,014,717	1,966	306,820,169	6	242,317	28	38,924,746	2,060	560,323,499
5 years and above	-	-	2	5,022,139	-	-	-	-	173	18,986,655	-	-	-	-	175	24,008,794
Total	140	1,461,886,286	497	87,059,406	4	68,428,390	4,775	267,074,543	7,099	1,191,139,964	4,300	207,206,384	1,481	427,951,776	18,296	3,710,746,749

Outstanding as on 31.03.2010 (F. Y. 2009-10)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	23	145,124,049	101	11,433,006	1	180,056,000	1,709	44,693,724	194	28,355,879	4,869	253,312,790	349	28,304,857	7,246	691,280,305
31 days to 6 months	31	221,403,091	94	25,960,695	1	1,010,000	745	52,069,986	806	126,503,999	1,693	55,858,433	389	103,096,419	3,759	585,902,622
6 months to 1 year	15	18,105,340	35	4,255,986	-	-	28	10,280,127	479	71,544,200	88	1,648,096	101	23,344,779	746	129,178,528
1 year to 5 years	3	19,242,044	4	7,252,451	-	-	25	2,119,139	892	131,179,551	-	-	23	20,003,293	947	179,796,477
5 years and above	-	-	-	-	-	-	-	-	50	7,287,368	-	-	-	-	50	7,287,368
Total	72	403,874,524	234	48,902,138	2	181,066,000	2,507	109,162,975	2,421	364,870,997	6,650	310,819,319	862	174,749,348	12,748	1,593,445,300

Outstanding as on 31.03.2009 (F. Y. 2008-09)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	5	28,497,471	19	2,587,430	-	-	959	24,486,472	102	8,980,988	559	20,030,185	206	20,934,846	1,850	105,517,392
31 days to 6 months	6	34,862,445	48	3,222,729	-	-	390	28,460,929	280	27,137,412	52	22,118,968	411	41,695,118	1,187	157,497,602
6 months to 1 year	5	4,311,787	47	4,522,757	-	-	69	13,525,830	372	34,585,154	2	86,383	144	13,246,116	639	70,278,027
1 year to 5 years	2	5,990,500	38	5,312,428	-	-	21	11,859,044	815	113,717,654	9	136,225	48	5,525,445	933	142,541,296
5 years and above	-	-	-	-	-	-	6	13,000	1	5,217,359	-	-	-	-	7	5,230,359
Total	18	73,662,204	152	15,645,344	-	-	1,445	78,345,275	1,570	189,638,567	622	42,371,762	809	81,401,525	4,616	481,064,676

Outstanding as on 31.03.2008 (F. Y. 2007-08)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	4	2,576,351	15	3,188,090	-	-	1,113	28,299,875	16	3,798,056	641	25,139,746	125	8,641,058	1,914	71,643,175
31 days to 6 months	5	5,448,585	38	10,870,698	-	-	643	26,577,356	241	27,145,218	5	1,829,448	290	14,590,661	1,222	86,461,966
6 months to 1 year	5	3,339,000	43	5,091,496	-	-	237	14,466,692	201	29,044,362	-	-	93	58,393,031	579	110,334,581
1 year to 5 years	4	13,524,732	9	1,041,086	-	-	243	10,290,627	649	84,596,099	-	-	35	4,574,421	940	114,026,965
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	18	24,888,668	105	20,191,370	-	-	2,236	79,634,550	1,107	144,583,735	646	26,989,194	543	86,199,171	4,655	382,466,688

Outstanding as on 31.03.2007 (F. Y. 2006-07)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	-	-	22	1,429,954	-	-	1,698	23,531,365	80	6,467,122	127	3,149,707	135	3,092,663	2,062	37,670,811
31 days to 6 months	8	21,134,173	80	3,411,024	-	-	767	26,928,051	92	10,669,432	32	304,818	467	15,680,521	1,446	78,128,019
6 months to 1 year	5	10,854,302	48	2,205,354	-	-	77	15,357,064	188	30,569,744	36	120,948	625	7,084,351	979	66,191,763
1 year to 5 years	4	6,252,649	36	2,266,300	-	-	36	5,089,111	499	61,240,669	-	-	180	1,357,507	755	76,206,236
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	17	38,241,124	186	9,312,632	-	-	2,578	70,905,591	859	108,946,967	195	3,575,473	1,407	27,215,042	5,242	258,196,828

Annexures to Management Report

Annexure 2

Average Claim Settlement Time

LOB	F.Y 2010-11		F.Y 2009-10		F.Y 2008-09		F.Y 2007-08		F.Y 2006-07	
	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)	No. of Claims	Average Settlement Time (Days)
Fire	345	142	114	152	28	183	36	81	16	111
Marine Cargo	3,116	69	628	123	123	148	173	102	63	90
Marine Hull	11	137	-	-	-	-	-	-	-	-
Motor OD	74,761	33	54,236	31	41,590	28	40,125	29	42,017	32
Workmens compensation	3	262	3	109	-	-	2	189	-	-
Public liability	-	-	1	191	-	-	10	10	-	-
Product Liability	-	-	-	-	-	-	-	-	-	-
Speciality	163	16	87	39	1	75	3	147	-	-
Engineering	824	75	707	105	112	79	53	94	39	45
Personal Accident	2,236	60	1,546	51	1,198	27	2,687	35	4,166	45
Health	127,841	37	151,821	25	28,442	6	11,850	3	1,547	1
Travel Insurance	920	78	2,042	85	629	63	446	30	294	31
Home	7	176	7	189	1	111	4	98	10	68
Others	1,175	33	433	127	367	150	594	83	795	28
Total	211,402		211,625		72,491		55,983		48,947	

Notes : The above ageing does not include Motor Third Party claims which have to be settled through MACT and other judicial bodies

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 1 1

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

Public Issue

N I L

Rights Issue

7 1 0 0 0 0

Bonus Issue

N I L

Private Placement

N I L

III. Position of mobilization and Deployment of Funds (Amount in ₹ '000)

Total Liabilities

6 2 7 9 9 5 7

Total Assets

6 2 7 9 9 5 7

SOURCES OF FUNDS

Paid-up Capital

4 8 6 0 0 0 0

Reserves and Surplus

1 0 4 0 0 0 0

Fair Value Change Account

3 8 7 1

Secured Loans

6 0 8 6

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

8 3 2 6 7 3

Investments

1 2 2 3 6 1 2 1

Net Current Assets

(8 8 2 4 5 8 5)

Miscellaneous Expenditure

N I L

Debit balance in P&L A/c

2 0 3 5 7 4 8

IV. Performance of Company (Amount in ₹ '000)

Turnover

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

6 8 6 7 4 9 5

Total Expenditure

7 2 3 1 7 7 0

Profit/(Loss) before Tax

(3 6 4 2 7 5)

Profit/(Loss) after Tax

(3 6 4 2 7 5)

Earnings per Share (in ₹)

(0 . 7 8)

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

Note: The Company being an Insurance Company, the accounts of the Company are not required to be made in accordance with Schedule VI of the Companies Act, 1956. Further, the Insurance Act, 1938 requires the Financial Statements of the Company to be split into Revenue Accounts and Profit & Loss Account. In view of this, it is not possible to give all the information as required by Part IV of this said Schedule.

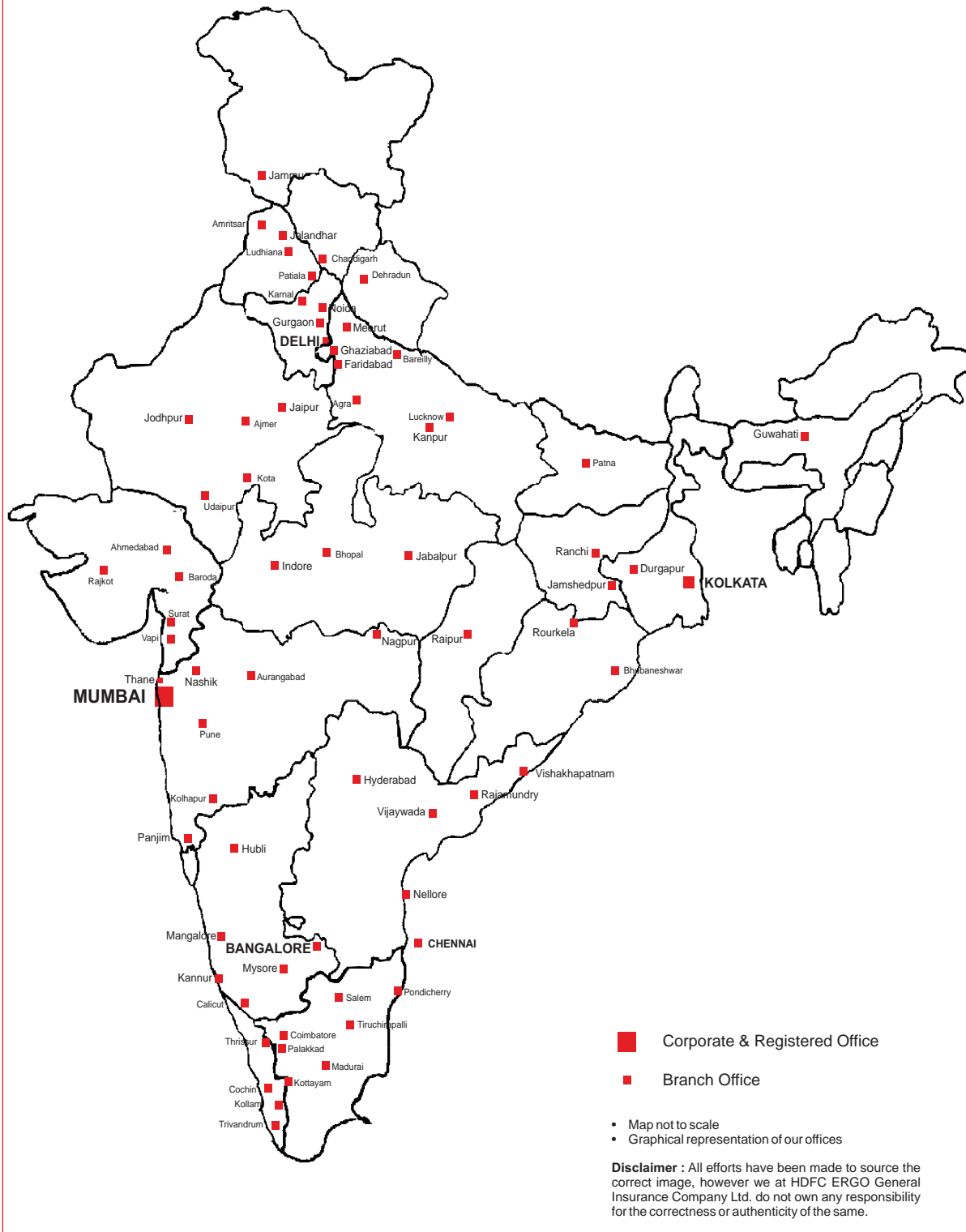
Glossary

Sr No.	Terms	Description
1	Accretion	Incremental growth over a period of time.
2	Actuary	Professional person who applies probability and other statistical theories to insurance. His work covers rates, reserves, and other valuation while also conducting statistical studies, making reports and advising on solvency.
3	Appropriations	Money set aside for specific purpose.
4	Bad debts written off	Accounts receivable that will likely remain uncollectable and will be written off.
5	Book Value Per Share	This is computed as networth divided by number of outstanding shares.
6	Claim	The amount payable under a contract of insurance or reinsurance arising from a loss relating to an insured event.
7	Claim Disposal Ratio	Ratio of number of Claims settled to total number of claims reported.
8	Co-insurance	Sharing of same risk by multiple insurance companies.
9	Combined Ratio	Incurred claims ratio plus Expense Ratio (defined here under).
10	Commission paid	Amount paid to intermediaries for acquiring business.
11	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period.
12	Deferred tax liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in the later tax period.
13	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the number of weighted average shares.
14	Expense ratio	The percentage of premium used to pay all the costs of acquiring, writing and servicing insurance and reinsurance. Expense ratio is a ratio of all expenses (acquisition & operating) net commission received on reinsurance and net written premium expressed as a percentage.
15	Fair Value Change Account	It represents unrealized gains or losses at the end of the period with respect to listed equity securities, derivative instruments and mutual funds investments.
16	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.
17	<ul style="list-style-type: none"> • Incurred But Not Reported (IBNR) • Incurred But Not Enough Reported (IBNER) 	<p>IBNR : A reserve created by insurer and certified by an Actuary to cover the estimated cost of losses that have incurred but not yet reported.</p> <p>IBNER: Losses that have incurred but have not yet been enough reported.</p>
18	Incurred Claims	It is claims paid during the period plus the change in outstanding claims at the end of the period vs at the beginning of the period.
19	Incurred Claims Ratio	Percentage of incurred claims to premiums earned during a period.

20	Industry Market Share	Ratio of gross written premium of respective insurer to the total gross premium written of the general insurance industry.
21	IRDA	Insurance Regulatory and Development Authority (IRDA) established under IRDA Act, 1999 to protect the interests of the policyholders, to regulate, develop, promote and ensure orderly growth of the insurance industry.
22	Loss on sale	Is a loss on sale of assets when an asset is sold below its book value.
23	Net Premiums Earned	Net premium written adjusted for the change in unexpired risk reserve.
24	Net Premiums Written	Gross written premium less reinsurance premium ceded.
25	Net Worth	Paid up share capital (+/-) reserves / accumulated losses (-) preliminary expenses.
26	Operating Expenses	Expenses for carrying out insurance / reinsurance business.
27	Operating Profit or Loss	Surplus/Deficit from carrying out insurance business activities i.e. profit before tax excluding investment income and other income.
28	Policy	A written contract or certificate of insurance.
29	Policy Holder [Insured]	The person/entity whose risk of financial loss from an insured peril is protected by a policy.
30	Premium Deficiency	Premium deficiency is recognised if the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risk.
31	Premium Received in Advance	Represents premium received prior to the commencement of the risk.
32	Reinsurance	A means by which a reinsurer agrees to indemnify an insurer, the cedant, against all or part of the loss that the latter may sustain under the original policy or policies it has issued.
33	Retention	The amount of risk retained by the insurer as its own account after taking reinsurance into account.
34	Solvency Margin	A ratio of Available Solvency Margin (ASM)/ Required Solvency Margin (RSM) (calculated as per IRDA guidelines).
35	Technical reserves	Amount set aside in the balance sheet to meet liabilities arising out of insurance contracts, including claims provision (whether reported or not) and reserve for unexpired risks.
36	Treaty Reinsurance	Under treaty arrangements, the cedant agrees to offer and the reinsurer agrees to accept all risks of a defined class. This enables the cedant to grant immediate cover for risks without first seeking the reinsurer's consent.
37	Underwriting	The process of reviewing application proposals submitted for insurance or reinsurance coverage, deciding whether to provide all or part of the coverage requested and determining the applicable premium.
38	Unexpired Risk Reserve	Portion of premium with respect to the unexpired insurance contracts as at the end of the period.

Branch Network

HDFC ERGO's Branch Network - 78 Locations





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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