Driven by Values

HDFC ERGO
GENERAL INSURANCE
Har pal aapke saath

12th Annual Report 2013-14

HDFC ERGO General Insurance Company Limited

Our Vision

To be the most admired insurance company that enables the continued progress of customers by being responsive to their needs.

Our Values

seed

Sensitivity

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

Excellence

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

Ethics

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

Dynamism

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

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Content

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Awards & Recognitions

Gold Shield
ICAI Awards for Excellence
in Financial Reporting for the year 2013
under the Category III – Insurance Sector
by Institute of Chartered Accountants of India (ICAI)

Best Insurance Company in
Private Sector - General
by the World HRD Congress at ABP NEWS
- Banking, Financial Services &
Insurance Awards 2014

Excellence in General Insurance
Health Insurance - India
by International Alternative
Investment Review (IAIR) 2013

Best General Insurance
Company in India
by International Alternative
Investment Review (IAIR) 2014

Rating

iAAA Rating
by ICRA
Indicating its highest claim paying ability

Certification

ISO Certification
for Claim Services, Policy Issuance
and Customer Servicing

Chairman's message

"On the positive note, the industry seems to have overcome the detariffing phase and the impact of Motor Third Party Pool."

Deepak S. Parekh
Chairman

After the prolonged global financial crisis, both advanced and emerging market economies are slowly but surely strengthening. India today stands on a much firmer footing. Its macro-economic fundamentals are considerably stronger and the country is poised to quickly rise above the sub-5 percent GDP growth that it has witnessed over the past two years. The Indian electorate has given a decisive mandate and markets have responded positively to this development, with expectations of a clear rebound in overall economic activity.

The economic slowdown over the last two years affected the performance of the non-life insurance industry. The motor insurance business was impacted as auto sales remained depressed, particularly with passenger and commercial vehicles registering negative growth. With limited fresh investments in infrastructure and green-field manufacturing projects, the commercial insurance segment was affected as well. As a result, the non-life insurance sector grew at 12.7% in FY 2014, as against 18.6% in FY 2013.

On a positive note, with the impact of de-tariffing and the Indian Motor Third Party Insurance Pool largely behind us, the financial results of the industry are beginning to look more balanced. All major players have reported profits for the year. The year also saw some significant industry level initiatives in the areas of distribution and product standardisation. Allowing the e-Governance platform with over 125,000 Common Service Centres to operate as insurance intermediaries will facilitate greater access to under penetrated rural markets. Standardisation of health products and related services and the initiative to move to a "use-and-file" regime for basic standardised products will result in better customer awareness and increase non-life insurance penetration in the country.

During FY 2014, the Company has been able to improve its market share to 8.5% of the private sector, having registered a business growth of 19.6%. The profits of the Company have grown by 26.5% for the year to ₹ 195.4 crore, up from ₹ 154.5 crore in the previous year. The year saw the Company wiping off its past accumulated losses and declaring its maiden dividend to shareholders.

In keeping with its stated values of 'Sensitivity, Excellence, Ethics and Dynamism', the Company has been undertaking several customer centric initiatives. The Company has been building its product suite by designing segment specific products and improving its service delivery through technology-led solutions. The impact of these initiatives has been visible in the Company's overall performance and all endeavours will be made to further improve customer service in the coming years.

I take this opportunity to thank all the stakeholders for their support in steering the Company in the right direction and delivering results despite a very challenging business environment.

Deepak S. Parekh
Chairman

MD & CEO's message

"The Company achieved GWP of ₹ **3,000 Crores,** registering growth rate of **19.6%** as against a market growth of **12.7%.**"

Ritesh Kumar

MD & CEO

After years of impressive growth, last few years have been particularly debilitating for the economy. Despite its strong fundamentals and potential for growth, the country could not make most of the opportunities in these years. While the GDP growth saw itself plunging to its lowest in many years, the poor investment climate in the last few years may cause recovery to take longer. Thankfully,, the unstable and uncertain political climate which played a major role in creating such an economic environment is over and one can expect a more predictable economic climate, a necessary condition for the much needed recovery. From the initial indications things are already beginning to look positive with the stock market hitting all time high and the currency strengthening considerably.

The non-life insurance sector, being closely linked to the overall economy, saw a major impact on growth. The industry, which has been growing at 23 -24% not so long back reported the lowest growth numbers since FY 2009. In FY 2014, the industry growth has plummeted to 12.7% from 18.6% in FY 2013. Barring Motor and Health, most product lines grew at or lower than 10%. The growth in Motor was largely triggered by the TP business which saw a growth of close to 20%. The Motor OD business grew at under 9%, primarily due to negative growth in the auto sector. The Engineering insurance business, which is a good indicator of the macroeconomic environment, remained almost flat at 1.4%, implying that the Property insurance business is likely to remain impacted for a longer period of time.

Despite a very challenging business environment, our Company has been able to register more than market growth of 19.6%. In terms of GWP, Company crossed the ₹ 3,000 crores mark up from ₹ 2,508 crores in FY 2013. In the process, the Company has increased its market share to 4% up from 3.8% FY 2013. Maintaining its leading market position in Personal Accident business and 4th position in the Property and Liability business, Company significantly improved its market position and market share in Motor business. Its market share in Motor grew from 2.7% in FY 2013 to 3.3% FY in 2014. Rural and agri business which saw a major scale up last year saw stabilization this year. This line of business grew from GWP of ₹ 293 crores in FY 2013 to ₹ 368 crores in FY 2014.

During the year the Company also opened additional 27 offices across the country taking the total count to 108 thereby increasing its footprints in the market. The Company sold over 3.5 million policies in FY2014.

The loss ratio for the year saw an increase from 76.5% in FY 2013 to 80.4% in FY 2014. This increase has largely been on account of changing business mix resulting in increase in the operating ratios and adverse experience on some accounts. The expense ratio however has significantly improved reducing from 21.9% in FY 2013 to 20.5% in FY 2014. The overall combined ratio (excluding impact of Declined Risk Pool) of the Company increased marginally from 96.7% FY 2013 to 97.9% in FY 2014. The profitability of the Company improved over last year with the PAT increasing from ` 154.5 crores in FY 2013 to ₹ 195.4 crores in FY 2014, registering a growth of 26.5%. The year saw the company declare its maiden dividend of 5%.

A lot of customer centric initiatives have been implemented to make our services more customer friendly and closer to the customers. In addition to our main processing centers in Mumbai and Chennai, we have created additional major hub in North. This center manages the policy processing and the Health Claim Services functions.

The online portal and mobile portal have been enhanced making it more interactive and user friendly. In addition to continuous improvement of customer service functions like claims and policy servicing, the Company also built product suite by customizing segment specific products and service delivery. The Company also launched its mobile application (Insurance Portfolio Organizer) for its customers. To increase the customer awareness, the Company initiated ongoing e-mail campaign educating the customers about the features and the benefits of the policies of the Company.

I thank all our stakeholders for their contribution to the performance and growth of the Company and I am confident that given the improving market conditions, the Company would continue to grow into a stronger entity in the years to come.

Ritesh Kumar
MD & CEO

Company Highlights

- 4th Largest General Insurance Company in private sector and 2nd Largest in Non-Motor.
- GWP grew at 52% over last 5 years.
- Overall market share grew from 0.8% in 2007-08 to 4% in current year.
- Largest player in personal accident lines in the industry.
- iAAA rated by ICRA (an associate of Moody's Investors Service) indicating highest claims paying ability.
- ISO 9001:2008 certification for its Claim Services, Policy Issuance and Customer Services.
- Spread in 108 branches in 89 cities and a close knit family of 1800+ professionals.
- Company continued to be compliant on Expense Ratio and Solvency Ratio.
- Set up Risk and Loss Mitigation unit.
- Servicing more than 5.2 million policies.

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Board of Directors

Mr. Deepak S. Parekh - Chairman

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. Andreas Kleiner

Mr. Mark Lammerskitten

Dr. Jagdish Khattar

Mr. Bernhard Steinruecke

Mr. Mukesh Kumar - Executive Director (w.e.f. June 1, 2014)

Mr. Ritesh Kumar - MD & CEO

Senior Management

Mr. Ankur Bahorey

Mr. Karan Chopra

Mr. Tommy Lee Co

Mr. S. Gopalakrishnan

Mr. Mehmood Mansoori

Mr. Samir H. Shah

Mr. Sanjiv Sharma

Mr. Anuj Tyagi

Auditors

G. M. Kapadia & Co.
Chartered Accountants

A. F. Ferguson Associates
Chartered Accountants

Appointed Actuary

Mr. Antonio Ferreiro

Bankers

HDFC Bank Ltd.

Citi Bank N.A.

Registered & Corporate Office : 1st Floor, 165 - 166 Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai – 400 020.
Customer Service Address : 6th Floor, Leela Business Park, Andheri Kurla Road, Andheri (E), Mumbai – 400 059.
Telephone : +91 22 6638 3600 ; Fax : +91 22 6638 3699 ; Website : www.hdfcergo.com; Email : care@hdfcergo.com
CIN : U66010MH2002PLC134869. IRDA Reg No. 125.

Brief Profile of the Directors

Mr. Deepak S. Parekh is the Chairman of the Company and its holding company - Housing Development Finance Corporation Limited (HDFC), India's premier Housing Finance Company. He is a fellow of The Institute of Chartered Accountants (England & Wales). 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. He retired as the Managing Director of HDFC with effect from the close of business hours on December 31, 2009.

Mr. Keki M. Mistry is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited (HDFC), India's premier Housing Finance Company. He 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 and as the Managing Director in 2000. He was re-appointed as the Managing Director, designated as the Vice Chairman and Chief Executive Officer of HDFC for a period of 5 years w.e.f. November 14, 2010.

Ms. Renu Sud Karnad is the Managing Director of HDFC. She holds a Master's degree in economics from the University of Delhi and is a graduate in law from the University of Mumbai. 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 was re-designated as its Joint Managing Director in October 2007 and thereafter appointed as its Managing Director for a period of 5 years with effect from January 1, 2010.

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 20 years in the insurance industry (in the fields of Fire and Engineering Underwriting) 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 is Managing Director India, Turkey and Greece for ERGO International AG. He holds a Business Administration degree of Otto Beisheim Graduate School of Management, Germany. Mr. Lammerskitten has over 19 years 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 current assignment at ERGO International, AG w.e.f. July 01, 2010.

Dr. Jagdish Khattar, former officer of Indian Administrative Service (IAS) is an independent director of the company. While in the administrative service he held various positions in the State and Centre. Most of the assignments were as Head of Public Sector Undertakings in Cement, Transport, Tea Board etc. He took voluntary retirement from the service to join Maruti Udyog Ltd. in 1993. He was Managing Director of Maruti Suzuki India Ltd. from 1999 to 2007. Mr. Khattar was recognized by various channels for his contribution to the automobile industry. He was awarded prestigious Founders' Award 2008 by JD Powers & Associates, fourth CEO of an auto company to be recognized in the last 50 years. An Honours graduate in Arts from St. Stephens college, Delhi University, Mr. Khattar also holds a degree in Law. He has been conferred an Honorary Doctorate of Business Administration by the London Metropolitan University, UK. In 2008, he founded Carnation Auto, India's largest automotive sales and service network. In 2013, his book “Driven – Memories of a Civil Servant Turned Entrepreneur” was released nationwide.

Mr. Bernhard Steinruecke is an independent director of the Company. Mr. Steinruecke is the Director General of Indo German Chamber of Commerce. He 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. Mukesh Kumar is an arts graduate from Allahabad University. Mr. Mukesh Kumar has about 33 years of work experience in the Insurance Industry, covering functions such as Business Development, Underwriting, Claims, Human Resources, Quality Management and Marketing, including 21 years of experience at the National Insurance Company Limited. Subject to the approval of IRDA and Shareholders, the Board of Directors appointed Mr. Mukesh Kumar as a Whole-time Director (designated as the ‘Executive Director’) of the Company for a period of 3 years with effect from June 1, 2014. He is responsible for Strategy, Human Resources, Marketing, Underwriting (including actuarial), Claims, Risk & Loss Mitigation Unit, Information Technology, Customer Experience Management and Operations and Administration functions of the Company.

Mr. Ritesh Kumar is the Managing Director and CEO of the Company. Mr. Kumar has about 22 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 12 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.

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Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Twelfth Annual Report of your Company together with the audited accounts for the year ended on March 31, 2014.

Financial Results (₹ in crore)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Gross Written Premium	**3,000.3**	2,508.1
Net Written Premium	**1,765.9**	1,471.5
Net Earned Premium	**1,584.9**	1,242.6
Other Income/Liabilities written back	**2.3**	1.7
Net Incurred Claims	**1,275.0**	951.0
Net Commission (Income) / Expenses	**(97.6)**	(66.0)
Expenses of Management	**449.1**	375.5
Investment Income – Policyholders	**188.8**	141.9
General Insurance Result	**149.5**	125.7
Investment Income – Shareholders	**74.8**	56.2
Profit before Tax	**224.3**	181.9
Provision for Tax	**28.9**	27.4
Profit after Tax	**195.4**	154.5
Interim Dividend (incl. dividend distribution tax)	**31.0**	–
Balance Carried to Balance Sheet	**164.4**	154.5

Performance

The gross written premiums of the Company rose by 19.6%, from ₹ 2,508.1 crore to ₹ 3,000.3 crore. The Company achieved a Profit before Tax of ₹ 224.3 crore (PY: ₹ 181.9 crore). The Profit after Tax for the year is ₹ 195.4 crore as against profit of ₹ 154.5 crore in the previous year. The net earned premium increased to ₹ 1,584.9 crore from ₹ 1,242.6 crore in the previous year.

Dividend

The Board of Directors had paid an interim dividend of ₹ 0.50 per equity share of ₹ 10 each in March 2014. The said dividends have been encashed by all shareholders.

No final dividend was recommended by the Board.

Increase in Paid-up Capital

During the year, the Company allotted 7,35,250 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan – 2009 (ESOP-2009).

Consequently, the paid-up equity share capital of the Company has increased from ₹ 528.6 crore as on April 1, 2013 to ₹ 529.3 crore as on March 31, 2014 and the Share Premium account increased from ₹ 277.2 crore as on March 31, 2013 to ₹ 277.5 crore as on March 31, 2014.

Employees Stock Option Plan (ESOP)

During the year, the Company granted 10,48,000 stock options in respect of 10,48,000 equity shares ₹ 10 each at a grant price of ₹ 62.50 per option under ESOP-2009 – Tranche - V to the eligible employees. The Options granted 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 grant date and are exercisable within a period of 5 years from the date of respective vesting.

During the year, Options vested aggregated to 21,52,000 and options exercised aggregated to 7,35,250. Pursuant to the said exercise, the Company received ₹ 106.52 lacs as exercise consideration (excluding tax). Pursuant to exercise of stock options, 7,35,250 equity shares of ₹ 10 each have been allotted to the concerned employees.

The Options lapsed during the year aggregated to 65,000 and the Options in force as on March 31, 2014 were 80,73,000.

There has been no variation in the terms of the Options granted.

The diluted EPS is ₹ 3.66 against a basic EPS of ₹ 3.70.

Awards and Recognitions

In recognition of its efforts to provide superior customer service, streamlining systems and processes, and to develop the Company's human resources, the Company has received the following awards and recognitions.

iAAA Rating

The Company has been rated iAAA by ICRA (an associate of Moody's Investors Service) indicating highest claim paying ability. This rating denotes Company's fundamentally strong position and prospect of meeting policyholder obligations as the best. The rating takes into account the Company's strong parentage, its leadership position amongst the private sector general insurers in the Country, balanced and diversified portfolio, prudent underwriting practice and reinsurance strategy.

ISO Certification

HDFC ERGO has been awarded the ISO 9001:2008 certification for its processes relating to Operations and Services, Customer Experience Management and Claims Management functions of the Company.

This certification validates HDFC ERGO's conformity with internationally established standards for quality systems and assurance in Operations, Claim processing and Customer Service. The certification is a validation of the controls that have been built in place to ensure that the needs and expectations of customers are met. This certification ensures that the Company's products and services are the most compliant with the existing market standards and requirements.

Gold Shield ICAI Awards for Excellence in Financial Reporting for FY 13

During the year, the Company has been awarded Gold Shield ICAI Awards for Excellence in Financial Reporting for FY 13 under the Category III – Insurance Sector by The Institute of Chartered Accountants of India (ICAI).

The award was selected by the panel of judges on the basis of degree of compliance with the Accounting Standards, Statutory Guidelines and other relevant pronouncements. Mr. T. S. Vijayan, Chairman, IRDA was the Chairman of the Jury committee for the award.

Best General Insurance Company in India by International Alternative Investment Review (IAIR)

The Company has been awarded the Best General Insurance Company in India by International Alternative Investment Review (IAIR).

The award was based on an independent survey and was analyzed considering the leadership, innovative services and the ability to be responsive to the customers' needs with a dynamic approach and a variety of products.

Best Insurance Company in Private Sector - General

The Company has been awarded Best Insurance Company in Private Sector - General by ABP NEWS - Banking, Financial Services and Insurance (BFSI) Awards 2014.

The award underlines the best-of-the-best practices of the BFSI Industry based on the strategy, security, customer service and the future technology challenges and innovations. The award has been selected basis customer poll and analysis by a bench of jury.

Excellence in Health Insurance (General Insurance) by International Alternative Investment Review (IAIR)

The Company has been awarded Excellence in Health Insurance (General Insurance) by International Alternative Investment Review.

The award was based on an independent survey and was analyzed considering the parameters like sustainability, business results, strategic development, high quality of services and leadership.

Particulars of Employees

The total employee strength of the Company as on March 31, 2014 was 1,837 as against 1,389 at the beginning of the year. During the year, 17 employees employed throughout the year were in receipt of remuneration of ₹ 60 lacs or more per annum and there were no employees employed for a part of the year at a remuneration of ₹ 5 lacs or more per month. Under the provisions of Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the said employees are set out in the annexure to this report. The Directors' Report is being sent to the shareholders of the Company excluding the annexure. Any shareholder interested in obtaining a copy of the annexure 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 ₹ 162.21 crore (PY:₹ 170.93 crore) in foreign exchange during the year under review mainly on account of reinsurance premium.

Earnings in foreign exchange during the year was ₹ 46.19 crore (PY:₹ 34.87 crore). 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

Mr. Bernhard Steinruecke and Dr. Jagdish Khattar are Independent Directors of the Company appointed in accordance with the Companies Act, 1956 and are currently liable to retire by rotation.

As per the provisions of Section 149 of the Companies Act, 2013 (the Act), Independent Directors are not liable to retire by rotation and can hold office for a term of upto 5 consecutive years and thereafter eligible for re-appointment subject to passing of a special resolution. Accordingly, it is proposed to appoint Mr. Bernhard Steinruecke and Dr. Jagdish Khattar as Independent Directors for a period of 5 years, not liable for retire by rotation.

Both Mr. Bernhard Steinruecke and Dr. Jagdish Khattar have consented to be appointed as Independent Directors and have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act and Clause 49 (I) (iii) of the Listing Agreement as prescribed.

The Board of Directors is of the view that Mr. Bernhard Steinruecke and Dr. Jagdish Khattar are persons of integrity and possesses relevant expertise and experience to be appointed as independent directors of the Company and fulfil the conditions specified in the Act and the rules made thereunder and they are independent of the management.

The Board of Directors at its meeting held on April 24, 2014, pursuant to the recommendations of the Nomination and Remuneration Committee of Directors and in accordance with the provisions of Section 197(4) of the Act and Section 34A of the Insurance Act, 1938, appointed Mr. Mukesh Kumar as a whole-time director of the Company (designated as 'Executive Director') for a period of 3 years with effect from June 1, 2014, subject to the approval of IRDA and shareholders.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Mark Lammerskitten, Director retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as directors under the provisions of Section 164 of the Act. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the Corporate Governance Guidelines (Guidelines) notified by IRDA and submitted the requisite declarations in the format prescribed under the Act and Rules made thereunder and the said Guidelines.

As required under the Guidelines notified by IRDA, the Company and the said Directors respectively, would enter into Deed of Covenants as per the prescribed format.

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

Auditors

At the eleventh Annual General Meeting (AGM) of the Company held on July 31, 2013, Members had appointed Messrs G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Registration No. of the firm with the ICAI : 104767W) and Messrs A. F. Ferguson Associates, Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI : 102849W), 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 twelfth AGM of the Company.

In terms of the provisions of Section 139 of the Companies Act, 2013, an audit firm can carry out audit of a company for maximum of 2 terms of 5 years each. In terms of the Guidelines issued by the Insurance Regulatory and Development Authority (IRDA) for appointment of Statutory Auditors of insurance companies (Auditor Guidelines), 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 G. M. Kapadia & Co., as one of the joint Statutory Auditors of the Company would expire on the conclusion of twelfth AGM of the Company. The Board wishes to place on record its appreciation for the services rendered by Messrs G. M. Kapadia & Co., Chartered Accountants, during their tenure as the statutory auditors of the Company.

Messrs A. F. Ferguson Associates, Chartered Accountants, were appointed as one of the joint Statutory Auditors of the Company since FY 12 and hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

In accordance with the provisions of the said Auditor Guidelines, Sections 139 and 141 of the Companies Act, 2013 and Rules made thereunder, your Directors, propose the appointment of Messrs A. F. Ferguson Associates, Chartered Accountants, as one of the joint Statutory Auditors of the Company for a period of 2 years for audit of books of accounts of the Company for FY 15 and FY 16, subject to ratification at every AGM.

Pursuant to the provisions of Sections 115, 139, 140 and 141 of the Companies Act, 2013, read with Rules 3 and 6 of the Companies (Audit and Auditors), Rules 2014, the Company has received special notice from a member of the Company signifying his intention to propose the name of Messrs B. K. Khare & Co., Chartered Accountants, as one of the joint statutory auditors of the Company to hold office from the conclusion of the twelfth AGM until the conclusion of the seventeenth AGM for the purpose of audit of the Company's accounts along with a deposit of ₹ 1 lac as required under the said Act.

Accordingly, your Directors, after considering the experience, expertise and stature of the Chartered Accountants firm viz. Messrs B. K. Khare & Co., Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI: FRN 105102W), 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 for a period of 5 years i.e. from FY 15 to FY 19, subject to ratification at every AGM.

The Company has received certificates from Messrs A. F. Ferguson Associates, Chartered Accountants, and Messrs. B. K. Khare and Co., Chartered Accountants, to the effect that their appointments, if made, would be within the limits prescribed under Sections 139 and 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. Further, the said firms have confirmed that their appointments, if made, would be in compliance with the provisions of said Auditor Guidelines, issued by IRDA.

The Board recommends the appointment of Messrs A. F. Ferguson Associates, Chartered Accountants, and Messrs B. K. Khare & Co., Chartered Accountants as the joint Statutory Auditors of the Company.

Necessary resolutions for the said appointments are contained in the notice of the twelfth AGM of the Company circulated to the Members. Members are requested to consider and approve their appointments and authorise the Board to decide the remuneration payable to them.

Corporate Social Responsibility

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the Rules made thereunder, the Board of Directors of the Company constituted the Corporate Social Responsibility Committee of Directors comprising of four (4) members - two Non-Executive Directors, one Independent Director and the Managing Director and CEO of the Company.

The terms of reference of the committee is detailed in the Report of the Directors on Corporate Governance, which forms part of this report.

Report of the Board on Corporate Governance and Management Discussion and Analysis Report

The Report of the Board of Directors on Corporate Governance *inter alia* detailing the status of compliance of the various provisions of the Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority (IRDA) and the Management Discussion and Analysis Report form part of 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, 2014 and of the profit 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, Orders, Circulars and Guidelines 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 appreciation 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 — DEEPAK S. PAREKH
April 24, 2014 — Chairman

Report of the Directors on Corporate Governance

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Har pal aapke saath

Corporate governance is the buzzword in India as well as in other developed and developing countries of the world over the last several years. With economic liberalization, deregulation of industry and businesses, demand for new corporate ethos and stricter compliance with the laws of land, corporate governance has gained tremendous importance. Exposure of the corporate sector to a new paradigm for corporate governance is in tune with the changing times and demand for greater accountability of companies to their shareholders, customers and other stakeholders.

Corporate governance means the way in which a corporate entity is directed, administered and controlled and a commitment to conduct business in a fair, transparent and ethical manner within the existing rules and regulations. Corporate governance also concerns the relationships among the various internal and external stakeholders involved, as well as the governance processes designed to help a company achieve its goals. This is accomplished by establishing a framework of rules and practices by which the board of directors ensures accountability, fairness and transparency in a company's relationship with its stakeholders viz., customers, management, employees, government and the society.

Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance has been influenced by its promoters, Housing Development Finance Corporation Limited (HDFC) and 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 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.

HDFC ERGO believes that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders and is driven by its values of Sensitivity, Excellence, Ethics and Dynamism (SEED). The Company's vision is to be the most trusted partner for every stakeholder and the Company is committed to provide fair, transparent and equitable treatment to all stakeholders. The Company's core value system is guided by the principles of accountability, transparency and timely disclosure of matters of interest to the investors and ensuring thorough compliance with the applicable acts, laws, rules and regulations and conducting business in best ethical manner.

The Company is not only committed to follow the prescribed corporate practices embodied in various regulatory provisions, but is constantly striving to adopt emerging best practices.

Board of Directors

The Board of Directors of the Company are the guardians of fairness, transparency and accountability and provide appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance. The board also provides directions and exercises appropriate control to ensure that the Company fulfils stakeholders' aspirations and societal expectations.

The Company has a multi–tier management structure, comprising the Board of Directors at the apex and followed by employees at senior management, middle management and junior management positions. Through this, it is ensured that strategic supervision is provided by the Board; control and implementation of Company's strategy is achieved effectively, operational management remains focused on implementation; information regarding the Company's operations and financial performance is made available promptly; delegation of decision making with accountability is achieved; financial and operating control and integrity are maintained at an optimal level; and risks are suitably evaluated and dealt with.

Composition

Commensurate with the size of the Company, complexity and nature of various underlying functions, the Board consists of persons having strong professional background, varied experience, knowledge and commitment to discharge their responsibilities and duties. The Board plays a pivotal role in creation of stakeholder value by ensuring that the Company adopts sound and ethical business practices and that the resources of the Company are optimally used. The Board reviews and approves the strategy and oversees management's decisions.

The Board comprises of nine 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 down for an independent director under Section 149 (6) of the Companies Act, 2013 and Clause 49 (I) (A) (iii) of the listing agreement notified by the Securities and Exchange Board of India. 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	Category	No. of Directorships Held*
1	Mr. Deepak S. Parekh	Chairman (Non-Executive)	9**
2	Mr. Keki M. Mistry	Non-Executive Director	13
3	Ms. Renu Sud Karnad	Non-Executive Director	13
4	Mr. Andreas Kleiner	Non-Executive Director	1
5	Mr. Mark Lammerskitten	Non-Executive Director	1
6	Dr. Jagdish Khattar	Independent Director	2
7	Mr. Bernhard Steinruecke	Independent Director	4
8	Mr. Mukesh Kumar (w.e.f. June 1, 2014)	Executive Director	–
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.

** Other than the directorships mentioned above, Mr. Deepak S. Parekh is an alternate director in 2 companies.

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 shareholders' behalf. The Board's mandate is to oversee the Company's strategic direction, review financial, operational and investment performance, approve annual business plan, ensure regulatory compliance and safeguard interest of all stakeholders. The Board plays a pivotal role in ensuring good governance and creating value for all stakeholders.

Tenure

The Non–Executive Directors of the Company (excluding Independent Directors) 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.

In accordance with the Provisions of Sections 149(10) and 152(5) of the Companies Act, 2013, the Independent Directors of the Company are not liable to retire by rotation and it is proposed to appoint them for a term of 5 years.

Board Meetings and Procedures

All Directors participate in discussing the strategies, performance, financials and risk management of the Company. The Board follows a set of appropriate standard procedures in the conduct of Board meetings of the Company, which can be summarised as below.

The meetings of the Board of Directors are normally held at the Company's registered office in Mumbai. The schedules of meetings to be held in a calendar year are planned in advance. The notice of each Board/Committee meetings is given in writing to each Director. The Board meets at least once a quarter to review the financial, operational and investment performance of the Company.

The Company Secretary in consultation with the Managing Director and CEO prepares a detailed agenda for the meetings. All departments communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the Board meetings. With the objective of transparent information flow from the management, detailed agenda notes are sent to all Directors in advance. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. In case of matters requiring urgent consideration by the Board and arising post the dispatch of agenda, the same is taken up for discussion by the Board as part of any other business with the permission of the Chairman.

The members of the Board have access to all information of the Company. Appointed Actuary is a permanent invitee at the Meetings of the Board. Members of senior management team are invited to attend the Board meetings so as to provide additional inputs on the items being discussed by the Board. Urgent matters are also considered and approved by passing resolutions through circulation, which are noted at the next meeting of the Board. The Company Secretary records the minutes of the proceedings of each board and committee meeting. The brief minutes of each Board meeting are circulated to the Board members within two working days from the date of meeting and detailed draft minutes are circulated to the members of the board/committee for their comments. The minutes are finalised within thirty days and thereafter recorded in the Minutes Book. In compliance of the provisions of Listing Agreement entered into by the holding company with the Stock Exchanges, the minutes of the Board meetings of the Company, 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 30, 2013, July 31, 2013, October 18, 2013 and January 21, 2014. 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 Sud Karnad	4	4	80,000
Mr. Andreas Kleiner	4	4	–
Mr. Mark Lammerskitten	4	4	–
Dr. Jagdish Khattar	4	3	60,000
Mr. Bernhard Steinruecke	4	3	60,000
Mr. Mukesh Kumar	–	–	–
Mr. Ritesh Kumar	4	4	–

The Board also met on April 24, 2014, for approval of audited accounts of the Company for FY14.

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 Board has constituted the following committees with specific terms of reference.

(i) Audit and Compliance Committee (ACC)

(ii) Investment Committee (IC)

(iii) Risk Management Committee (RMC)

(iv) Policyholder Protection and Grievance Redressal Committee (PPGRC)

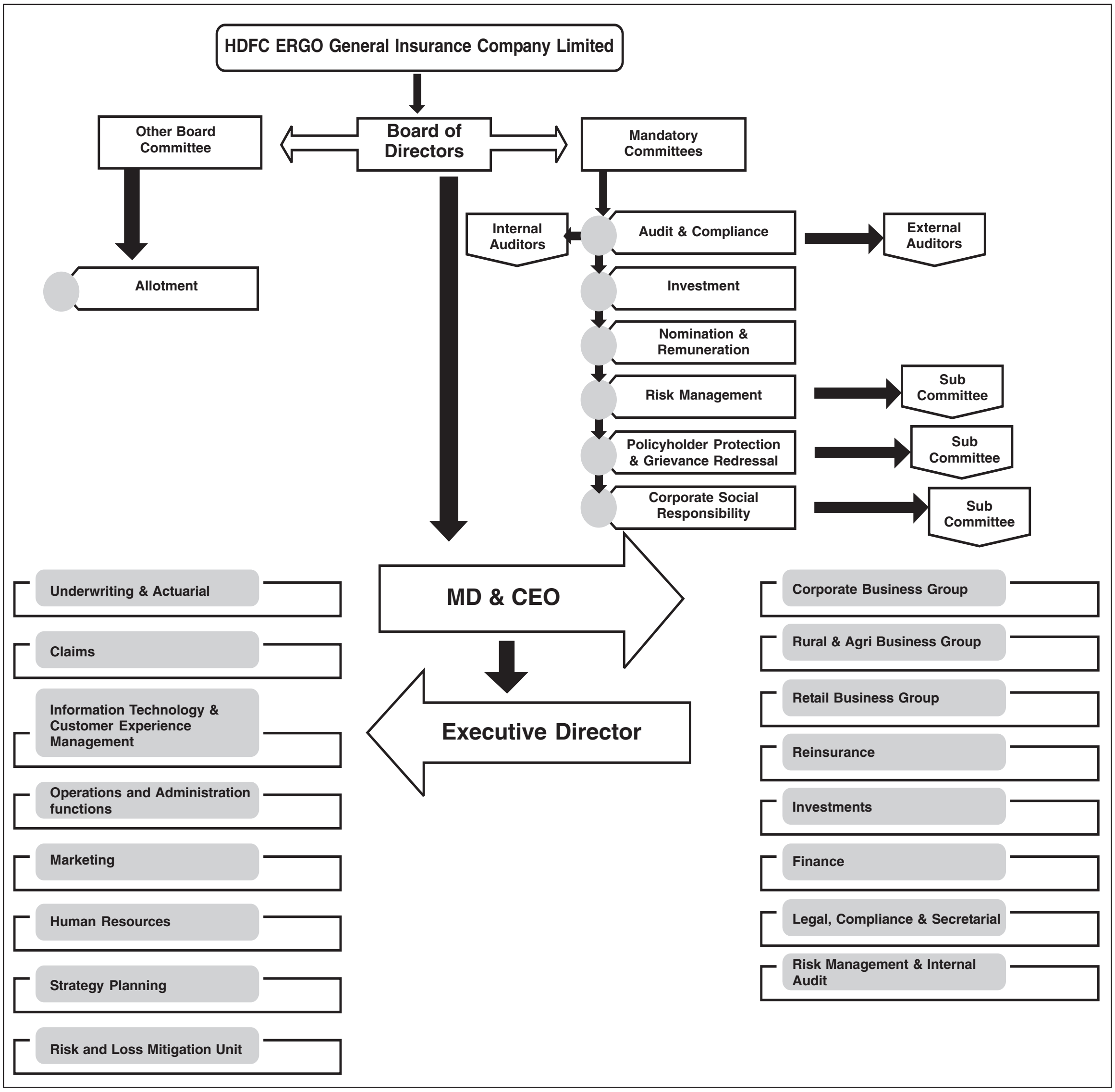
(v) Nomination and Remuneration Committee (NRC)

(vi) Capital Expenditure and Technology Review Committee (CETRC)*

(vii) Corporate Social Responsibility Committee (CSRC)

* Since dissolved.

The relationship between the Board, the Committees and the senior management functions as on March 31, 2014 is illustrated below:



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 was re-constituted by the Board at its meeting held on April 24, 2014 and comprises four (4) members – 2 independent directors and 2 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 gives appropriate directions to the management in areas that need to be strengthened. The Committee invites senior executives, as it considers appropriate to be present at the meetings of the Committee. Member of senior management and auditors are invited to participate in the meetings of the Committee as and when necessary. The Committee recommends to the Board, the appointment or re-appointment of the statutory auditors, internal auditors, concurrent auditors, risk management auditors and their remuneration. The Committee and statutory auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post-audit. The Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at the Committee meetings.

During the year under review, the ACC met four (4) times on April 30, 2013, July 31, 2013, October 18, 2013 and January 21, 2014. The Committee also met on April 24, 2014, for review of audited annual accounts of the Company for FY14 and recommended the same for the approval of the Board.

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	4	40,000
Dr. Jagdish Khattar*	–	–	–
Mr. Keki M. Mistry	4	4	40,000
Ms. Renu Sud Karnad**	4	4	40,000
Mr. Andreas Kleiner	4	4	–
Mr. Mark Lammerskitten**	4	4	–

* From April 25, 2014

**Upto April 24, 2014

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 thereunder by IRDA from time to time.

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. The Committee also reviews the Company's capital and solvency position, the investment strategies adopted from time to time and gives suitable directions as needed in the best interest of the Company. 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 apprises 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 30, 2013, July 31, 2013, October 18, 2013 and January 21, 2014. The IC also met on April 24, 2014.

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

Members	No. of Meetings Held during the Tenure	No. of Meetings Attended	Sitting Fees Paid (₹)
Mr. Keki M. Mistry (Chairman)	4	4	40,000
Mr. Mark Lammerskitten	4	4	–
Mr. Ritesh Kumar	4	4	–
Mr. Antonio Ferreiro (Appointed Actuary)	4	4	–
Mr. Samir H. Shah (Member of Executive Management, CFO and Company Secretary)	4	4	–
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4	–

Risk Management Committee (RMC)

The Risk Management Committee comprises four (4) members - two Non-Executive Directors, one Independent Director and the Managing Director and CEO of the Company.

The terms of reference of the RMC have been expanded during the year under review. The terms of reference *interalia* include overseeing the Company's risk management policies and practices, reviewing various risks and frauds associated with the business of the Company and thereby assisting the Board in effective operation of the Risk Management Framework (RMF) of the Company. The RMC also advises the Board with regard to risk management in relation to strategic and operational matters.

During the year, the RMC has ensured that risk culture elevates risk management to a position that overarches individual business units, geographic locations and risk disciplines. The RMC institutionalized RMF of the Company is a proactive, institution-wide program where policies, procedure and processes are used to measure, monitor and manage the Company's immediate risk universe comprising Insurance risk, Asset risk and Operational risk. The RMF in addition to assessing the impact and likelihood of risks also concurrently evaluates the degree to which risk policies and practices are being followed and the effectiveness and efficiency of these policies and practices.

In accordance with the framework, the RMC provides an assurance that risk exposures are adequately controlled and identified gaps are effectively taken care of by implementing appropriate risk mitigating measures.

During the year under review, the RMC met four (4) times on April 30, 2013, July 31, 2013, October 18, 2013 and January 21, 2014. The RMC also met on April 24, 2014.

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

Members	No. of Meetings Held	No. of Meetings Attended	Sitting Fees Paid (₹)
Mr. Bernhard Steinruecke (Chairman)	4	4	40,000
Ms. Renu Sud Karnad	4	4	40,000
Mr. Andreas Kleiner	4	4	–
Mr. Ritesh Kumar	4	4	–

The sub-committee of the RMC (SC-RMC) of the Company comprising of the senior executives of the Company including the Managing Director and CEO *interalia* reviews Company's RMF and its effectiveness. It also monitors key areas of existing and emerging risk in particular and assists the RMC in fulfilling its objectives of managing various risks associated with the business of the Company.

Policyholder Protection and Grievance Redressal Committee – (PPGRC)

The Committee comprises four (4) members – two Non-Executive Directors, one Independent Director and the Managing Director and CEO of the Company.

The Committee reviews the processes 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 *interalia* 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. The Complaints and Grievance Redressal Policy of the Company is available on the website 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. 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, the PPGRC met four (4) times. The meetings were held on April 30, 2013, July 31, 2013, October 18, 2013 and January 21, 2014. The PPGRC also met on April 24, 2014.

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

Members	No. of Meetings Held	No. of Meetings Attended	Sitting Fees Paid (₹)
Dr. Jagdish Khattar (Chairman)	3	3	30,000
Mr. Keki M. Mistry	4	4	40,000
Mr. Mark Lammerskitten	4	4	–
Mr. Ritesh Kumar	4	4	–

The Company also has a sub-committee of the PPGRC (SC-PPGRC) comprising of the senior management team including the Managing Director and CEO. The SC-PPGRC *inter alia* reviews the effectiveness of the grievance redressal mechanism in place in the Company, volume of complaints as compared to business growth and submits the details of grievances at periodic intervals to IRDA.

Nomination and Remuneration Committee (NRC)

The NRC comprises two Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an Independent Director.

The Committee considers and determines the salary and other terms of the compensation package for the Whole-time Directors. The annual compensation of the Whole-time Directors is approved by the Committee, subject to approval of the 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 10,48,000 stock options in respect of 10,48,000 equity shares ₹ 10 each at a grant price of ₹ 62.50 per option under ESOP-2009 - Tranche-V to the eligible employees.

During the year, the Committee met twice (2) on April 30, 2013 and January 21, 2014. The NRC also met on April 24, 2014.

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

Directors	No. of Meetings held	No. of Meetings attended	Sitting Fees Paid (₹)
Dr. Jagdish Khattar (Chairman)	2	2	20,000
Ms. Renu Sud Karnad	2	2	20,000
Mr. Andreas Kleiner	2	2	–
Mr. Bernhard Steinruecke	2	1	10,000

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 and 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 31, 2014 and reviewed the key technology initiatives taken up by the Company and initiatives planned for FY14.0

The details of composition of 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	Yes	10,000
Mr. Mark Lammerskitten	Yes	–
Dr. Jagdish Khattar	No	–
Mr. Ritesh Kumar	Yes	–

Since the objectives for which CETRC was constituted has been accomplished, the Board at its meeting held on April 24, 2014, dissolved CETRC.

Allotment Committee (AC)

The AC comprise of four (4) members – two Non-Executive Directors, one Independent Director and the Managing Director and CEO.

The terms of reference of the Committee is to consider and approve allotment of shares either pursuant to exercise of stock options by eligible employees or in case the Board approves, the issue of fresh capital from time to time.

During the year, the Company allotted 7,35,250 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan – 2009 (ESOP-2009).

Corporate Social Responsibility Committee (CSR)

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Board at its meeting held on April 24, 2014, constituted the Corporate Social Responsibility Committee of Directors (CSR Committee) to comprise of four (4) members – two Non-Executive Directors, one Independent Director and the Managing Director and CEO.

The terms of reference of CSR Committee *inter alia* includes formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act, recommend the amount of expenditure to be incurred on the above referred activities, monitor the CSR Policy of the Company from time to time. It also includes formulating a transparent monitoring mechanism for the activities/projects/programs proposed to be undertaken by the Company, either directly or indirectly. The Committee shall also offer advice as to the areas where CSR activities of the Company can be best adopted giving preference to local areas and areas where the Company operates.

Remuneration of Non-executive Directors

The remuneration package for non-executive directors consists of sitting fees and commission. For the year ended March 31, 2014, the Independent Directors of the Company will be paid an amount of ₹ 7 lacs each as commission pursuant to the approval of the Board, which is within the overall limits as approved by the shareholders.

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 to Accounts.

Whistleblower Policy

The Company promotes ethical behavior in all its dealings, business or otherwise and has put in place a Whistleblower Policy (Policy) for reporting of illegal or unethical behaviour. In terms of the Policy, any person including employees, vendors and customers may report violations of laws, rules, regulations or unethical conduct to the Whistleblower Committee constituted for the purpose. The Policy provides for maintaining confidentiality of such reporting and ensures that the Whistleblowers are protected and not subject to any discriminatory practices. During the year, the Committee received 17 cases and action has been taken on all the 17 cases. Further, the Company confirms that, during the year, it has not denied access to any person to the Whistleblower Committee.

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 confirm on an annual basis the adherence to the provisions of the Code of Conduct.

On behalf of the Board of Directors

MUMBAI — DEEPAK S. PAREKH
April 24, 2014 — Chairman

Compliance Certificate

In accordance with the provisions of Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority, I, Samir H. Shah – Member of Executive Management, CFO and 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.

SAMIR H. SHAH
Member of Executive Management,
CFO and Company Secretary

MUMBAI
April 24, 2014

Management Discussion and Analysis Report

Macro Economic Environment

The global economy continues to be sluggish with a moderation in growth in China adding to the continuation of the crisis in the European Union and the United States being unable to show clear signs of economic recovery. The global economy seems fragile with revival of economic activity not yet discernible.

The slowdown in Indian economy continued in FY14 with estimated growth in GDP pegged at 4.9% marginally above 4.5% in FY13 (Source: Central Statistics Office estimates). While slowdown in Indian economy largely reflects the global trend, it would be fair to say that certain domestic factors also contributed to the cause. The political uncertainty associated with an election year and an overall dip in the economy impacted launch of any greenfield projects, resulting in drying up of credit demand from industries. Persistent inflation, high interest rates, low investments in manufacturing coupled with external factors like the speculation of quantitative easing, or roll back of stimulus, by the US Federal Reserve dampened growth and created macro-economic upheavals. All the factors led to low business and investor confidence.

While Agriculture is likely to show a growth of 4.6% in FY14 (PY: 1.4%), Manufacturing output is likely to decline by 0.2% as compared to 1.1% growth in the previous year; likely to be worst year for manufacturing since 1999-2000. Service sector is also likely to grow slower at 3.5% as compared to 5.1% in the previous year.

General Insurance Industry

The slowdown in the economy has had a direct impact on the growth of general insurance industry. The Industry growth rate reduced from 23.7% in FY12 to 18.6% in FY13 to 12.7% in FY14. The total premiums grew from ₹ 64,686 crore in FY13 to ₹ 72,853 crore in FY14. Owing to higher growth in the private sector at 15.5% as compared to 12.7% for the industry, the private sector share increased from 45.8% in FY13 to 47% in FY14. The growth in the Industry was primarily driven by Motor at ~15% and Health at ~17% which together constituted ~ 67% share of the industry.

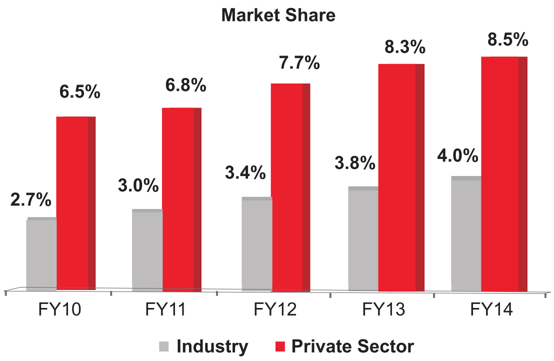
The corporate business market share continues to shrink over the years. An uneventful period since the catastrophic flood losses in 2005 and 2006, has led to the softening of rate triggering pricing inadequacy in the corporate portfolio. There is an urgent need for the market to build margins on this business to meet eventualities if they were to occur.

The motor sales in FY14 saw an unprecedented slowdown with 6% decline in private cars and 20% decline in commercial vehicles, with only two-wheelers growing at 7%. The Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) for commercial vehicles, started in FY13, saw an increase in provisioning to 210% from the earlier 145%, leading to additional industry losses of ~₹ 400 crore from this account alone.

In Health, the industry saw launch of common in-house TPA of public sector general insurers. The entity named Health Insurance TPA of India, is awaiting approval from the regulator and is expected to start its operations by end of FY15. This initiative will develop a trend towards standardisation of provider practices, since the PSUs sell 60% of the industry total.

The Regulatory Authority has been concerned over low penetration of 0.8% and per capita spend of a mere $11 for general insurance in the country, which is the lowest amongst its peers. Both these parameters point to a huge potential for growth, and needs to be facilitated through distribution reforms. A number of initiatives have been attempted by the regulator in this regard e.g. regulation for banks as brokers, sub- –broking draft guidelines and recently released draft guidelines on insurance marketing firms. However, consensus may take some more time to emerge on these matters and we expect some forward movement on these items only in the coming year.

There have been additional initiatives taken by the regulator this year such as enlistment of hospitals, insurance wide fraud analytics project, standardisation in health insurance, guidelines on Common Service Centre and insurance repository system to dematerialize insurance policies. All these regulations will have a positive impact on the quality of business and customer experience.



Performance Review

The gross written premiums of the Company increased from ₹ 2,508 crore to ₹ 3,000.3 crore, including motor decline risk pool thus growing by 19.6%. The market share of the Company increased from 3.8% to 4.0% and maintained its 4th position among private players.

The Company achieved a profit after tax of ₹ 195.6 crore up from ₹ 154.5 crore last year, which is an increase of

26.6%. This was achieved in spite of decline pool losses of ₹ 36.8 crore from IMTPDRIP.

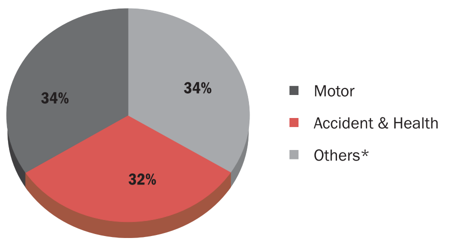
Business and Operational Review

The Company opened 27 new offices in 17 new locations. These offices were opened in line with its focus to cater to newer locations and also increase business in retail lines.

In line with the Company's strategy the product mix underwent change in motor, A&H and corporate Line of Businesses at 34% (PY: 32%), 32% (PY: 32%), and 34% (PY: 36%). The Company achieved 4th highest Motor OD monthly accretion, thus improving its overall motor OD rank from 10 in FY13 to 8 in FY14.

The Company saw a continued increase in its agency and rural business. The Company also revamped its website and launched new motor, health and property products, in line with the focus to service customers better.

Portfolio Mix - Gross Written Premium



* Others includes Fire, Marine, Liability, Engineering, Aviation, Home, Weather and others

Retail Business Group (RBG)

The Company's Retail Business Group (RBG) recorded a business growth of 14.1% during FY14 with premiums reaching ₹ 1,635.1 crore (PY: ₹ 1,433.1 crore). The share of RBG's business for FY14 was 54.5% (PY: 57.5%).

The Company's motor business grew by 24.4% from ₹ 803.4 crore in FY13 to ₹ 1,004.1 crore in FY14. The premiums for non-motor retail products were flat at ₹ 631.0 crore vis-à-vis ₹ 629.7 crore during the previous financial year.

In line with the strategy to grow the agency business, the Company increased the number of active agents. The agency business also saw a sharp increase reaching ₹ 390 crore in FY 14 as compared to ₹ 281 crore in FY 13, registering growth rate of 39%.

In an endeavor to facilitate agents by giving them access to information pertaining to their business, the Company has an online platform "Agency Portal". The growth in RBG was mainly on account of robust Agency Channel. The Company continued its focus on strengthening Agency Channel and Online platform.

Corporate Business Group (CBG)

The Corporate Business Group (CBG) of the Company continues to be a complete solution provider and not a transactioner for the corporate clients. The Company sustained its key position in the market amongst the large property risks and to further strengthen it, during the year, the Company enhanced its automatic capacity to write larger lines on the chosen programs.

The Company recognizes brokers as an important channel for distribution of corporate products and continues to be preferred by all key brokers for providing solutions to their clients. This is primarily driven out of the Company's ability to structure complex solutions for their clients, dependable servicing and transparent approach at all point in time.

SME initiative in CBG is now in its complete operational phase. All products, IT infrastructure, servicing platforms are ready. The Company is focusing on this business sub unit to expand its reach beyond main cities.

The CBG recorded a business growth of 27.5% during the year FY14 with premiums reaching ₹ 975.0 crore (PY: ₹ 764.8 crore). The share of CBG's business for FY14 was 32.5% (PY: 30.7%)

Rural and Agri Business Group (RABG)

The Company stays committed to the rural market and has been putting efforts in various initiatives to enhance the reach of insurance solutions to the rural market. The Company's rural activities are spearheaded by the crop portfolio, which continues to be an insurance product affecting their lives positively, the most.

Over the past couple of years, the Company has successfully built a rural portfolio that has surpassed expectations. This has been possible as a result of focus on product development, market creation, awareness and channel development. The Company has emerged as a key player in the crop insurance area and is implementing various schemes across States. The Company has focused a lot on creating positive awareness in the rural market through CSR-based approach, which helped in connecting with the farmers directly and constantly staying involved in all the development initiatives for the betterment of the community thereby demonstrating the strong commitment to the rural masses.

During the year FY14, premiums from Weather & MNAIS business grew to ₹ 354.0 crore (PY: ₹ 285.6 crore). The share of RABG's business for FY14 was 12.3% (PY: 11.8%).

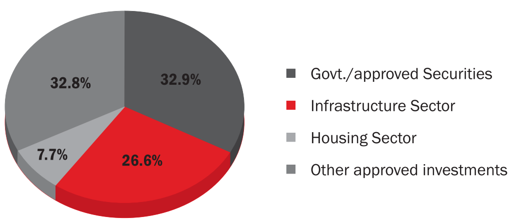
In order to expand the product availability in the rural market, the Company is putting in a lot of effort in developing the Common Service Centers (CSCs) network for distribution of insurance products. CSCs have been recognized by IRDA as an insurance channel and this project is currently in test phase. The Company has been allotted three states for testing the CSC channel and all the background work for setting up the IT system, training of CSC agents is completed and the product approval from IRDA is awaited.

Investments

The Investment function supports the core business of the Company. The investments of the Company are made in accordance with the Investment Policy of the Company as approved by the Board of Directors. The Investment Committee oversees the implementation of the Investment Policy. The Company's investment strategy reflects the coordination between Assets and Liabilities given the nature of business of the Company while keeping in perspective the regulatory framework. The Investment Policy mandate includes maintaining high degree of safety, optimizing the level of returns and consistency of returns commensurate with the level of risk undertaken.

As on March 31, 2014, the Investment Assets of the Company stood at ₹ 3,143.1 crore (PY: ₹ 2,695.7 crore). The Investment Regulations requires Non-Life companies to invest 30% of their Investment Assets in Government and approved Securities, 10% in Infrastructure sector and 5% in Housing sector. The Company held ₹ 1,033.2 crore (32.9%) in Government securities, ₹ 839.2 crore (26.9%) in securities of the Infrastructure sector and ₹ 243.7 crore (7.7%) in the Housing sector. The Company held 89% of its debt assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 704.4 crore in assets maturing within one year. The total investment income for the year ended March 31, 2014 is at ₹ 274.2 crore.

Portfolio Mix - Investments



Underwriting

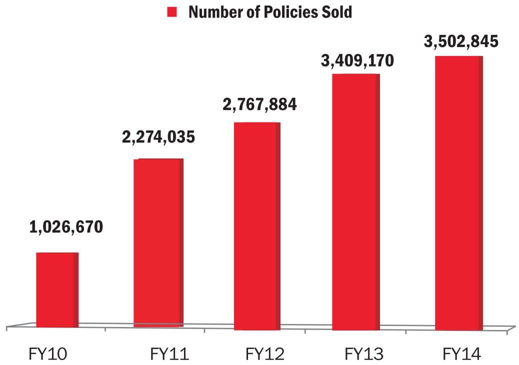
The Indian insurance industry was beset by a multitude of challenging developments during FY14. On one hand, the general economic slowdown had significantly impacted industry growth in major lines of business whereas on the other, the year was characterized by continued soft trading conditions.

Most notable was the muted growth the country witnessed in the sales of new vehicles. This resulted in virtual drying up of new engineering projects during the year.

The industry was also impacted by unprecedented natural catastrophe events like the devastating floods and landslides in Uttarakhand in June and second strongest tropical cyclone ever to make landfall in India, Cyclone 'Phailin' which heavily affected the coastal areas of Odisha in October. The Company had almost no impact of these natural disasters on its financial results. This once again brings to the forefront the Company's calculated approach towards underwriting of natural catastrophe exposed areas through a combination of local knowledge from the team of dedicated professionals and the aid of next generation IT tools in assessing location specific exposures.

On the Group Medical Health side, the situation had taken a turn for the worse as the level of competition seen in the market has reached unsustainable proportions. Of late, this concern has likewise been echoed by the Regulator and it would not be surprising to see major corrections happening on this front in FY 15.

On overall basis, the Company continued to achieve profitability by adopting a focused approach, notwithstanding the interplay of above-mentioned challenges.

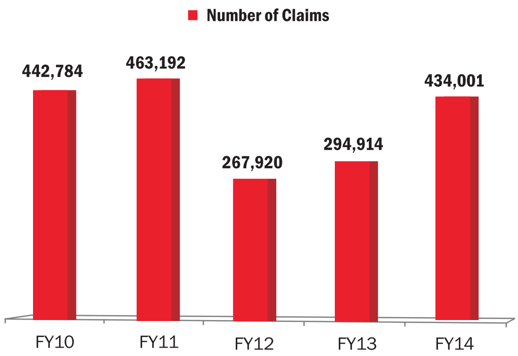


Claim Service

The Company's claims department is committed to deliver outstanding service to exceed customer expectations. Following Company's core values, the claims service vertical has been able to provide equity of treatment to all its stakeholders. Prompt response, balanced interpretation of coverage, being responsive and quick claim settlement has helped in creating an atmosphere of trust. The Company's user friendly systems have helped to streamline processes to improve, monitor and bring about better efficiency in the turnaround time for claims settlement, customer queries and complaints resolution. Customers are able to view and track claims status, log in complaints and provide feedback through our website thus bringing in transparency amongst the customers. Other initiatives like Short Messaging Service, emails and "out calling" at every stage of claim have helped in reaching out to the customer.

The customer has had an overall advantage by way of hassle-free claims service, consistency in response, quicker turnaround time, personalized service across the country with a partnership approach.

The Company was awarded the ISO 9001:2008 certification, for consistent claims service delivery time after time.



Reinsurance

The international reinsurance market conditions during FY13 were favourable due to a stable and relatively peaceful FY13 from the catastrophe loss perspective. As a result the reinsurance renewal for FY14 was uneventful.

The reinsurance programme ensures protection against exposure to a large loss affecting a single risk as well as a catastrophe loss event affecting multiple risks across portfolios. As per statutory requirements, the Company cedes to General Insurance Corporation of India (GIC) 5% of its business subject to monetary limits prescribed by IRDA.

The Company's Reinsurance programme is placed with reputed international reinsurers besides national reinsurer GIC, who led four non-proportional treaties and participated significantly in every other arrangement. The Company's panel of reinsurers, *inter alia*, included six of the world's top ten reinsurers, while the top five reinsurers in the world between them led eight of our reinsurance treaties including property, liability, personal accident and overseas travel, housing mortgage protection, weather and aviation.

Information Technology

Investment on Information Technology continued to be the focus area for the Company, adding digital capabilities to achieve efficiencies and governance.

The Company invested on customer portal, analytics and mobility solutions during the year. In order to enhance the overall customer experience and increase the usability, the customer website (www.hdfcergo.com) was over-hauled to bring in ease of use. The Company's website was enriched with an ability to sell various Third Party Motor Liability products.

Focusing on distribution, the Company implemented several initiatives enriching its online sales channel, integration with various channel partner systems, agency, sales management portals and mobile website. During the year, the Company built and launched a system to underwrite and administer group medical and personal accident portfolios adding significant efficiencies in the process. The Company rolled out end-to-end quote management system for its corporate lines of business providing end-to-end tracking of the leads sourced till closure. The Company's SME Point of Sales solution launched during the year provides the sales and channels effective medium to source business and service customers.

The Company also invested in building analytical solutions focusing on Customers, underwriting and claims. Exploiting mobile technologies, the Company empowered its surveyors with mobile application. This application allowed the surveyors to take pictures and upload the same to the Company's claim system for all registered claims. This eased the overall process and improved surveyor's productivity.

The Company believes in information and data security of its policy holders. In order to further strengthen information security, IT has initiated the efforts to achieve ISO 27001 certification.

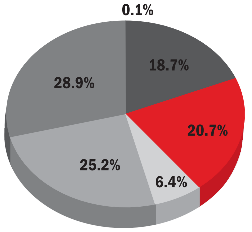
Distribution Network

The Company has continued with its strategy of multi-geography, multi-product and multi-distribution channel. This approach allows the Company to de-risk and maintain a balanced approach. The ratio of its motor, accident & health and other products for FY14 stands at 34%, 32% and 34%.

The Company opened 27 new offices in FY 14, predominantly in the South Zone. These new offices are in line with the Company's philosophy to expand to smaller cities, in addition to the ones it is presently in, and also grow in areas with more profitable business.

The corporate business grew this year, across all products, with the added advantage of being able to service health customers through the Company's in-house health claims team. The retail business grew through all channels – bancassurance, agency and direct, with agency and direct having the highest growth rate. The Company also continued to grow its SME channel and started to offer point of sales for various products to allow seamless policy issuance.

The agency and online sales development remains priority for the Company to strengthen its distribution. During the year, the Company recruited approximately 1,474 new agents across different geographies. For online business, the Company launched its new enhanced website, in line with its customer focus approach. The revamped website allows a better customer experience for not just the new buyers, but for existing customers as well. The Company also launched motor third party products online and extended B2B integrations with online channels.



Customer Experience Management (CEM)

The Customer Experience Management (CEM) team is the primary customer touch point for any servicing requirements for its customers. In addition, this function carries responsibility to hear customer voice, map the same with various internal processes and derive necessary changes to improve customer experience on a continuous and consistent basis. For the current year, the Company has taken concerted efforts to provide a superior experience to its customers and is aiming for the next level of bringing in customer delight.

Going by the much acclaimed customer service philosophy, "The customer's perception is your reality", the Company has initiated Customer Satisfaction (CSAT) surveys for customers contacting Customer Experience Management set-up for their servicing requirements. The CSAT provides the voice of the customer and is closely monitored to bring about process and service excellence. In the forthcoming months, the CSAT is expected to be rolled out on every customer touch point which impacts customer satisfaction. The Company shall focus on measuring net promoter score (NPS) and aim to improve the score on a continuous basis.

Analysis of customer interactions, over a period of time, has provided constructive inputs which have been incorporated with a view to build customer centric processes. The Company's online portal and mobile portal have been enhanced making it more interactive and user friendly for customers to use in a self service mode. Using this application, the customers now can register motor and health claims online and buy or renew policies online. During the year, the Company launched its mobile application (Insurance Portfolio Organiser) for its customers on Windows platform. This mobile application is available on all mobile platforms viz. Android, iOS, Blackberry, Windows and Symbian.

The Company also focused on customer education and initiated ongoing e-mail campaign educating the customers about the features and the benefits of the policy they have purchased from the Company. Customer service being a focus area, the Company shall continue to invest in this direction through people processes and technologies thus live its brand promise and value system.

Operations and Services (O&S)

SEED, an acronym that epitomizes values our organization embraces. Operations and Services Group contributes in extension of this central theme by continually evaluating opportunities in (S)simplifying operational parameters, ensuring (E)effective communication channels, ensuring (E)efficiency via automation and re-engineering of processes and associated costs and ensuring seamless service (D)delivery.

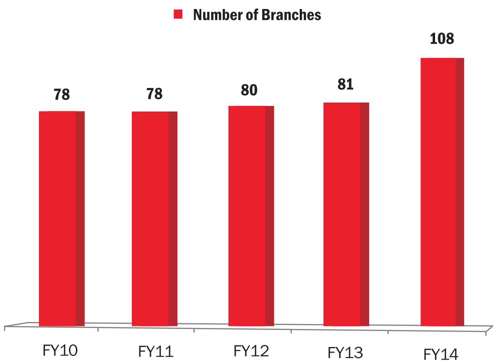
The Company has further strengthened three core pillars in O&S function in the year gone by. Firstly, people centricity, with huge investments in employee training and building domain expertise. Second being process effectiveness and process excellence, in order to improve customer experience, both in-house and end customers. Lastly, the verticalised service delivery to support the business in a more focused manner.

In Company's continual effort to strengthen distribution and geographical reach, the past year has witnessed opening up of additional 27 branches across 17 new locations, taking the total branch number to 108.

Policy volume has seen a very marginal increase with overall volumes for the year being 35 lakh compared to 34 lakh policies in FY 13. The Company has achieved incremental improvement in turnaround time for policy issuance and dispatch.

Initiatives like extensive adoption of digitization services at branches have allowed for remote transaction servicing, leading to significant savings in turnaround time and associated costs. Balancing the budget between innovation and optimization, facilities group continued its commitment towards cost efficiency by effective utilization of electronic procurement platform resulting in significant cost reduction.

Coming year should witness improved efficiencies by reinvesting resources and aggregation of service delivery at branches with back-end support being extended from nodal centers. With increased focus on point-of-sale delivery mechanism towards meeting business generation goals and all encompassing servicing parameters locally, the Company's endeavor is to give the best in class service to its customers.



Human Resources

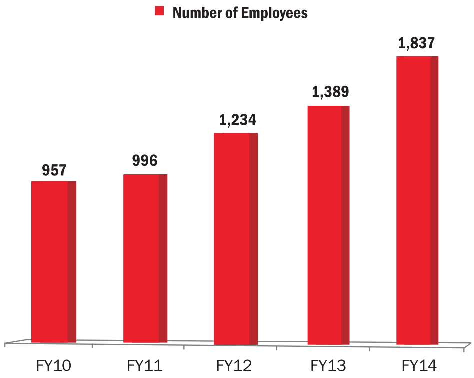
To keep pace with the business growth, the Company increased its manpower strength from 1,389 in FY13 to 1,837 in FY14.

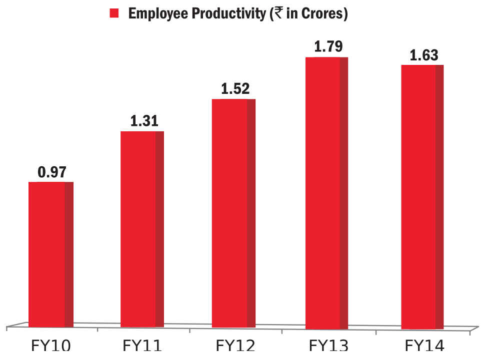
In order to ensure process efficiencies, the Company continued the process of automation in areas of recruitment, HR operations and Pre-and Post-training feedback. Online competency assessment has now become an effective tool to measure and compare individual's competencies against the organisational competencies and identify the individual's training needs.

The e-learning site, continued to serve as a strong learning platform for insurance and product training needs. After the success of intermediate level programs, the Company's HR vertical launched an advance level program which aims at providing learning opportunity focused on key line of business to employees who qualify for the same by fulfilling the eQuest Basic and Intermediate levels.

The Company's online recruitment portal continued adding value by ensuring improved efficiencies by meeting the need of increasing manpower with lower turnaround time and transparent feedback in the hiring process.

360 degree feedback conducted during the year will help improve the talent management by designing individual development plans to help managers prepare for the roles at the next level.





Risk Management

The Company has an enterprise-wide risk management culture as the bedrock for enabling responsible risk management practices. The risk culture elevates risk management to a position that overarches individual business units, geographic locations and risk disciplines. Decisions are based on a holistic view of risk at all levels.

The Risk Management Framework (RMF) of the Company is a proactive, institution-wide program where policies, procedure and processes are used to measure, monitor and manage risk. The RMF has the flexibility to allow each risk discipline to monitor the items that are important to it, but within a common framework.

The RMF therefore provides the critical insight that fuels strategic decision making and prioritization of opportunities.

The RMF in addition to assessing the impact and likelihood of risks also concurrently evaluates the degree to which risk policies and procedures are being followed and the effectiveness and efficiency of these policies and procedures.

Employee communications have also been instituted to raise awareness and reinforce risk-aware behavior.

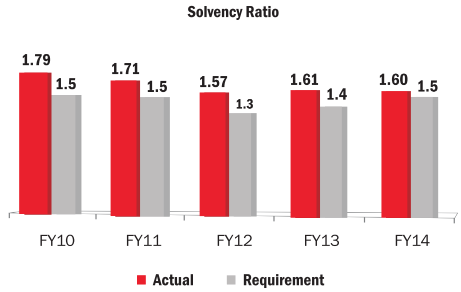
The Internal Audit function continues to be an independent and objective assurance providing function.

With the growing scale of the Company's operations, its core role with regard to the Company's RMF has been further embedded to provide continuous assurance to the stakeholders on the effectiveness of risk management. It assesses whether business risks are being managed appropriately and provides insight whether the risk management and internal control frameworks are operating effectively.

Solvency

An insurance company is considered to be solvent if its assets are adequate and liquid to pay off claims or liabilities as and when they arise. The solvency ratio is used to assess this. Thus, an insurance company's solvency ratio indicates its claim paying ability; higher the solvency ratio, better the claim paying ability.

As on March 31, 2014, the Company has a solvency ratio of 1.61 as against the minimum regulatory requirement of 1.50.



Future Outlook

Backed by expectation of continuation of the current reform process, improved domestic demand, revival of investments/projects and stability in governance, the economic growth in FY15 is expected to show signs of acceleration. However, the Government continues to face the challenge of bringing the economy on a sustainable growth path while ensuring fiscal prudence in the coming year.

Increased focus on infrastructure development and revival of investments is likely to have positive impact on the general insurance industry. Challenges in past few years are showing signs of moderation and the expectation of stability in governance, the insurance industry is likely to grow in tandem with the economy during the next year. Reinsurance market is expected to remain stable in view of no major catastrophes in last one year.

Given the stable industry outlook, the Company shall also endeavor to look for opportunities to grow business in desirable segments and achieve sustainable results with a long-term objective of maintaining/consolidating market positioning.

Disclaimer: This report contains forward – looking statements based on beliefs of HDFC ERGO's management. The word 'expected', 'estimate' and 'intend' used to identify forward-looking statements, reflects the Company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different, including, amongst others, changes of competitors / competing product, lack of acceptance of new products and may vary materially from those projected here. HDFC ERGO does not intend to assume any obligation to update these forward looking statements.

Independent Auditors' Report

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

TO THE MEMBERS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of HDFC ERGO GENERAL INSURANCE COMPANY LIMITED (the "Company") which comprise the Balance Sheet as at March 31, 2014, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the Balance Sheet, the related Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account of the Company in accordance with accounting principles generally accepted in India, including the provisions of the Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority (the "IRDA") in this regard, read with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs), to the extent applicable. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

ii. in the case of the Revenue Accounts, of the operating profit in so far as it relates to the Fire Revenue Account and the Miscellaneous Revenue Account and operating loss in so far as it relates to the Marine Revenue Account for the year ended March 31, 2014;

iii. in the case of the Profit and Loss Account, of the profit for the year ended March 31, 2014; and

iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended March 31, 2014.

Other Matter

The estimate of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2014 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDA and the Institute of Actuaries of India in concurrence with the IRDA. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

Independent Auditors' Report (Continued)

Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 24, 2014 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations.

2. As required by the IRDA Financial Statements Regulations, read with Section 227(3) of the Act, 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 the audit and have found them to be satisfactory;

(b) in our opinion and to the best of our information and according to the explanations given to us, 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) as the Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches of the Company;

(d) the Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in agreement with the books of account;

(e) in our opinion, the Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the Rules framed thereunder to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDA in this regard;

(f) in our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the Regulations and/or orders/directions issued by the IRDA in this regard;

(g) the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the Rules framed thereunder and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard; and

(h) on the basis of written representations received from the Directors of the Company, as on March 31, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Registration No.: 104767W

Rajen R. Ashar
Partner
Membership No.: 048243

For A. F. FERGUSON ASSOCIATES
Chartered Accountants
Firm Registration No.: 102849W

Rupen K. Bhatt
Partner
Membership No.: 046930

MUMBAI
April 24, 2014

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

Independent Auditors' Certificate

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated April 24, 2014)

This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

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

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

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by HDFC ERGO General Insurance Company Limited (the "Company") for the year ended March 31, 2014, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2014, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;

2. Based on the management representation and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by IRDA;

3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2014, by actual inspection or on the basis of certificates/ confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;

4. The Company is not a trustee of any trust; and

5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938, relating to the application and investments of the Policyholders' Funds.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Registration No.: 104767W

Rajen R. Ashar
Partner
Membership No.: 048243

For A. F. FERGUSON ASSOCIATES
Chartered Accountants
Firm Registration No.: 102849W

Rupen K. Bhatt
Partner
Membership No.: 046930

MUMBAI
April 24, 2014

HDFC ERGO
GENERAL INSURANCE
Har pal aapke saath

FORM B - BS
IRDA Registration No: 125
Date of Registration with the IRDA : September 27, 2002

Balance Sheet as at March 31, 2014

	Schedule		As at March 31, 2014 (₹ '000)		As at March 31, 2013 (₹ '000)
SOURCES OF FUNDS					
SHARE CAPITAL	5		5,292,843		5,285,490
RESERVES AND SURPLUS	6		3,531,969		2,772,000
FAIR VALUE CHANGE ACCOUNT			7,708		(5,074)
BORROWINGS	7		614		1,692
DEFERRED TAX LIABILITY			158,220		—
TOTAL			8,991,354		8,054,108
APPLICATION OF FUNDS					
INVESTMENTS	8		31,431,308		26,956,987
LOANS	9		—		—
FIXED ASSETS	10		1,613,986		1,112,214
CURRENT ASSETS					
Cash and Bank Balances	11	2,538,977		1,791,773	
Advances and Other Assets	12	4,241,790		2,785,066	
Sub-Total (A)			6,780,767		4,576,839
CURRENT LIABILITIES	13	19,623,107		16,088,308	
PROVISIONS	14	11,211,600		9,391,405	
Sub-Total (B)			30,834,707		25,479,713
NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)			(24,053,940)		(20,902,874)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15		—		—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT			—		887,781
TOTAL			8,991,354		8,054,108
NOTES TO ACCOUNTS	16				

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

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

MUMBAI
April 24, 2014

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

Samir H. Shah
Member of Executive Management,
CFO & Company Secretary

Directors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

FORM B - PL
IRDA Registration No: 125
Date of Registration with the IRDA : September 27, 2002

Profit & Loss Account for the year ended March 31, 2014

Particulars	Schedule	For the year ended March 31, 2014 (₹ '000)	For the year ended March 31, 2013 (₹ '000)
OPERATING PROFIT/(LOSS)			
Fire Insurance		573,424	274,162
Marine Insurance		(210,979)	(64,464)
Miscellaneous Insurance		1,155,642	1,062,387
		1,518,087	1,272,085
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		705,606	531,524
Profit on sale of investments		30,404	19,468
Less: Loss on sale of investments		—	—
Accretion/(Amortisation) of Debt Securities		12,237	11,242
		748,247	562,234
OTHER INCOME		—	—
TOTAL (A)		2,266,334	1,834,319
PROVISIONS (OTHER THAN TAXATION)			
For diminution in the value of investments		—	—
For doubtful debts		—	—
Others		—	—
		—	—
OTHER EXPENSES			
Expenses other than those related to insurance business			
Employees' related remuneration and welfare benefits (Refer note 10 of Schedule 16)		21,324	14,185
Bad debts written off		—	—
Wealth Tax and others		1,890	942
TOTAL (B)		23,214	15,127
PROFIT/(LOSS) BEFORE TAX		2,243,120	1,819,192
Provision for Taxation			
— Current Tax - Minimum Alternate Tax (MAT)		450,068	274,267
Less: MAT credit entitlement		(319,236)	—
— Deferred Tax (Refer note 14 of Schedule 16)		158,220	—
PROFIT/(LOSS) AFTER TAX		1,954,068	1,544,925
APPROPRIATIONS			
Interim dividends paid during the year		264,642	—
Proposed final dividend		—	—
Dividend distribution tax		44,976	—
Transfer to any Reserves or Other Accounts		—	—
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Loss brought forward from previous year		(887,781)	(2,432,706)
BALANCE CARRIED FORWARD TO BALANCE SHEET		756,669	(887,781)
EARNINGS PER SHARE (Basic) (in ₹)		3.70	2.95
EARNINGS PER SHARE (Diluted) (in ₹)		3.66	2.92
(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

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

MUMBAI
April 24, 2014

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

Samir H. Shah
Member of Executive Management,
CFO & Company Secretary

Directors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

IRDA Registration No: 125
Date of Registration with the IRDA : September 27, 2002

Receipts and Payments Account for the year ended March 31, 2014

Particulars	For the year ended March 31, 2014 (₹ '000)	For the year ended March 31, 2013 (₹ '000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	**32,496,246**	28,565,066
Payments to re-insurers, net of commission and claims	**(3,817,807)**	(3,788,862)
Payments to co-insurers, net of claims recovery	**(24,350)**	256,829
Payments of claims	**(15,439,156)**	(9,565,234)
Payments of commission and brokerage	**(2,259,571)**	(1,950,145)
Payments of other operating expenses	**(4,320,124)**	(4,789,429)
Deposits, advances and staff loans	**(113,819)**	(67,838)
Income taxes paid (Net)	**(445,870)**	(277,345)
Service tax paid	**(2,298,614)**	(2,186,831)
Net cash flow from operating activities (A)	**3,776,935**	6,196,211
Cash flows from investing activities		
Purchase of fixed assets	**(628,764)**	(229,709)
Proceeds from sale of fixed assets	**179**	60
Purchase of investments	**(15,046,166)**	(19,964,337)
Sale of investments	**10,757,691**	11,883,573
Application Money for investments	**—**	(52,996)
Rent/Interest/Dividend received	**2,127,666**	1,571,082
Investments in money market instruments and in liquid mutual funds (Net)	**60,139**	114,386
Net cash used in investing activities (B)	**(2,729,255)**	(6,677,941)
Cash flows from financing activities		
Proceeds from issuance of share capital and share premium	**10,653**	307,490
Repayments of borrowing	**(1,078)**	(1,437)
Interest	**(147)**	(456)
Dividend paid (Including dividend distribution tax)	**(309,618)**	—
Net cash used in/flow from financing activities (C)	**(300,190)**	305,597
Effect of foreign exchange rates on cash and cash equivalents (Net) (D)	**(286)**	(200)
Net increase in cash and cash equivalents (A + B + C + D)	**747,204**	(176,333)
Cash and cash equivalents at the beginning of the year	**1,791,773**	1,968,106
Cash and cash equivalents at the end of the year	**2,538,977**	1,791,773
Net increase in cash and cash equivalents	**747,204**	(176,333)

Refer Schedule 11 for components of cash and cash equivalents

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

MUMBAI,
April 24, 2014

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

Samir H. Shah
Member of Executive Management,
CFO & Company Secretary

Directors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

FORM B - RA
IRDA Registration No: 125
Date of Registration with the IRDA : September 27, 2002

Revenue Accounts for the year ended March 31, 2014

(₹ '000)

	Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
			Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2014	Year Ended March 31, 2013
1	Premiums Earned (Net)	1	528,166	380,710	522,777	247,048	14,798,388	11,797,980	15,849,331	12,425,738
2	Profit/Loss on Sale/Redemption of Investments (Net)		4,647	2,936	1,655	906	74,707	49,824	81,009	53,666
3	Accretion/(Amortisation) of Debt Securities		1,870	1,695	666	523	30,068	28,771	32,604	30,989
4	Others:									
	Investment Income from Terrorism Pool		18,882	8,160	–	–	–	–	18,882	8,160
	Miscellaneous Income/Liabilities written back		141	295	149	199	4,146	8,504	4,436	8,998
5	Interest, Dividend and Rent – Gross		107,836	80,163	38,400	24,729	1,627,818	1,229,883	1,774,054	1,334,775
	TOTAL (A)		**661,542**	**473,959**	**563,647**	**273,405**	**16,535,127**	**13,114,962**	**17,760,316**	**13,862,326**
1	Claims Incurred (Net)	2	152,126	127,275	595,683	268,140	12,002,370	9,115,083	12,750,179	9,510,498
2	Commission (Net)	3	(268,714)	(107,725)	41,066	(12,575)	(748,644)	(539,904)	(976,292)	(660,204)
3	Operating Expenses Related to Insurance Business	4	204,706	180,247	137,877	82,304	4,125,759	3,477,396	4,468,342	3,739,947
4	Premium Deficiency		–	–	–	–	–	–	–	–
	TOTAL (B)		**88,118**	**199,797**	**774,626**	**337,869**	**15,379,485**	**12,052,575**	**16,242,229**	**12,590,241**
	Operating Profit/(Loss) (A-B)		**573,424**	**274,162**	**(210,979)**	**(64,464)**	**1,155,642**	**1,062,387**	**1,518,087**	**1,272,085**
	APPROPRIATIONS									
	Transfer to Shareholders' Account		573,424	274,162	(210,979)	(64,464)	1,155,642	1,062,387	1,518,087	1,272,085
	Transfer to Catastrophe Reserve		–	–	–	–	–	–	–	–
	Transfer to Other Reserves		–	–	–	–	–	–	–	–
	TOTAL (C)		**573,424**	**274,162**	**(210,979)**	**(64,464)**	**1,155,642**	**1,062,387**	**1,518,087**	**1,272,085**

Schedules referred to above and the notes to accounts form an integral part of the Revenue Accounts

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 the management, incurred by the Company, in respect of general insurance business have been fully debited in the Revenue Accounts as expenses.

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

MUMBAI,
April 24, 2014

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

Samir H. Shah
Member of Executive Management,
CFO & Company Secretary

Directors
Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

Schedule - 1

PREMIUM EARNED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2014						For the year ended March 31, 2013					
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Premium from direct business written-net of Service tax	3,207,319	720,763	153,766	874,529	24,988,020	29,069,868	2,991,094	605,325	162,454	767,779	20,773,089	24,531,962
Add: Premium on Re-insurance accepted	415,450	95,660	14,987	110,647	406,785	932,882	210,889	28,687	232	28,919	309,614	549,422
Less: Premium on Re-insurance ceded	(2,830,852)	(291,729)	(157,838)	(449,567)	(9,062,936)	(12,343,355)	(2,540,375)	(363,023)	(147,758)	(510,781)	(7,315,166)	(10,366,322)
Net Premium	791,917	524,694	10,915	535,609	16,331,869	17,659,395	661,608	270,989	14,928	285,917	13,767,537	14,715,062
Add/(Less): Adjustment for changes in reserve for unexpired risks	(263,751)	(23,280)	10,448	(12,832)	(1,533,481)	(1,810,064)	(280,898)	(42,561)	3,692	(38,869)	(1,969,557)	(2,289,324)
Total Premium Earned (Net)	**528,166**	**501,414**	**21,363**	**522,777**	**14,798,388**	**15,849,331**	**380,710**	**228,428**	**18,620**	**247,048**	**11,797,980**	**12,425,738**

* Miscellaneous Premium Break up for the year ended March 31, 2014

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Premium from direct business written-net of Service tax	6,351,193	3,689,413	–	10,040,606	78,024	12,257	10,441	700,730	223,395	2,994,026	6,168,179	556,779	7,197	511,584	3,307,759	377,043	24,988,020
Add: Premium on Re-insurance accepted	–	–	217,932	217,932	–	–	–	58,802	54,667	24	16,314	35,289	–	20,061	–	3,696	406,785
Less: Premium on Re-insurance ceded	(1,605,829)	(931,466)	–	(2,537,295)	(4,463)	(4,058)	(7,673)	(590,068)	(252,666)	(201,525)	(1,600,242)	(427,103)	(763)	(387,668)	(2,811,481)	(237,931)	(9,062,936)
Net Premium	4,745,364	2,757,947	217,932	7,721,243	73,561	8,199	2,768	169,464	25,396	2,792,525	4,584,251	164,965	6,434	143,977	496,278	142,808	16,331,869
Add/(Less): Adjustment for changes in reserve for unexpired risks	80,084	(260,120)	–	(180,036)	4,936	(670)	173	7,994	(4,329)	(755,051)	(523,697)	(32,278)	1,711	(7,831)	(5,119)	(39,284)	(1,533,481)
Total Premium Earned (Net)	**4,825,448**	**2,497,827**	**217,932**	**7,541,207**	**78,497**	**7,529**	**2,941**	**177,458**	**21,067**	**2,037,474**	**4,060,554**	**132,687**	**8,145**	**136,146**	**491,159**	**103,524**	**14,798,388**

** Miscellaneous Premium Break-up for the year ended March 31, 2013

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Premium from direct business written-net of Service tax	5,395,537	2,638,839	–	8,034,376	78,108	20,061	47,665	707,509	248,485	2,536,765	5,215,013	458,373	13,992	473,781	2,764,399	174,562	20,773,089
Add: Premium on Re-insurance accepted	–	–	173,124	173,124	–	2,440	–	60,478	49,374	–	–	4,112	–	17,551	–	2,535	309,614
Less: Premium on Re-insurance ceded	(559,001)	(294,234)	–	(853,235)	(8,218)	(13,446)	(43,424)	(601,397)	(273,096)	(307,496)	(2,010,447)	(369,670)	(2,190)	(369,406)	(2,350,032)	(113,109)	(7,315,166)
Net Premium	4,836,536	2,344,605	173,124	7,354,265	69,890	9,055	4,241	166,590	24,763	2,229,269	3,204,566	92,815	11,802	121,926	414,367	63,988	13,767,537
Add/(Less): Adjustment for changes in reserve for unexpired risks	(510,340)	(893,347)	1,003,283	(400,404)	(9,177)	(897)	(320)	(10,363)	8,206	(710,946)	(763,843)	(13,226)	(3,864)	(33,073)	(20,120)	(11,530)	(1,969,557)
Total Premium Earned (Net)	**4,326,196**	**1,451,258**	**1,176,407**	**6,953,861**	**60,713**	**8,158**	**3,921**	**156,227**	**32,969**	**1,518,323**	**2,440,723**	**79,589**	**7,938**	**88,853**	**394,247**	**52,458**	**11,797,980**

Schedule - 2

CLAIMS INCURRED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2014						For the year ended March 31, 2013					
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Claims paid direct	846,236	624,134	4,279	628,413	12,683,534	14,158,183	719,044	526,430	41,208	567,638	7,607,493	8,894,175
Add: Claims on Re-insurance accepted	53,579	44,424	–	44,424	1,064,222	1,162,225	287,005	9,343	–	9,343	479,231	775,579
Less: Claims on Re-insurance ceded	(746,187)	(257,820)	(3,704)	(261,524)	(3,090,819)	(4,098,530)	(878,607)	(327,087)	(35,468)	(362,555)	(1,499,273)	(2,740,435)
Net Claims paid	153,628	410,738	575	411,313	10,656,937	11,221,878	127,442	208,686	5,740	214,426	6,587,451	6,929,319
Add: Claims Outstanding at the end of the year (Refer note 28(a) of Schedule 16)	189,380	346,179	23,847	370,026	11,251,084	11,810,490	190,882	176,326	9,330	185,656	9,905,651	10,282,189
Less: Claims Outstanding at the beginning of the year (Refer note 28(a) of Schedule 16)	(190,882)	(176,326)	(9,330)	(185,656)	(9,905,651)	(10,282,189)	(191,049)	(120,887)	(11,055)	(131,942)	(7,378,019)	(7,701,010)
Total Claims Incurred (Net)	**152,126**	**580,591**	**15,092**	**595,683**	**12,002,370**	**12,750,179**	**127,275**	**264,125**	**4,015**	**268,140**	**9,115,083**	**9,510,498**

* Miscellaneous Claims Incurred (Net) Break up for the year ended March 31, 2014

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Claims paid direct	3,580,254	1,939,247	–	5,519,501	17,646	767	10,339	402,901	72,909	851,986	3,915,497	3,256	987	26,870	1,771,930	88,945	12,683,534
Add: Claims on Re-insurance accepted	–	–	1,049,188	1,049,188	–	–	–	692	5,709	–	6,929	–	–	322	–	1,382	1,064,222
Less: Claims on Re-insurance ceded	(576,567)	(98,589)	–	(675,156)	(1,980)	(41)	(10,119)	(298,761)	(72,710)	(82,549)	(384,456)	(1,346)	(81)	(20,110)	(1,506,252)	(37,258)	(3,090,819)
Net Claims paid	3,003,687	1,840,658	1,049,188	5,893,533	15,666	726	220	104,832	5,908	769,437	3,537,970	1,910	906	7,082	265,678	53,069	10,656,937
Add: Claims Outstanding at the end of the year (Refer note 28(a) of Schedule 16)	573,799	7,782,017	1,370,917	9,726,733	40,975	3,373	6,124	86,742	9,307	316,116	607,580	24,403	971	47,562	264,745	116,453	11,251,084
Less: Claims Outstanding at the beginning of the year (Refer note 28(a) of Schedule 16)	(569,717)	(6,303,712)	(1,835,767)	(8,709,196)	(24,241)	(2,785)	(5,844)	(105,379)	(4,849)	(338,992)	(373,074)	(12,174)	(1,550)	(24,576)	(272,207)	(30,784)	(9,905,651)
Total Claims Incurred (Net)	**3,007,769**	**3,318,963**	**584,338**	**6,911,070**	**32,400**	**1,314**	**500**	**86,195**	**10,366**	**746,561**	**3,772,476**	**14,139**	**327**	**30,068**	**258,216**	**138,738**	**12,002,370**

** Miscellaneous Claims Incurred (Net) Break up For the year ended March 31, 2013

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Claims paid direct	2,896,368	1,300,910	–	4,197,278	6,113	49	–	249,039	95,559	625,735	1,747,893	3,898	1,116	9,084	641,899	29,830	7,607,493
Add: Claims on Re-insurance accepted	–	–	469,605	469,605	–	–	–	5,215	1,256	–	–	–	–	–	–	3,155	479,231
Less: Claims on Re-insurance ceded	(291,008)	(45,578)	–	(336,586)	(611)	(5)	–	(162,324)	(95,090)	(75,538)	(248,495)	(3,765)	(112)	(8,813)	(555,218)	(12,716)	(1,499,273)
Net Claims paid	2,605,360	1,255,332	469,605	4,330,297	5,502	44	–	91,930	1,725	550,197	1,499,398	133	1,004	271	86,681	20,269	6,587,451
Add: Claims Outstanding at the end of the year (Refer note 28(a) of Schedule 16)	569,717	5,115,991	3,023,488	8,709,196	24,241	2,785	5,844	105,379	4,849	338,992	373,074	12,174	1,550	24,576	272,207	30,784	9,905,651
Less: Claims Outstanding at the beginning of the year (Refer note 28(a) of Schedule 16)	(423,321)	(4,518,398)	(1,784,299)	(6,726,018)	(8,150)	(780)	(3,621)	(60,206)	(2,092)	(203,861)	(301,850)	(14,427)	(600)	(16,244)	(17,666)	(22,504)	(7,378,019)
Total Claims Incurred (Net)	**2,751,756**	**1,852,925**	**1,708,794**	**6,313,475**	**21,593**	**2,049**	**2,223**	**137,103**	**4,482**	**685,328**	**1,570,622**	**(2,120)**	**1,954**	**8,603**	**341,222**	**28,549**	**9,115,083**

Schedule - 3

COMMISSION (NET)

(₹ '000)

Particulars	For the year ended March 31, 2014						For the year ended March 31, 2013					
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Commission paid direct	181,465	73,358	3,130	76,488	1,787,347	2,045,300	179,075	53,747	7,555	61,302	1,665,250	1,905,627
Add: Commission paid on Re-insurance accepted	23,926	6,967	112	7,079	19,736	50,741	6,945	1,482	–	1,482	12,281	20,708
Less: Commission received on Re-insurance ceded	(474,105)	(27,119)	(15,382)	(42,501)	(2,555,727)	(3,072,333)	(293,745)	(57,609)	(17,750)	(75,359)	(2,217,435)	(2,586,539)
Net commission paid/(received)	**(268,714)**	**53,206**	**(12,140)**	**41,066**	**(748,644)**	**(976,292)**	**(107,725)**	**(2,380)**	**(10,195)**	**(12,575)**	**(539,904)**	**(660,204)**

* Miscellaneous Commission Break up for the year ended March 31, 2014

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation Total	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total Others								Other Liability	Home	Speciality	Weather	Others	
Commission paid direct	588,606	–	–	588,606	7,259	1,384	1,332	47,413	2,312	388,679	628,416	44,649	707	61,525	400	14,665	1,787,347
Add: Commission paid on Re-insurance accepted	–	–	–	–	–	–	–	8,255	6,124	4	1,345	1,298	–	2,684	–	26	19,736
Less: Commission received on Re-insurance ceded	(279,397)	(138,342)	–	(417,739)	(637)	(208)	(678)	(174,795)	(4,636)	(25,439)	(1,049,177)	(30,082)	(93)	(65,572)	(730,085)	(56,586)	(2,555,727)
Net commission paid/(received)	**309,209**	**(138,342)**	**–**	**170,867**	**6,622**	**1,176**	**654**	**(119,127)**	**3,800**	**363,244**	**(419,416)**	**15,865**	**614**	**(1,363)**	**(729,685)**	**(41,895)**	**(748,644)**

** Miscellaneous Commission Break up for the year ended March 31, 2013

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation Total	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total Others								Other Liability	Home	Speciality	Weather	Others	
Commission paid direct	495,240	–	–	495,240	7,581	1,696	7,126	51,277	4,585	329,006	660,112	39,614	1,627	57,566	383	9,437	1,665,250
Add: Commission paid on Re-insurance accepted	–	–	–	–	–	244	–	6,956	3,650	–	–	–	–	1,406	–	25	12,281
Less: Commission received on Re-insurance ceded	(77,545)	(39,479)	–	(117,024)	(1,256)	(948)	(1,446)	(157,424)	(7,620)	(48,415)	(1,189,482)	(30,854)	(285)	(64,177)	(573,454)	(25,050)	(2,217,435)
Net commission paid/(received)	**417,695**	**(39,479)**	**–**	**378,216**	**6,325**	**992**	**5,680**	**(99,191)**	**615**	**280,591**	**(529,370)**	**8,760**	**1,342**	**(5,205)**	**(573,071)**	**(15,588)**	**(539,904)**

Schedule - 3A

COMMISSION PAID DIRECT

(₹ '000)

Particulars	For the year ended March 31, 2014				For the year ended March 31, 2013			
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Agents	2,928	4,159	350,976	358,063	3,109	1,945	249,773	254,827
Brokers	78,590	52,071	412,479	543,140	75,947	32,684	329,965	438,596
Corporate Agency	99,947	20,258	1,023,515	1,143,720	100,019	26,673	1,085,512	1,212,204
Others: Web aggregator	–	–	377	377	–	–	–	–
Total	**181,465**	**76,488**	**1,787,347**	**2,045,300**	**179,075**	**61,302**	**1,665,250**	**1,905,627**

Schedule - 4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ '000)

Particulars	For the year ended March 31, 2014						For the year ended March 31, 2013					
		Marine						Marine				
	Fire	Marine Cargo	Marine Hull	Marine Total	*Miscel-laneous	Total	Fire	Marine Cargo	Marine Hull	Marine Total	**Miscel-laneous	Total
Employees' remuneration and welfare benefits	93,310	45,513	4,034	49,547	1,419,059	1,561,916	79,875	26,294	3,915	30,209	1,116,642	1,226,726
Travel, conveyance and vehicle running expenses	8,490	2,841	357	3,198	101,974	113,662	8,291	2,275	414	2,689	91,210	102,190
Training expenses	4,354	3,210	174	3,384	102,576	110,314	2,355	1,060	102	1,162	57,031	60,548
Rents, rates and taxes	9,728	9,911	422	10,333	288,028	308,089	11,160	6,959	567	7,526	322,450	341,136
Repairs	4,214	2,078	134	2,212	87,794	94,220	3,257	803	100	903	63,494	67,654
Printing and stationery	3,419	2,169	126	2,295	76,288	82,002	3,204	1,350	129	1,479	74,414	79,097
Communication	2,732	1,738	107	1,845	58,200	62,777	2,940	1,242	135	1,377	62,965	67,282
Legal and professional charges	31,478	25,718	1,140	26,858	870,289	928,625	25,786	12,423	1,107	13,530	654,413	693,729
Auditors' fees, expenses, etc.												
(a) as auditors	95	97	4	101	2,804	3,000	108	67	5	72	3,189	3,369
(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	50	51	2	53	1,482	1,585	51	32	3	35	1,514	1,600
Advertisement and publicity	12,056	10,032	548	10,580	287,600	310,236	12,922	6,812	651	7,463	314,505	334,890
Interest and bank charges	6,313	6,432	274	6,706	186,926	199,945	4,579	2,756	225	2,981	134,343	141,903
Others:												
Electricity expenses	1,855	1,890	81	1,971	54,931	58,757	1,755	1,095	89	1,184	50,718	53,657
Office expenses	934	699	35	734	23,497	25,165	1,136	553	48	601	29,964	31,701
Miscellaneous expenses	10,540	2,417	585	3,002	21,947	35,489	10,321	2,680	633	3,313	45,040	58,674
Service charges	–	–	–	–	107,830	107,830	–	–	–	–	89,124	89,124
Information Technology expenses	5,857	5,433	236	5,669	167,591	179,117	5,832	3,222	266	3,488	174,606	183,926
Postage and courier	3,837	3,449	157	3,606	105,740	113,183	2,834	1,567	134	1,701	80,804	85,339
Loss on sale of assets (net)	47	48	2	50	1,394	1,491	32	20	2	22	925	979
Depreciation	5,397	5,499	234	5,733	159,809	170,939	3,809	2,375	194	2,569	110,045	116,423
Total Operating Expenses	**204,706**	**129,225**	**8,652**	**137,877**	**4,125,759**	**4,468,342**	**180,247**	**73,585**	**8,719**	**82,304**	**3,477,396**	**3,739,947**

Schedule - 4 (Continued)

* Miscellaneous Operating expenses related to Insurance business Break up for the year ended March 31, 2014 (₹ '000)

Particulars	Miscellaneous															
	Motor				Workmens Compen-sation	Public Liability Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others				Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other	Home	Speciality	Weather	Others	
Employees' remuneration and welfare benefits	458,003	246,168	–	704,171	6,432	697	363	23,543	5,724	197,441	383,450	17,925	693	17,168	51,606	9,846	1,419,059
Travel, conveyance and vehicle running expenses	31,040	17,186	–	48,226	369	45	28	1,905	549	13,574	25,406	1,415	43	1,313	8,042	1,059	101,974
Training expenses	34,352	18,142	–	52,494	496	49	21	1,271	202	14,531	27,797	953	55	953	3,090	664	102,576
Rents, rates and taxes	95,381	49,373	–	144,754	1,552	149	58	3,335	416	40,273	80,262	2,623	161	2,691	9,708	2,046	288,028
Repairs	30,414	16,583	–	46,997	330	35	16	1,025	169	12,791	22,097	676	44	659	2,460	495	87,794
Printing and stationery	25,559	13,660	–	39,219	337	34	15	928	153	10,802	19,968	669	39	663	2,928	533	76,288
Communication	19,396	10,333	–	29,729	266	27	12	748	132	8,221	15,476	552	30	545	2,066	396	58,200
Legal and professional charges	293,752	155,203	1,311	450,266	4,101	401	161	9,507	1,161	123,504	231,300	6,929	468	7,044	29,587	5,860	870,289
Auditors' fees, expenses etc																	
(a) as auditors	929	481	–	1,410	15	1	1	32	4	392	782	26	2	26	95	18	2,804
(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	491	254	–	745	8	1	–	17	2	207	413	13	1	14	50	11	1,482
Advertisement and publicity	92,113	47,842	–	139,955	1,520	150	63	3,764	640	39,232	79,338	2,992	154	3,005	14,325	2,462	287,600
Interest and bank charges	61,901	32,042	–	93,943	1,007	97	38	2,164	270	26,137	52,089	1,702	104	1,746	6,301	1,328	186,926
Others:																	
Electricity expenses	18,191	9,416	–	27,607	296	28	11	636	79	7,681	15,308	500	31	513	1,852	389	54,931
Office expenses	7,937	4,205	–	12,142	110	11	5	272	39	3,345	6,273	199	13	200	736	152	23,497
Miscellaneous expenses	1,525	1,181	–	2,706	168	31	32	2,314	978	1,918	9,937	1,992	(1)	1,785	(57)	144	21,947
Service charges	66,951	–	–	66,951	–	–	–	–	–	26,112	14,767	–	–	–	–	–	107,830
Information Technology expenses	56,120	29,313	–	85,433	857	83	33	1,901	236	23,651	45,909	1,449	92	1,482	5,333	1,132	167,591
Postage and courier	35,235	18,408	–	53,643	541	52	21	1,228	163	14,871	28,968	941	58	958	3,560	736	105,740
Loss on sale of assets (net)	461	239	–	700	7	1	–	16	2	195	388	13	1	13	47	11	1,394
Depreciation	52,921	27,394	–	80,315	861	83	32	1,850	231	22,345	44,533	1,455	89	1,493	5,387	1,135	159,809
Total Operating Expenses	**1,382,672**	**697,423**	**1,311**	**2,081,406**	**19,273**	**1,975**	**910**	**56,456**	**11,150**	**587,223**	**1,104,461**	**43,024**	**2,077**	**42,271**	**147,116**	**28,417**	**4,125,759**

Schedule - 4 (Continued)

** Miscellaneous Operating expenses related to Insurance business Break up For the year ended March 31, 2013

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compen-sation	Public Liability Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Others					Total Miscel-laneous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other	Home	Speciality	Weather	Others	
Employees' remuneration and welfare benefits	414,899	156,253	–	571,152	5,559	944	1,039	23,491	4,773	157,223	270,998	13,018	847	14,110	47,877	5,611	1,116,642
Travel, conveyance and vehicle running expenses	30,461	12,095	–	42,556	419	81	115	2,247	614	12,087	21,759	1,290	65	1,388	7,974	615	91,210
Training expenses	21,585	7,769	–	29,354	271	39	23	805	43	7,846	12,725	402	42	443	4,676	362	57,031
Rents, rates and taxes	131,803	44,215	–	176,018	1,850	249	119	4,613	–	46,258	74,360	2,425	242	2,707	12,011	1,598	322,450
Repairs	22,323	9,311	–	31,634	191	32	25	847	99	8,685	14,201	354	51	378	6,586	411	63,494
Printing and stationery	29,197	10,755	–	39,952	346	50	30	1,064	55	10,687	17,336	512	59	562	3,401	360	74,414
Communication	23,388	8,419	–	31,807	304	45	33	971	92	8,551	14,048	506	46	555	5,587	420	62,965
Legal and professional charges	258,410	92,306	1,184	351,900	3,243	453	245	9,182	275	93,243	150,565	4,533	504	5,009	31,932	3,329	654,413
Auditors' fees, expenses, etc																	
(a) as auditors	1,268	425	–	1,693	18	2	1	44	–	445	715	23	2	26	201	19	3,189
(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	602	202	–	804	8	1	1	21	–	211	340	11	1	12	95	9	1,514
Advertisement and publicity	123,708	42,290	–	165,998	1,732	243	149	4,825	258	44,037	71,720	2,582	231	2,861	18,076	1,793	314,505
Interest and bank charges	53,092	17,962	–	71,054	733	99	47	1,846	–	18,722	30,045	960	98	1,071	8,864	804	134,343
Others:																	
Electricity expenses	20,731	6,955	–	27,686	291	39	19	726	–	7,276	11,696	381	38	426	1,889	251	50,718
Office expenses	11,594	4,134	–	15,728	145	20	11	406	9	4,182	6,734	199	23	221	2,109	177	29,964
Miscellaneous expenses	10,902	4,161	–	15,063	365	90	183	2,732	1,101	5,152	12,712	1,837	22	1,973	3,423	387	45,040
Service charges	53,512	–	–	53,512	–	–	–	–	–	21,414	14,198	–	–	–	–	–	89,124
Information Technology expenses	63,996	22,040	–	86,036	855	116	56	2,218	11	22,814	36,512	1,129	120	1,257	22,058	1,424	174,606
Postage and courier	30,355	10,408	–	40,763	412	56	29	1,082	17	10,800	17,358	559	57	622	8,453	596	80,804
Loss on sale of assets (net)	378	127	–	505	5	1	–	13	–	133	213	7	1	8	34	5	925
Depreciation	44,982	15,089	–	60,071	631	85	41	1,574	–	15,787	25,377	828	83	924	4,099	545	110,045
Total Operating Expenses	**1,347,186**	**464,916**	**1,184**	**1,813,286**	**17,378**	**2,645**	**2,166**	**58,707**	**7,347**	**495,553**	**803,612**	**31,556**	**2,532**	**34,553**	**189,345**	**18,716**	**3,477,396**

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

Schedules

Annexed to and forming part of the Balance Sheet

Schedule – 5

SHARE CAPITAL

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '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		
529,284,250 Equity Shares of ₹ 10/- each (Previous year: 528,549,000 Equity Shares of ₹ 10/- each)	**5,292,843**	5,285,490
Subscribed Capital		
529,284,250 Equity Shares of ₹ 10/- each (Previous year: 528,549,000 Equity Shares of ₹ 10/- each)	**5,292,843**	5,285,490
Called-up Capital		
529,284,250 Equity Shares of ₹ 10/- each (Previous year: 528,549,000 Equity Shares of ₹ 10/- each)	**5,292,843**	5,285,490
Less: Calls unpaid	**—**	—
Add: Equity Shares forfeited (Amount originally paid up)	**—**	—
Less: Par Value of Equity Shares bought back	**—**	—
Less: Preliminary Expenses	**—**	—
Total	**5,292,843**	5,285,490

Of the above, 390,732,250 (Previous year 390,640,750) 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, 2014		As at March 31, 2013	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters:				
Indian: Housing Development Finance Corporation Limited	**390,732,250**	**73.82%**	390,640,750	73.91%
Foreign: ERGO International AG	**137,228,000**	**25.93%**	137,228,000	25.96%
Others: Employees	**1,324,000**	**0.25%**	680,250	0.13%
Total	**529,284,250**	**100.00%**	528,549,000	100.00%

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

Schedules

Annexed to and forming part of the Balance Sheet

Schedule – 6

RESERVES AND SURPLUS

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	**2,775,300**	2,772,000
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	**756,669**	—
Total	**3,531,969**	2,772,000

Schedule – 7

BORROWINGS

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
Debentures/Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others:		
OAIS Auto Financial Services Limited (Refer notes 4 and 13 of Schedule 16)	**614**	1,692
Total	**614**	1,692

Schedule – 8

INVESTMENTS (Refer note 9 of schedule 16)

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
LONG-TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	**8,365,039**	6,801,565
Other Approved Securities	**735,396**	731,957
Other Investment:		
Shares		
— Equity	**146,889**	109,059
— Preference	**195,000**	—
Mutual Funds	—	—
Derivative Instruments	—	—
Debentures/Bonds	**6,831,921**	6,536,176
Other Securities (Bank Deposits)	**522,500**	2,162,500
Subsidiaries	—	—
Investment Properties-Real Estate	—	—

Schedules

Annexed to and forming part of the Balance Sheet

Schedule – 8 (Continued)

INVESTMENTS (Refer note 9 of schedule 16)

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
Investments in Infrastructure and Social Sector Bonds	**7,147,994**	3,916,671
Other than Approved Investments		
— Equity Shares	**22,065**	24,454
— Preference Shares and Debentures	**433,118**	196,693
Sub-total A	**24,399,922**	20,479,075
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds		
including Treasury Bills	**981,084**	1,231,243
Other Approved Securities	**250,468**	—
Other Investment:		
Shares		
— Equity	**—**	—
— Preference	**—**	—
Mutual Funds	**20,025**	—
Derivative Instruments	—	—
Debentures/Bonds	**1,452,524**	1,592,548
Other Securities (Commercial Papers and Certificate of Deposits)	**3,230,297**	2,952,575
Subsidiaries	**—**	—
Investment Properties-Real Estate	**—**	—
Investments in Infrastructure and Social Sector Bonds	**1,096,988**	701,546
Other than Approved Investments	**—**	—
Sub-total B	**7,031,386**	6,477,912
Total (A+B)	**31,431,308**	26,956,987

Note:

a) Aggregate value of the investments other than Equity Shares and Mutual Fund

		(₹ '000)	(₹ '000)
Long-term investments —	Book Value	**24,230,968**	20,345,562
	Market Value	**23,749,550**	20,497,668
Short-term investments —	Book Value	**7,011,361**	6,477,912
	Market Value	**7,001,029**	6,484,703

b) Aggregate cost of Investments in Debentures issued by Housing Development Finance Corporation Limited (Holding Company) for the year ended March 31, 2014 was ₹1,099,221 thousand (Previous year: ₹ 1,048,998 thousand).

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 9

LOANS

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property		
(aa) In India	—	—
(bb) Outside India	—	—
(b) On Shares, Bonds, Government Securities	—	—
(c) Others	—	—
Unsecured	—	—
Total	—	—
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
Total	—	—
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	—	—
MATURITY-WISE CLASSIFICATION		
(a) Short-term	—	—
(b) Long-term	—	—
Total	—	—

Schedule – 10
FIXED ASSETS

(₹ '000)

Particulars	Cost/Gross Block				Depreciation/Amortisation				Net Block	
	Opening	Additions	Deductions	Closing	Upto Last Year	For The Year	On Sales/ Adjustments	To Date	As at Year End	Previous Year
Goodwill	–	–	–	–	–	–	–	–	–	–
Intangibles - Computer Software	495,182	139,332	–	634,514	208,519	71,033	–	279,552	354,962	286,663
Leasehold Property	32,480	57,243	–	89,723	19,045	13,734	–	32,779	56,944	13,435
Building	575,856	184,124	–	759,980	24,712	11,779	–	36,491	723,489	551,144
Furniture and Fittings	10,479	86,263	87	96,655	5,003	6,618	31	11,590	85,065	5,476
Information Technology Equipment	342,078	61,186	15,767	387,497	180,209	46,509	15,081	211,637	175,860	161,869
Vehicles	57,525	31,014	–	88,539	9,061	15,224	–	24,285	64,254	48,464
Office Equipment	51,348	69,121	1,202	119,267	13,175	5,206	277	18,104	101,163	38,173
Leased Vehicles	6,347	–	3,712	2,635	5,050	836	3,710	2,176	459	1,297
Total	1,571,295	628,283	20,768	2,178,810	464,774	170,939	19,099	616,614	1,562,196	1,106,521
Capital Work-in-progress (Refer Note 5 of Schedule 16)	5,693	50,226	4,129	51,790	–	–	–	–	51,790	5,693
Grand Total	**1,576,988**	**678,509**	**24,897**	**2,230,600**	**464,774**	**170,939**	**19,099**	**616,614**	**1,613,986**	**1,112,214**
Previous year as at March 31, 2013	1,356,431	249,086	28,529	1,576,988	359,328	116,423	10,977	464,774	1,112,214	

HDFC ERGO GENERAL INSURANCE
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Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 11

CASH AND BANK BALANCES

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
Cash (including cheques, drafts and stamps)	**1,632,376**	1,248,472
Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	—	80,000
(bb) Others	—	—
(b) Current Accounts	**906,601**	463,301
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
Total	**2,538,977**	1,791,773

Schedule - 12

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	—	—
Application money for investments	—	52,996
Prepayments	**205,693**	126,078
Advance to Directors/Officers	—	—
Advance tax paid and taxes deducted at source	**18,539**	17,759
(Net of provision for taxation)		
Others:		
Advances to employees	**1,132**	1,031
Advances to suppliers	**56,674**	51,704
Service Tax unutilized credit	**75,325**	39,179
MAT credit entitlement	**319,236**	—
Sub-total (A)	**676,599**	288,747

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Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 12 (Continued)

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
OTHER ASSETS		
Income accrued on investments	**1,188,546**	860,506
Outstanding Premiums	**1,338,459**	774,502
Agents' Balances	**—**	—
Foreign Agents' Balances	**—**	—
Due from other entities carrying on insurance business (including reinsurers)	**929,102**	788,490
Due from subsidiaries/Holding Company	**—**	—
Deposit with Reserve Bank of India (Pursuant to Section 7 of Insurance Act, 1938)	**—**	—
Others:		
Deposits for premises	**108,774**	71,901
Stock of salvaged cars	**310**	920
Sub-total (B)	**3,565,191**	2,496,319
Total (A+B)	**4,241,790**	2,785,066

Schedule - 13

CURRENT LIABILITIES

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
Agents' Balances	**168,357**	142,982
Balances due to other insurance companies	**4,770,676**	3,495,646
Deposits held on re-insurance ceded	**—**	—
Premiums received in advance	**1,491,589**	1,770,118
Unallocated Premium	**823,989**	740,021
Unclaimed amount of Policyholders (Refer note 29 of Schedule 16)	**148,723**	109,463
Sundry creditors	**1,693,566**	1,232,664
Due to subsidiaries/holding company	**—**	—
Claims Outstanding (Refer notes 23(b) and 28 of Schedule 16)	**10,497,136**	8,571,829
Due to Officers/Directors	**—**	540
Others:		
Service tax liability	**—**	—
Tax deducted at source	**27,325**	24,381
Other statutory dues	**1,746**	664
Total	**19,623,107**	16,088,308

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 14

PROVISIONS

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '000)
Reserve for Unexpired Risk	**11,176,286**	9,366,222
For taxation (less advance tax paid and taxes deducted at source)	**4,950**	—
For proposed dividends	**—**	—
For dividend distribution tax	**—**	—
Others:		
Provision for Employee benefits	**30,364**	25,183
Total	**11,211,600**	9,391,405

Schedule - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at March 31, 2014 (₹ '000)	As at March 31, 2013 (₹ '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

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, 2014, Housing Development Finance Corporation Limited holds 73.82% and ERGO International AG holds 25.93% of paid up capital of the Company respectively. 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, Weather, 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 2014-15 vide its Certificate of Renewal of Registration dated February 25, 2014. The renewed registration is with effect from April 1, 2014 and is valid up to March 31, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These 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 (AS) notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) to the extent applicable.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities.

(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. Instalment cases are recorded on instalment due dates. 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 the 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 fund units, the profit or loss on 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 accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.

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

(d) Reinsurance Ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. 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 reinsurance 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 that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method, or as required by Section 64V(1)(ii)(b) of Insurance Act, 1938 i.e. subject to a minimum of 100% in case of Marine Hull business and 50% in case of other businesses based on Net Premium Written during the year, whichever is higher. As per the Master Circular on preparation of financial statements General Insurance Business the Net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance Sheet date.

(g) Premium Deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.

(h) Claims Incurred

Claims incurred comprises of claims paid (net of salvage and 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) and 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

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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 receivable from reinsurers/coinsurers) are recognized on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the 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 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 as well as appropriateness of the different methods to the different lines of businesses.

The Basic Chain Ladder (BCL) method has been adopted for those lines of business where claims development from the past years is considered to be representative for the future claims development viz. Motor (OD and PA), Personal Accident, Health and Travel Insurance.

The Bornhuetter – Fergusson method has been adopted for Motor Third Party Insurance in respect of classes of vehicles other than commercial vehicles, since reasonable volume of paid claims data is available. In respect of commercial vehicles, the loss ratio approach is adopted since sufficient credible loss experience and/or minimum reliable development data is not available to justify the application of standard actuarial methods.

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 not reasonably sufficient to apply any statistical method. For such classes of business, the liability has been arrived at by using Loss Ratio method by multiplying the Net Earned Premium and the excess of the estimated claims ratio over the actual incurred claims ratio.

(i) Salvage Recoveries

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

(j) Acquisition Costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. 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.

Capital work-in-progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

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 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
Computer Software	16.21%	16.21%
Building	1.63%	1.63%
Furniture and Fittings	6.33%	6.33%
Information Technology Equipment	16.21%	16.21%
Vehicles	20.00%	9.50%
Salvaged Vehicles Capitalised	25.00%	9.50%
Office Equipment	4.75%	4.75%

Leasehold Property is depreciated over the primary lease period. Depreciation is charged on assets, on a *pro-rata* basis, from the date on which the asset is capitalized.

All assets including intangibles individually costing upto ₹ 5,000 are fully depreciated/amortised in the year in which they are acquired.

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 recognized, 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. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

(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 SLM rates prescribed in Schedule XIV to the Companies Act, 1956 is shorter.

(m) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense on straight line basis in the revenue accounts, 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 of foreign currency transactions are included in the Revenue Accounts.

(o) Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as amended and various other circulars/ notifications issued by the 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.

The Investment made by the Company are recognized and reported in aggregate without segregating between Policyholder Fund and Shareholder Fund.

All debt securities and non convertible preference shares 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.

Equity shares actively traded and convertible preference shares as at the balance sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange (NSE) being selected as Primary exchange as required by IRDA circular number IRDA/F&I/INV/CIR/213/10/2013 dated October 30, 2013. However, in case of any stock not being listed in NSE, the same valued based on the last quoted closing price in Bombay Stock Exchange (BSE).

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.

The Company assesses, whether any impairment has occurred on its investments in equity securities or units of mutual fund, at each Balance Sheet date. If any such indication exists, then carrying value of such investment is reduced to its recoverable amount/market value on the Balance Sheet date and the impairment loss is recognized in the Profit and Loss Account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognized in Profit and loss Account, is reversed in Profit and Loss Account and the investment is restated to that extent.

(p) Employee Benefits

(i) Short term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, bonuses, short term compensated absences and other non-monetary benefits are recognized in the period in which the employee renders the related service. All short-term employee benefits are accounted on undiscounted basis.

(ii) Long-term Employee 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.

Defined Contribution Plans

These are plans in which the Company pays predefined 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.

Defined Benefit Plans

Expenses for defined benefit gratuity and supplemental payment plans are calculated as at the Balance Sheet date by independent actuaries using projected unit credit method 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, utilizing 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.

The Company recognizes the net obligation of the scheme in Balance Sheet as an asset or liability in accordance with AS 15 "Employee Benefits". The discount rate used for estimation of liability is based on Government securities yield. Gain or loss arising from change in actuarial assumptions/experience adjustments is recognized in the Revenue Accounts for the period in which they emerge. Expected long term rate of return on assets has been determined based on historical experience and available market information.

(iii) Other Long-term Employee Benefits

Provision for other long-term benefits includes accumulated compensated absences that are entitled to be carried forward for future encashment or availment, at the option of the employer subject to the rules framed by the Company which are expected to be availed or encashed beyond twelve months from the

Balance Sheet date. The Company's liability towards these other long term benefits are accrued and provided for on the basis of an actuarial valuation using projected unit credit method made at the end of the financial year.

(q) Taxation

Income tax expense comprises current tax (i.e. amount of tax payable on the taxable income for the period determined in accordance with the Income tax Act, 1961), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961. 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.

In accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India and in accordance with the provisions of the Income tax Act, 1961, Minimum Alternate Tax ('MAT') credit is recognized as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the Profit and Loss Account and shown as MAT credit entitlement.

(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 the 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) Indian Motor Third Party Insurance Pool (IMTPIP)

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. GIC is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council ("Council"). The pooling amongst all the insurers is achieved through a multi-lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance/reinsurance business. Under the arrangement, GIC's participation shall be to the extent of the statutory cessions from the pool. All the business remaining after deducting such cessions to GIC, is shared amongst members in the same proportion as the total gross direct premium in India of the insurer in respect of all classes of general insurance business for a financial year bears to the total market gross direct premium in India in respect of all classes of general insurance business of all member insurers for that financial year (market share). Operating expenses of the pool incurred by GIC are borne by the members in proportion of their respective market share. The Company accounts for share in the income and expenditure based on the statement of account received from the pool.

IRDA vide its Orders IRDA/NL/ORD/MPL/276/12/2011 dated December 23, 2011, IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012, IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 and IRDA/NL/ORD/MPl/72/03/2012 dated March 22, 2012 ordered for dismantling of IMTPIP with effect from April 1, 2012.

(t) Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP)

The Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) is a multi-lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance business to share the stand alone third party liability insurance for commercial vehicles (Liability only) premium (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) which is considered as declined risk premium and ceded to pool as per the underwriting guidelines submitted every year by each insurer with effect from April 1, 2012. All the insurers underwriting motor insurance business are the members of the IMTPDRIP (“Members”). GIC is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council.

The Company has to cede to the extent of such premium of declined risk premium to the IMTPDRIP after net retention (currently 20%) and obligatory cession as prescribed by the IRDA from time to time. All the premiums ceded to the IMTPDRIP is shared amongst members in the proportion of shortfall of the respective insurers. Shortfall is a difference of mandatory obligation and actual net retention of Liability only premium of the insurer. The mandatory obligation is calculated by applying average of market share (being average of overall market share and market share in respect of motor business) to the total Liability only premium of the industry for every financial year. Operating expenses of the IMTPDRIP incurred by GIC are borne by all the members in proportion to their respective mandatory obligation. The Company effects the settlement of its share in the premium, claims and expenditure based on clean cut settlement statement received from the pool administrator on a quarterly basis. The Company earns 100% of the premium retro ceded from IMTPDRIP in the year of retrocession.

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

(v) Segment Reporting

In case of General insurance business, based on the primary segments identified under Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies)

Regulations, 2002 read with AS 17 on "Segment Reporting" notified in the Companies Act, 1956, the Company has classified and disclosed segment information for Fire, Marine and Miscellaneous lines of business.

There are no reportable geographical segments, since all business is written in India.

The allocation of revenue and expenses to specific segments is done in the following manner, which is applied on a consistent basis.

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 an 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.

(w) Earnings Per Share ("EPS")

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average number of shares considered for deriving basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

(x) 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.

(y) Employee Stock Options Plan ("ESOP")

The Company follows the intrinsic method for computing the compensation cost, for options granted under the Plan. 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.

3. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2014	As at March 31, 2013
1.	Partly paid-up investments	**Nil**	Nil
2.	Underwriting commitments outstanding (in respect of shares and securities)	**Nil**	Nil
3.	Claims, other than those under policies, not acknowledged as debts	**Nil**	Nil
4.	Guarantees given by or on behalf of the Company	**Nil**	Nil
5.	Statutory demands/liabilities in dispute, not provided for	**201**	201
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, 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 ₹ 50,000 thousand) 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 ₹ 51,790 thousand (Previous year ₹ 5,693 thousand)] is ₹ 79,917 thousand (Previous year ₹ 19,042 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	For the year ended March 31, 2014	For the year ended March 31, 2013
Outside India	**426,028**	281,470

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 gross claims outstanding (unsettled) is as under:

(₹ '000)

Particulars	As at March 31, 2014	As at March 31, 2013
More than six months	**6,861,380**	4,869,106
Others	**3,180,223**	3,051,637

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).

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, 2014

Particulars	Basis	Gross Premium (₹ '000's)	Retention (₹ '000's)	Ceded (₹ '000's)	Retention %	Ceded %
Fire	Total sum insured	3,622,769	903,527	2,719,242	25	75
Marine Cargo	Value at Risk	816,423	589,905	226,517	72	28
Marine Hull	Total sum insured	168,753	10,916	157,838	6	94
Miscellaneous						
— Motor	Total sum insured	10,258,538	7,746,728	2,511,810	76	24
— Workmen's Compensation	Value at Risk	78,024	73,811	4,213	95	5
— Public/Product Liability	Value at Risk	22,698	10,966	11,731	48	52
— Engineering	Total sum insured	759,532	202,170	557,362	27	73
— Aviation	Value at Risk	278,062	25,397	252,666	9	91
— Personal Accident	Value at Risk	2,994,050	2,826,028	168,022	94	6
— Health Insurance	Value at Risk	6,184,493	4,586,862	1,597,630	74	26
— Other Liability/Speciality	Value at Risk	1,123,713	308,943	814,771	27	73
— Others	Value at Risk	3,695,695	653,999	3,041,695	18	82

The above excludes Excess of Loss cover reinsurance premium of ₹ 279,858 thousand for the year ended on March 31, 2014.

For the year ended on March 31, 2013

Particulars	Basis	Gross Premium (₹ '000's)	Retention (₹ '000's)	Ceded (₹ '000's)	Retention %	Ceded %
Fire	Total sum insured	3,201,983	760,095	2,441,888	24	76
Marine Cargo	Value at Risk	634,012	281,986	352,026	44	56
Marine Hull	Total sum insured	162,686	15,534	147,152	10	90
Miscellaneous						
— Motor	Total sum insured	8,207,500	7,376,552	830,948	90	10
— Workmen's Compensation	Value at Risk	78,108	70,107	8,001	90	10
— Public/Product Liability	Value at Risk	70,166	13,296	56,870	19	81
— Engineering	Total sum insured	767,987	200,130	567,857	26	74
— Aviation	Value at Risk	297,859	24,763	273,096	8	92
— Personal Accident	Value at Risk	2,536,765	2,266,042	270,723	89	11
— Health Insurance	Value at Risk	5,215,013	3,207,291	2,007,722	62	38
— Other Liability/Speciality	Value at Risk	953,817	214,741	739,076	23	77
— Others	Value at Risk	2,955,488	497,624	2,457,864	17	83

The above excludes Excess of Loss cover reinsurance premium of ₹ 213,099 thousand for the year ended on March 31, 2013.

9. INVESTMENTS

There are no contracts outstanding in relation to purchases where deliveries are pending except for following securities, which have been allotted, however credit in Company's Demat account has been received subsequent to the year end. There are no contracts outstanding in relation to sales where payments are outstanding/overdue at the end of the year.

(₹ '000)

Particulars	Type of Security	As at March 31, 2014	As at March 31, 2013
L&T Finance Holdings Limited	Preference Shares	–	44,504
Corporation Bank	Equity Shares	**2,595**	–
State Bank of Bikaner & Jaipur	Equity Shares	**3,210**	–
Oil India Limited	Equity Shares	**6,626**	–
Total		**12,431**	44,504

Investments made are in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as amended.

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 market value basis:

Mutual Funds – ₹ 20,000 thousand (Previous year ₹ Nil)

Equity Shares – ₹ 161,271 thousand (Previous year ₹ 138,587 thousand)

(₹ '000)

Particulars	As at March 31, 2014	As at March 31, 2013
Aggregate market value of the Investments other than Mutual Fund and Equity	**30,750,579**	26,982,371
Aggregate amortized cost /cost of the Investments other than Mutual Fund and Equity	**31,242,329**	26,823,474

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

(₹ '000)

Particulars	As at March 31, 2014	As at March 31, 2013
8.19% Government of India Securities (Maturity January 16, 2020)	**48,751**	48,592
7.99% Government of India Securities (Maturity July 9, 2017)	**10,075**	10,095
8.33% Government of India Securities (Maturity June 7, 2036)	**19,542**	19,536
5.59% Government of India Securities (Maturity June 4, 2016)	**47,279**	46,184
Total	**125,647**	124,407

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 IRDA.

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

(₹ '000)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salary, perquisites and bonus	**35,208**	28,255
Contribution to Provident Fund	**1,116**	930
Total	**36,324**	29,185

Out of the above ₹ 15,000 thousand (Previous year: ₹ 15,000 thousand) remuneration has been charged to Revenue Accounts and balance has been transferred to Profit and Loss Account. 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 PREMIUM INCOME (GDPI)

Business Sector	For the year ended March 31, 2014		For the year ended March 31, 2013	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	**3,579,359**	**12**	3,860,899	16
Urban	**25,490,509**	**88**	20,671,063	84
Total	**29,069,868**	**100**	24,531,962	100

Social Sector	For the year ended March 31, 2014	For the year ended March 31, 2013
Number of lives	**154,713**	119,036
GDPI (₹ '000)	**11,418**	10,173

12. REINSURANCE REGULATIONS

As per Insurance Regulatory and Development Authority (General Insurance – Reinsurance) Regulations, 2000 (Reinsurance Regulations), prior approval from IRDA is required in case of placement of surplus over and above the domestic reinsurance arrangements with one reinsurer outside India in excess of 10% of the total reinsurance premium ceded. In terms 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:

(₹ '000)

Particulars	As at March 31, 2014	As at March 31, 2013
Total commitment towards minimum lease payments	**641**	1,860
Present value of minimum lease payments	**614**	1,692
Minimum Lease payments		
Not later than one year (Present value ₹ 512 thousand as on 31-03-2014) (Previous year ₹ 1,076 thousand)	**536**	1,219
Later than one year but not later than five years (Present value ₹ 102 thousand as on 31-03-2014) (Previous year ₹ 616 thousand)	**105**	641

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-cancellable lease agreements are as follows:

(₹ '000)

Particulars	As at March 31, 2014	As at March 31, 2013
Not later than one year	**261,152**	229,353
Later than one year but not later than five years	**320,543**	273,736
Later than five years	**—**	—

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 297,447 thousand (Previous year ₹ 237,528 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.

The component of the deferred tax is as under:

(₹ '000)

	As at March 31, 2014	As at March 31, 2013
Deferred Tax Assets:		
Section 43B of Income-tax Act, 1961	**10,320**	943
Rule 6 E of the Income-tax Rules, 1962 (Reserve for unexpired risk)	**3,017**	–
Unabsorbed Depreciation	**–**	135,694
Total	**13,337**	136,637
Deferred Tax Liabilities:		
Depreciation	**171,557**	136,637
Total	**171,557**	136,637
Deferred Tax (Net)	**(158,220)**	Nil

In view of the existence of unabsorbed depreciation as at the previous year end, the recognition of deferred tax assets was restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which was virtually certain.

15. EMPLOYEE STOCK OPTIONS PLAN (ESOP)

The Company had introduced an Employee Stock Options Plan 2009 ("ESOP 2009") in financial year 2009-10. 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 1,048,000 options (Previous year 2,430,000 options) were granted at an exercise price of ₹ 62.50 per option (Previous year ₹ 50 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. Accordingly, during the year 991,250 options (Previous year 780,750 options) were vested out of Tranche I, 262,000 options (Previous year 419,500 options) were vested out of Tranche II and 163,500 options (Previous year Nil options) were vested out of Tranche III

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 intrinsic 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 Accounts and Profit and Loss Account would have been higher by ₹ 28,249 thousand (Previous year ₹ 23,862 thousand) and profit after tax would have been lower by ₹ 24,605 thousand (Previous year ₹ 19,088 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 3.65 and ₹ 3.62 respectively (Previous year ₹ 2.91 and ₹ 2.89 respectively).

Movement in the options under ESOP 2009

(No. of Options)

Particulars	Tranche V		Tranche IV		Tranche III		Tranche II		Tranche I	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Outstanding at the beginning of the year	–	–	2,320,000	–	987,000	1,070,000	2,517,500	2,864,000	2,000,750	2,469,000
Granted during the year	1,048,000	–	–	2,430,000	–	–	–	–	–	–
Exercised during the year	–	–	–	–	82,500	–	434,000	296,500	218,750	452,500
Lapsed during the year	–	–	24,000	110,000	21,000	83,000	10,000	50,000	10,000	15,750
Outstanding at the end of the year	1,048,000	–	2,296,000	2,320,000	883,500	987,000	2,073,500	2,517,500	1,772,000	2,000,750
Unvested at the end of the year	1,048,000	–	2,296,000	2,320,000	883,500	987,000	1,392,000	2,098,000	–	1,220,000
Vested at the end of the year	–	–	–	–	–	–	681,500	419,500	1,772,000	780,750
Weighted average price per option (₹)	62.50	–	50	50	50	50	10	10	10	10

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, Tranche II, Tranche III , Tranche IV and Tranche V as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011, April 24, 2012 and April 30, 2013 are as follows:

Particulars	Tranche V	Tranche IV	Tranche III	Tranche II	Tranche I
Risk-free interest rate	7.64%-7.60%	8.22%-8.49%	8.22%-8.31%	6.92%-7.42%	7.29%-7.72%
Expected life	4-6 years	4-6 years	4-6 years	4-6 years	4-6 years
Expected volatility*	13%	20%	17%	22%	32%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil

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

	Particulars	Fair Value Method	
		As at March 31, 2014	As at March 31, 2013
A	Net Profit After Tax (₹ '000)	1,929,463	1,525,837
B	Less: Preference Dividend	—	—
C	Weighted Average Number of Equity Shares of ₹ 10/- each (Basic) (in '000)	528,756	523,756
D	Weighted Average Number of Equity Shares of ₹ 10/- each (Diluted) (in '000)	533,178	528,212
E	Basic Earnings Per Share (₹)	3.65	2.91
F	Diluted Earnings Per Share (₹)	3.62	2.89

Information in respect of Options outstanding

Particulars	Tranche V		Tranche IV		Tranche III		Tranche II		Tranche I	
	As at March 31, 2014	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013
Exercise Price (₹)	**62.50**	–	**50**	50	**50**	50	**10**	10	**10**	10
No. of Options	**1,048,000**	–	**2,296,000**	2,320,000	**883,500**	987,000	**2,073,500**	2,517,500	**1,772,000**	2,000,750
Weighted Average remaining life	**88 Months**	–	**76 Months**	88 Months	**67 Months**	79 Months	**53 Months**	65 Months	**50 Months**	62 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.

18. EMPLOYEE BENEFITS

(a) Defined Contribution Plan:

(₹ '000)

Expenses on defined contribution plan	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Contribution to Staff Provident Fund	**43,062**	34,590
Contribution to Superannuation Fund	**877**	926
Total	**43,939**	35,516

(b) Defined Benefit Plan – Gratuity:
Disclosures as per AS-15 (Revised) "Employee Benefits" for the year ended on March 31, 2014:

(₹ '000)

Particulars		**March 31, 2014**	March 31, 2013
I.	**Assumptions**		
	Discount Rate	**9.00%**	8.25%
	Rate of increase in Compensation levels	**7.00%**	6.75%
	Rate of Return on Plan Assets p.a.	**7.00%**	8.00%
II.	**Table Showing Change in Benefit Obligation**		
	Net liability as per books (A)	**Nil**	Nil
	Fair value of Assets at the beginning of the year (B)	**44,084**	29,576
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	**Nil**	Nil
	Opening net Liability as per actuarial valuation (A)+(B)+(C)	**44,084**	29,756
	Interest Cost for the year	**3,636**	2,514
	Service Cost for the year	**14,549**	11,920

(₹ '000)

	Particulars	March 31, 2014	March 31, 2013
	Benefits paid during the year	**(1,825)**	(585)
	Actuarial (Gain)/Loss on obligations	**3,025**	659
	Plan Benefit Obligation at the end of the year	**63,469**	44,084
III.	**Tables of Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the beginning of the year	**44,084**	29,576
	Expected Return on Plan Assets for the year	**3,086**	2,366
	Contributions during the year	**18,062**	12,486
	Benefits Paid during the year	**(1,825)**	(585)
	Actuarial Gain/(Loss) on Plan Assets	**63**	241
	Fair Value of Plan Assets at the end of the year	**63,469**	44,084
IV.	**The Amounts to be recognised in the Balance Sheet**		
	Present Value of Obligation	**63,469**	44,084
	Fair Value of Plan Assets	**63,469**	44,084
	Liability Recognised in Balance Sheet	**Nil**	Nil
V.	**Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)**		
	Current Service Cost	**14,549**	11,920
	Interest Cost	**3,636**	2,514
	Expected Return on Plan Assets	**(3,086)**	(2,366)
	Net Actuarial Gain/(Loss) recognised in the year	**2,962**	418
	Actuarial determined charge for the year (A)	**18,062**	12,486
	Shortfall/(Excess) (B)	**Nil**	Nil
	Total Charge as per books (A+B)	**18,062**	12,486
	(expense is disclosed in the line item – Employees' remuneration and welfare benefit)		
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	**18,062**	12,486
	Contribution paid	**(18,062)**	(12,486)
	Closing Net Liability	**Nil**	Nil
VII.	**Actual Return on Plan Assets**		
	Expected return on Plan Assets	**3,086**	2,366
	Actuarial Gain/(Loss) on Plan Assets	**63**	241
	Actual Return on Plan Assets	**3,149**	2,607

Experience Adjustments

(₹ '000)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined Benefit Obligation	**63,469**	44,084	29,576	19,966	13,120
Plan Assets	**63,469**	44,084	29,576	19,940	13,120
Surplus/(Deficit)	**–**	–	–	(26)	–
Experience Adjustment on Plan Liabilities	**(8,366)**	(1,627)	34	2,307	(351)
Experience Adjustment on Plan Assets	**63**	241	(122)	(470)	(52)

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 2014-15, amounts to ₹ 16,695 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 Limited)

Fellow subsidiaries (with whom company has transactions)
HDFC Developers Limited
HDFC Asset Management Company Limited
HDFC Standard Life Insurance Company Limited
HDFC Realty Limited
GRUH Finance Limited
HDFC Sales Private Limited
HDFC Property Ventures Limited
Credila Financial Services Private Limited
HDFC Education and Development Services Private Limited

Entities over which control is exercised
HDFC Investment Trust

Investing Party and its group companies
ERGO International AG
Munich Re

Key Management Personnel and Relatives of Key Management Personnel
Mr. Ritesh Kumar, Managing Director and CEO
Mrs. Reena Kumar (Spouse of Key Management Personnel)
Mr. Amish Kumar Agarwal (Brother of Key Management Personnel)

(b) **Details of Transactions:**

(₹ '000)

Particulars	Holding Company		Fellow Subsidiaries*		Investing Party and its Group Companies		Key Management Personnel (including relatives)	
	Year ended March 31, 2014	Year ended March 31, 2013	**Year ended March 31, 2014**	Year ended March 31, 2013	**Year ended March 31, 2014**	Year ended March 31, 2013	**Year ended March 31, 2014**	Year ended March 31, 2013
INCOME								
Interest, Dividend and Rent-Gross	105,787	79,639	10,001	–	–	–	–	–
Premium from direct business written-net of service tax*	54,734	46,972	96,089	18,098	–	–	32	28
Commission received on Reinsurance ceded	–	–	–	–	695	287	–	–
Claims on Re-insurance ceded	–	–			681	–	–	–
Other Income	172	172	–	–	–	–	–	–
Total	**160,693**	**126,783**	**106,090**	**18,098**	**1,376**	**287**	**32**	**28**
EXPENSES								
Rent, rates and taxes	64,910	49,615	–	–	–	–	–	–
Electricity expenses	3,039	137	–	–	–	–	–	–
Claims paid direct	118	1,272	391	3,223	–	–	–	–
Commission paid	(220)	67	163,226	1,91,286	–	–	–	–
Premium on Reinsurance ceded	–	–	–	–	35,053	26,477	–	–
Dividend	195,366	–	–	–	68,614	–	–	–
Legal and Professional charges	–	–	3,670	381	–	–	–	–
Employees' remuneration and welfare benefits	–	–	–	–	–	–	36,324	29,185
Insurance Premium	–	–	8,970	7,020	–	–	–	–
Others	8,251	373	–	–	–	944	–	–
Total	**271,464**	**51,464**	**176,257**	**201,910**	**103,667**	**27,421**	**36,324**	**29,185**
ASSETS								
Investments	1,099,221	10,48,998	121,989	–	–	–	–	–
Income accrued on investments	58,666	47,193	224	–	–	–	–	–
Total	**1,157,887**	**10,96,191**	**1,22,213**	**–**	**–**	**–**	**–**	**–**
LIABILITIES								
Transactions during the year:								
– Share Capital	–	35,520	–	–	–	12,480	–	100
– Share Premium	–	1,86,480	–	–	–	65,520	–	–
Unallocated premium	5,609	4,795	1,283	556	–	–	–	–
Agents' Balances	(2)	55	16,726	17,550	–	–	–	–
Others	–	–	–	381	–	–	–	–
Balance due to other insurance companies	–	–	–	–	1,583	–	–	–
Total	**5,607**	**2,26,850**	**18,009**	**18,487**	**1,583**	**78,000**	**–**	**100**

* includes transaction with HDFC Investment Trust (Entity over which control is exercised by the Holding Company)

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 2013-2014:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	HDFC Asset Management Company Limited	HDFC Sales Private Limited	HDFC Realty Limited	Munich Re	ERGO International AG	Ritesh Kumar (KMP)
INCOME							
Interest, Dividend and Rent-Gross	–	–	–	–	–	–	–
Premium from direct business written-net of service tax	79,938	6,750	7,044	568	–	–	25
Commission received on Reinsurance ceded	–	–	–	–	695	–	–
Claims on Re-insurance ceded	–	–	–	–	680	–	–
Other Income	–	–	–	–	–	–	–
Total	**79,938**	**6,750**	**7,044**	**568**	**1,375**	**–**	**25**
EXPENSES							
Rent, rates and taxes	–	–	–	–	–	–	–
Electricity expenses	–	–	–	–	–	–	–
Claims paid direct	391	–	–	–	–	–	–
Commission paid	–	–	163,226	–	–	–	–
Premium on Reinsurance ceded	–	–	–	–	35,053	–	–
Dividend	–	–	–	–	–	68,614	–
Legal and Professional charges	–	–	–	3,670	–	–	–
Employees' remuneration and welfare benefits	–	–	–	–	–	–	36,324
Insurance Premium	8,970	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**9,361**	**–**	**163,226**	**3,670**	**35,053**	**68,614**	**36,324**
ASSETS							
Investments	–	–	–	–	–	–	–
Income accrued on investments	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
LIABILITIES							
Unallocated premium	622	–	385	53	–	–	–
Agents' Balances	–	–	16,726	–	–	–	–
Balance due to other insurance companies	–	–	–	–	1,583	–	–
Total	**622**	**–**	**17,111**	**53**	**1,583**	**–**	**–**

Schedule – 16 (Continued)
NOTES TO ACCOUNTS

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 2012-2013:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	HDFC Asset Management Company Limited	HDFC Sales Private Limited	Credila Financial Services Private Limited	Munich Re	ERGO International AG	Ritesh Kumar (KMP)
INCOME							
Interest, Dividend and Rent-Gross	–	–	–	–	–	–	–
Premium from direct business written-net of service tax	2,861	6,950	5,153	450	–	–	18
Commission received on Reinsurance ceded							
Other Income	–	–	–	–	287	–	–
Total	**2,861**	**6,950**	**5,153**	**450**	**287**	**–**	**18**
EXPENSES							
Rent, rates and taxes	–	–	–	–	–	–	–
Electricity expenses	–	–	–	–	–	–	–
Claims paid direct	2,119	–	521	583	–	–	–
Commission paid	–	–	191,286	–	–	–	–
Premium on Reinsurance ceded	–	–	–	–	26,477	–	–
Legal and Professional charges	–	–	–	–	–	–	–
Employees' remuneration and Welfare benefits	–	–	–	–	–	–	29,185
Insurance Premium	7,020	–	–	–	–	–	–
Others	–	–	–	–	944	–	–
Total	**9,139**	**–**	**1,91,807**	**583**	**27,421**	**–**	**29,185**
ASSETS							
Investments	–	–	–	–	–	–	–
Income accrued on investments	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
LIABILITIES							
Transactions during the year:							
– Share Capital	–	–	–	–	–	12,480	–
– Share Premium	–	–	–	–	–	65,520	–
Premiums received in Advance and Unallocated premium	59	–	227	16	–	–	–
Agents' Balances	–	–	–	–	–	–	–
Others	–	–	17,550	–	–	–	–
Total	**59**	**–**	**17,777**	**16**	**–**	**78,000**	**–**

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) (NET)

(a) During the year foreign exchange Gain (Net) earned by the Company is ₹ 18,076 thousand (Previous year ₹ 11,909 thousand).

(b) The year end foreign currency exposure is ₹ Nil (Previous year ₹ 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 March 31, 2013 and for the three quarters ended June 30, 2013, September 30, 2013 and December 31, 2013, the accounts of which were received till the end of the financial year.

(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 The New India Assurance Company Limited 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 0.10% of all the third party premium written as Solatium Fund to the administrator on demand. However, during the year the Company has provided charge to the Revenue Accounts of ₹ 3,689 thousand (Previous year ₹ 2,639 thousand) on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

(c) CONTRIBUTIONS TO ENVIRONMENT RELIEF FUND

During the year, an amount of ₹ 2,618 thousand (Previous year ₹ 2,855 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 2,691 thousand (Previous year ₹ 2,976 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 as amended. The balance amount of ₹ 292 thousand (Previous year ₹ 364 thousand) is included under Sundry Creditors in Schedule 13.

24. EARNINGS PER SHARE (EPS)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
1	Net Profit After Tax for the year (₹ '000)	**1,954,068**	1,544,925
2	Weighted Average No. of Equity Shares for Basic (₹ '000)	**528,756**	523,756
3	Weighted Average No. of Equity Shares for Diluted (₹ '000)	**533,178**	528,212
4	Basic Earnings Per Share (₹)	**3.70**	2.95
5	Diluted Earnings Per Share (₹)	**3.66**	2.92
6	Nominal Value Per Share (₹)	**10.00**	10.00

There are 4,421 thousand (Previous year 4,457 thousand) dilutive potential equity shares outstanding during the year.

25. According to the information available with the Company there are no dues (Previous year ₹ Nil) payable to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2014.

26. Professional fees include payments made for various outsourced services amounting to ₹ 395,150 thousand (Previous year ₹ 199,657 thousand). (Disclosed as per the requirement of IRDA circular no. 067/IRDA/F&A/CIR/MAR-08 dated March 28, 2008).

27. PREMIUM DEFICIENCY

In accordance with Master Circular and Corrigendum on Master Circular on preparation of financial statement issued by IRDA vide circular number IRDA/F&I/CIR/F&A/231/10/2012 dated October 5, 2012 and circular number IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 respectively, in respect of calculation and recognition of Premium deficiency, there is no premium deficiency for the Company on an overall basis.

28. (a) INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP)

IRDA vide its Orders IRDA/NL/ORD/MPL/276/12/2011 dated December 23, 2011, IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012, IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 and IRDA/NL/ORD/MPl/72/03/2012 dated March 22, 2012 ordered for dismantling of IMTPIP w.e.f. April 1, 2012. Based on actuarially estimated liabilities, IRDA had directed the insurance companies to recognize IMTPIP losses at the prescribed percentages of loss ratios for the underwriting years commencing from April 1, 2007 and ending with March 31, 2012.

During the year as a part of clean cut settlement of IMTPIP vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, the Company has paid ₹ 397,002 thousand (Previous year ₹ 127,433 thousand). The balance amount of ₹ 1,313,354 thousand (Previous year ₹ 1,710,360 thousand) is shown as "Balance due to other insurance companies" from claims outstanding and will be paid as per the schedule by June 30, 2014, along with interest due thereon.

Interest, Rent and Dividend income under Miscellaneous segment is net of Interest expenses of ₹ 105,925 thousand (Previous year ₹ 130,417 thousand) on dues to other insurance companies as a part of clean cut settlement of IMTPIP @ 7.5% p.a. vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012.

(b) **INDIAN MOTOR THIRD PARTY DECLINED RISK INSURANCE POOL (IMTPDRIP)**

IRDA vide its orders IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011 and IRDA/NL/ORD/MPL/72/03/2012 dated March 22, 2012, had directed the formation of the Indian Motor Third Party Declined Risk Insurance Pool for standalone third party liability insurance for commercial vehicles (Liability only) (excluding Miscellaneous and special class of vehicles falling under erstwhile All India Motor Tariff) with effect from April 1, 2012.

IRDA vide its order number IRDA/NL/ORD/MPL/223/11/2013 dated November 18, 2013 has directed companies that the net settlement to be done at ultimate loss ratio of 210% for FY 2012-13. Accordingly during the year, the Company has accounted additional loss of ₹ 124,685 thousand.

The Company has accounted the share of loss in the IMTPDRIP for the nine months period from April 1, 2013 to December 31, 2013, on the basis of audited clean cut settlement statement received from the pool administrator. The premiums retro ceded for the period January 1, 2014 to March 31, 2014 are based on management estimates. The Company's share of loss for the twelve months period amounts to ₹ 367,717 thousand (Previous year ₹ 88,995 thousand) including the additional loss for the FY 2012-13 as above.

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

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

30. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES DURING FINANCIAL YEAR 2013-14

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1.	Insurance Regulatory and Development Authority	Non-compliance for not meeting obligatory target in respect of IMTPDRIP for 2012-13 (N.A.)	500 (Nil)	500 Nil	Nil (Nil)
2.	Service Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3.	Income Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4.	Any other Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5.	Enforcement Directorate/Adjudicating Authority/Tribunal or any Authority under FEMA	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6.	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
7.	Penalty awarded by any Court/Tribunal for any matter including claim settlement but excluding compensation	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8.	Securities and Exchange Board of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9.	Competition Commission of India	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10.	Any other Central/State/ Local Government/Statutory Authority	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Previous year's figures are in brackets)

31. Previous year figures have been regrouped in respect of following items for better presentation, understanding and comparable with those of the current year.

(i) Interest expenses on amounts payable to other insurance companies arising out of clean cut settlement of IMTPIP vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, amounting to ₹ 130,417 thousand which was classified under Interest and bank charges under Schedule 4 of Operating Expenses relating to Insurance Business, has been netted off with Interest, Rent and Dividend – Gross in Revenue Account under Miscellaneous segment. As a result Operating expenses related to Insurance Business and Interest, Rent and Dividend –Gross has reduced to the extent of ₹ 130,417 thousand. Under Receipts and Payments Account, the Net Cash Flow from Operating activities has increased to the extent of ₹ 130,417 thousand and Net Cash Flow from Investing Activities has reduced to the same extent.

(ii) Under Receipt and Payments Account, service tax paid on reverse charge has been regrouped from Payments to Re-insurers, net of commission and claims to Service Tax Paid in Net Cash Flow from Operating Activities. As a result, Payments to Re-insurers, net of commission and claims has reduced to the extent of ₹ 746,456 thousand and Service Tax Paid has increased to the same extent.

On behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

Samir H. Shah
Member of Executive Management,
CFO & Company Secretary

Directors

Keki M. Mistry
Renu Sud Karnad
Andreas Kleiner
Mark Lammerskitten

Independent Directors

Jagdish Khattar
Bernhard Steinruecke

MUMBAI,
April 24, 2014

Annexure 1

Segmental Break up of the Balance Sheet as at March 31, 2014

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	Unallocated	Total
Claims Outstanding	189,380	370,026	9,937,730	–	10,497,136
(Refer notes 2(h) and 28(a) and 28(b) of Schedule 16)	(190,882)	(185,656)	(8,195,291)	–	(8,571,829)
Reserve for Unexpired Risk	1,164,067	163,841	9,848,378	–	11,176,286
	(900,316)	(151,009)	(8,314,897)	–	(9,366,222)
Investments	1,311,803	466,216	21,075,686	8,577,603	31,431,308
	(1,087,957)	(336,278)	(18,356,802)	(7,175,950)	(26,956,987)

(Previous year's figures are in brackets)

HDFC ERGO GENERAL INSURANCE
Har pal aapke saath

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen- sation	Public Liability	Product Liability	Other Liabili- ties	Engine- ering	Aviation	Personal Accident	Health	Home	Speci- ality*	Weather	Others	Total
Premium Earned (Net) (Schedule - A)	528,166	501,414	21,363	7,541,207	4,825,448	2,497,827	217,932	78,497	7,529	2,941	132,687	177,458	21,067	2,037,474	4,060,554	8,145	136,146	491,159	103,524	15,849,331
Profit on Sale of Investments	4,647	1,555	100	50,302	12,096	38,206	–	230	22	29	277	705	37	11,385	9,728	29	372	1,121	470	81,009
Interest, Rent and Dividend (Net of Amortisation)	109,706	36,706	2,360	1,081,707	285,593	796,114	–	5,420	530	688	6,551	16,648	882	268,796	229,666	686	8,771	26,495	11,046	1,806,658
Investment Income from Pool	18,882	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	18,882
Other Income	141	143	6	2,087	1,375	712	–	22	2	1	38	48	–	581	1,157	2	39	140	29	4,436
Total Segmental Revenue	**661,542**	**539,818**	**23,829**	**8,675,303**	**5,124,512**	**3,332,859**	**217,932**	**84,169**	**8,083**	**3,659**	**139,553**	**194,859**	**21,986**	**2,318,236**	**4,301,105**	**8,862**	**145,328**	**518,915**	**115,069**	**17,760,316**
Claims Incurred (Net) (Schedule - B)	152,126	580,591	15,092	6,911,070	3,007,769	3,318,963	584,338	32,400	1,314	500	14,139	86,195	10,366	746,561	3,772,476	327	30,068	258,216	138,738	12,750,179
Commission (Net) (Schedule - C)	(268,714)	53,206	(12,140)	170,867	309,209	(138,342)	–	6,622	1,176	654	15,865	(119,127)	3,800	363,244	(419,416)	614	(1,363)	(729,685)	(41,895)	(976,292)
Operating Expenses Related to Insurance Business (Schedule - D)	204,706	129,225	8,652	2,081,406	1,382,672	697,423	1,311	19,273	1,975	910	43,024	56,456	11,150	587,223	1,104,461	2,077	42,271	147,116	28,417	4,468,342
Premium Deficiency	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Segmental Expenditure	**88,118**	**763,022**	**11,604**	**9,163,343**	**4,699,650**	**3,878,044**	**585,649**	**58,295**	**4,465**	**2,064**	**73,028**	**23,524**	**25,316**	**1,697,028**	**4,457,521**	**3,018**	**70,976**	**(324,353)**	**125,260**	**16,242,229**
Segmental Profit/(Loss)	**573,424**	**(223,204)**	**12,225**	**(488,040)**	**424,862**	**(545,185)**	**(367,717)**	**25,874**	**3,618**	**1,595**	**66,525**	**171,335**	**(3,330)**	**621,208**	**(156,416)**	**5,844**	**74,352**	**843,268**	**(10,191)**	**1,518,087**

* 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/ Declined Risk Pool	Workmen's Compen- sation	Public Liability	Product Liability	Other Liabili- ties	Engine- ering	Aviation	Personal Accident	Health	Home	Speci- ality	Weather	Others	Total
PREMIUM EARNED [NET] (Refer notes 7 and 8 of Schedule 16)																				
Premium from direct business written	3,207,319	720,763	153,766	10,040,606	6,351,193	3,689,413	–	78,024	12,257	10,441	556,779	700,730	223,395	2,994,026	6,168,179	7,197	511,584	3,307,759	377,043	29,069,868
Add: Premium on Re-insurance accepted	415,450	95,660	14,987	217,932	–	–	217,932	–	–	–	35,289	58,802	54,667	24	16,314	–	20,061	–	3,696	932,882
Less: Premium on Re-insurance ceded	(2,830,852)	(291,729)	(157,838)	(2,537,295)	(1,605,829)	(931,466)	–	(4,463)	(4,058)	(7,673)	(427,103)	(590,068)	(252,666)	(201,525)	(1,600,242)	(763)	(387,668)	(2,811,481)	(237,931)	(12,343,355)
Net Premium	791,917	524,694	10,915	7,721,243	4,745,364	2,757,947	217,932	73,561	8,199	2,768	164,965	169,464	25,396	2,792,525	4,584,251	6,434	143,977	496,278	142,808	17,659,395
Add/(Less): Adjustment for changes in reserve for unexpired risks	(263,751)	(23,280)	10,448	(180,036)	80,084	(260,120)	–	4,936	(670)	173	(32,278)	7,994	(4,329)	(755,051)	(523,697)	1,711	(7,831)	(5,119)	(39,284)	(1,810,064)
Total Premium Earned	**528,166**	**501,414**	**21,363**	**7,541,207**	**4,825,448**	**2,497,827**	**217,932**	**78,497**	**7,529**	**2,941**	**132,687**	**177,458**	**21,067**	**2,037,474**	**4,060,554**	**8,145**	**136,146**	**491,159**	**103,524**	**15,849,331**

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2014 (Continued)

SCHEDULE - B to Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
CLAIMS INCURRED [NET] (Refer note 6 of Schedule 16)																				
Claims paid direct	846,236	624,134	4,279	5,519,501	3,580,254	1,939,247	–	17,646	767	10,339	3,256	402,901	72,909	851,986	3,915,497	987	26,870	1,771,930	88,945	14,158,183
Add: Claims on Re-insurance accepted	53,579	44,424	–	1,049,188	–	–	1,049,188	–	–	–	–	692	5,709	–	6,929	–	322	–	1,382	1,162,225
Less: Re-insurance ceded	(746,187)	(257,820)	(3,704)	(675,156)	(576,567)	(98,589)	–	(1,980)	(41)	(10,119)	(1,346)	(298,761)	(72,710)	(82,549)	(384,456)	(81)	(20,110)	(1,506,252)	(37,258)	(4,098,530)
Net Claims paid	153,628	410,738	575	5,893,533	3,003,687	1,840,658	1,049,188	15,666	726	220	1,910	104,832	5,908	769,437	3,537,970	906	7,082	265,678	53,069	11,221,878
Add: Claims Outstanding at the end of the year	189,380	346,179	23,847	9,726,733	573,799	7,782,017	1,370,917	40,975	3,373	6,124	24,403	86,742	9,307	316,116	607,580	971	47,562	264,745	116,453	11,810,490
Less: Claims Outstanding at the beginning of the year	(190,882)	(176,326)	(9,330)	(8,709,196)	(569,717)	(6,303,712)	(1,835,767)	(24,241)	(2,785)	(5,844)	(12,174)	(105,379)	(4,849)	(338,992)	(373,074)	(1,550)	(24,576)	(272,207)	(30,784)	(10,282,189)
Total Claims Incurred	**152,126**	**580,591**	**15,092**	**6,911,070**	**3,007,769**	**3,318,963**	**584,338**	**32,400**	**1,314**	**500**	**14,139**	**86,195**	**10,366**	**746,561**	**3,772,476**	**327**	**30,068**	**258,216**	**138,738**	**12,750,179**

SCHEDULE - C to Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
COMMISSION PAID [NET]																				
Commission paid direct	181,465	73,358	3,130	588,606	588,606	–	–	7,259	1,384	1,332	44,649	47,413	2,312	388,679	628,416	707	61,525	400	14,665	2,045,300
Add: Commission paid on Re-insurance accepted	23,926	6,967	112	–	–	–	–	–	–	–	1,298	8,255	6,124	4	1,345	–	2,684	–	26	50,741
Less: Commission received on Re-insurance ceded	(474,105)	(27,119)	(15,382)	(417,739)	(279,397)	(138,342)	–	(637)	(208)	(678)	(30,082)	(174,795)	(4,636)	(25,439)	(1,049,177)	(93)	(65,572)	(730,085)	(56,586)	(3,072,333)
Net commission paid/(received)	**(268,714)**	**53,206**	**(12,140)**	**170,867**	**309,209**	**(138,342)**	**–**	**6,622**	**1,176**	**654**	**15,865**	**(119,127)**	**3,800**	**363,244**	**(419,416)**	**614**	**(1,363)**	**(729,685)**	**(41,895)**	**(976,292)**

HDFC ERGO
GENERAL INSURANCE
Har pal aapke saath

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2014 (Continued)

SCHEDULE - D to Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen- sation	Public Liability	Product Liability	Other Liabili- ties	Engine- ering	Aviation	Personal Accident	Health	Home	Speci- ality	Weather	Others	Total
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees' remuneration and welfare benefits (Refer note 10 of Schedule 16)	93,310	45,513	4,034	704,171	458,003	246,168	–	6,432	697	363	17,925	23,543	5,724	197,441	383,450	693	17,168	51,606	9,846	1,561,916
Travel, conveyance and vehicle running expenses	8,490	2,841	357	48,226	31,040	17,186	–	369	45	28	1,415	1,905	549	13,574	25,406	43	1,313	8,042	1,059	113,662
Training expenses	4,354	3,210	174	52,494	34,352	18,142	–	496	49	21	953	1,271	202	14,531	27,797	55	953	3,090	664	110,314
Rents, rates and taxes	9,728	9,911	422	144,754	95,381	49,373	–	1,552	149	58	2,623	3,335	416	40,273	80,262	161	2,691	9,708	2,046	308,089
Repairs	4,214	2,078	134	46,997	30,414	16,583	–	330	35	16	676	1,025	169	12,791	22,097	44	659	2,460	495	94,220
Printing and stationery	3,419	2,169	126	39,219	25,559	13,660	–	337	34	15	669	928	153	10,802	19,968	39	663	2,928	533	82,002
Communication	2,732	1,738	107	29,729	19,396	10,333	–	266	27	12	552	748	132	8,221	15,476	30	545	2,066	396	62,777
Legal and professional charges	31,478	25,718	1,140	450,266	293,752	155,203	1,311	4,101	401	161	6,929	9,507	1,161	123,504	231,300	468	7,044	29,587	5,860	928,625
Auditors' fees, expenses, etc																				
(a) as auditors	95	97	4	1,410	929	481	–	15	1	1	26	32	4	392	782	2	26	95	18	3,000
(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	50	51	2	745	491	254	–	8	1	–	13	17	2	207	413	1	14	50	11	1,585
Advertisement and publicity	12,056	10,032	548	139,955	92,113	47,842	–	1,520	150	63	2,992	3,764	640	39,232	79,338	154	3,005	14,325	2,462	310,236
Interest and bank charges	6,313	6,432	274	93,943	61,901	32,042	–	1,007	97	38	1,702	2,164	270	26,137	52,089	104	1,746	6,301	1,328	199,945
Others:																				
Electricity expenses	1,855	1,890	81	27,607	18,191	9,416	–	296	28	11	500	636	79	7,681	15,308	31	513	1,852	389	58,757
Office expenses	934	699	35	12,142	7,937	4,205	–	110	11	5	199	272	39	3,345	6,273	13	200	736	152	25,165
Miscellaneous expenses	10,540	2,417	585	2,706	1,525	1,181	–	168	31	32	1,992	2,314	978	1,918	9,937	(1)	1,785	(57)	144	35,489
Service charges	–	–	–	66,951	66,951	–	–	–	–	–	–	–	–	26,112	14,767	–	–	–	–	107,830
Information Technology expenses	5,857	5,433	236	85,433	56,120	29,313	–	857	83	33	1,449	1,901	236	23,651	45,909	92	1,482	5,333	1,132	179,117
Postage and courier	3,837	3,449	157	53,643	35,235	18,408	–	541	52	21	941	1,228	163	14,871	28,968	58	958	3,560	736	113,183
Loss on sale of assets (net)	47	48	2	700	461	239	–	7	1	–	13	16	2	195	388	1	13	47	11	1,491
Depreciation	5,397	5,499	234	80,315	52,921	27,394	–	861	83	32	1,455	1,850	231	22,345	44,533	89	1,493	5,387	1,135	170,939
Total Operating Expenses	**204,706**	**129,225**	**8,652**	**2,081,406**	**1,382,672**	**697,423**	**1,311**	**19,273**	**1,975**	**910**	**43,024**	**56,456**	**11,150**	**587,223**	**1,104,461**	**2,077**	**42,271**	**147,116**	**28,417**	**4,468,342**

HDFC ERGO GENERAL INSURANCE
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SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2013

Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality*	Weather	Others	Total
Premium Earned (Net) (Schedule - A)	380,710	228,428	18,620	6,953,861	4,326,196	1,451,258	1,176,407	60,713	8,158	3,921	79,589	156,227	32,969	1,518,323	2,440,723	7,938	88,853	394,247	52,458	12,425,738
Profit on Sale of Investments	2,936	822	84	35,692	8,990	26,702	–	131	12	20	141	533	25	6,892	5,494	20	192	496	176	53,666
Interest, Rent and Dividend (Net of Amortisation)	81,858	22,919	2,333	864,664	250,634	614,030	–	3,639	332	551	3,934	14,860	709	192,139	153,177	555	5,357	13,828	4,909	1,365,764
Investment Income from Pool	8,160	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	8,160
Other Income	295	184	15	4,642	3,476	1,166	–	49	7	3	64	122	–	1,220	1,961	6	71	317	42	8,998
Total Segmental Revenue	**473,959**	**252,353**	**21,052**	**7,858,859**	**4,589,296**	**2,093,156**	**1,176,407**	**64,532**	**8,509**	**4,495**	**83,728**	**171,742**	**33,703**	**1,718,574**	**2,601,355**	**8,519**	**94,473**	**408,888**	**57,585**	**13,862,326**
Claims Incurred (Net) (Schedule - B)	127,275	264,125	4,015	6,313,475	2,751,756	1,852,925	1,708,794	21,593	2,049	2,223	(2,120)	137,103	4,482	685,328	1,570,622	1,954	8,603	341,222	28,549	9,510,498
Commission (Net) (Schedule - C)	(107,725)	(2,380)	(10,195)	378,216	417,695	(39,479)	–	6,325	992	5,680	8,760	(99,191)	615	280,591	(529,370)	1,342	(5,205)	(573,071)	(15,588)	(660,204)
Operating Expenses Related to Insurance Business (Schedule - D)	180,247	73,585	8,719	1,813,286	1,347,186	464,916	1,184	17,378	2,645	2,166	31,556	58,707	7,347	495,553	803,612	2,532	34,553	189,345	18,716	3,739,947
Premium Deficiency	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Segmental Expenditure	**199,797**	**335,330**	**2,539**	**8,504,977**	**4,516,637**	**2,278,362**	**1,709,978**	**45,296**	**5,686**	**10,069**	**38,196**	**96,619**	**12,444**	**1,461,472**	**1,844,864**	**5,828**	**37,951**	**(42,504)**	**31,677**	**12,590,241**
Segmental Profit/(Loss)	**274,162**	**(82,977)**	**18,513**	**(646,118)**	**72,659**	**(185,206)**	**(533,571)**	**19,236**	**2,823**	**(5,574)**	**45,532**	**75,123**	**21,259**	**257,102**	**756,491**	**2,691**	**56,522**	**451,392**	**25,908**	**1,272,085**

* 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/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
PREMIUM EARNED [NET] (Refer notes 7 and 8 of Schedule 16)																				
Premium from direct business written	2,991,094	605,325	162,454	8,034,376	5,395,537	2,638,839	–	78,108	20,061	47,665	458,373	707,509	248,485	2,536,765	5,215,013	13,992	473,781	2,764,399	174,562	24,531,962
Add: Premium on Re-insurance accepted	210,889	28,687	232	173,124	–	–	173,124	–	2,440	–	4,112	60,478	49,374	–	–	–	17,551	–	2,535	549,422
Less: Premium on Re-insurance ceded	(2,540,375)	(363,023)	(147,758)	(853,235)	(559,001)	(294,234)	–	(8,218)	(13,446)	(43,424)	(369,670)	(601,397)	(273,096)	(307,496)	(2,010,447)	(2,190)	(369,406)	(2,350,032)	(113,109)	(10,366,322)
Net Premium	661,608	270,989	14,928	7,354,265	4,836,536	2,344,605	173,124	69,890	9,055	4,241	92,815	166,590	24,763	2,229,269	3,204,566	11,802	121,926	414,367	63,988	14,715,062
Add/(Less): Adjustment for changes in reserve for unexpired risks	(280,898)	(42,561)	3,692	(400,404)	(510,340)	(893,347)	1,003,283	(9,177)	(897)	(320)	(13,226)	(10,363)	8,206	(710,946)	(763,843)	(3,864)	(33,073)	(20,120)	(11,530)	(2,289,324)
Total Premium Earned	**380,710**	**228,428**	**18,620**	**6,953,861**	**4,326,196**	**1,451,258**	**1,176,407**	**60,713**	**8,158**	**3,921**	**79,589**	**156,227**	**32,969**	**1,518,323**	**2,440,723**	**7,938**	**88,853**	**394,247**	**52,458**	**12,425,738**

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2013 (Continued)

SCHEDULE - B to Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality*	Weather	Others	Total
CLAIMS INCURRED [NET] (Refer note 6 of Schedule 16)																				
Claims paid direct	719,044	526,430	41,208	4,197,278	2,896,368	1,300,910	–	6,113	49	–	3,898	249,039	95,559	625,735	1,747,893	1,116	9,084	641,899	29,830	8,894,175
Add: Claims on Re-insurance accepted	287,005	9,343	–	469,605	–	–	469,605	–	–	–	–	5,215	1,256	–	–	–	–	–	3,155	775,579
Less: Re-insurance ceded	(878,607)	(327,087)	(35,468)	(336,586)	(291,008)	(45,578)	–	(611)	(5)	–	(3,765)	(162,324)	(95,090)	(75,538)	(248,495)	(112)	(8,813)	(555,218)	(12,716)	(2,740,435)
Net Claims paid	127,442	208,686	5,740	4,330,297	2,605,360	1,255,332	469,605	5,502	44	–	133	91,930	1,725	550,197	1,499,398	1,004	271	86,681	20,269	6,929,319
Add: Claims Outstanding at the end of the year	190,882	176,326	9,330	8,709,196	569,717	5,115,991	3,023,488	24,241	2,785	5,844	12,174	105,379	4,849	338,992	373,074	1,550	24,576	272,207	30,784	10,282,189
Less: Claims Outstanding at the beginning of the year	(191,049)	(120,887)	(11,055)	(6,726,018)	(423,321)	(4,518,398)	(1,784,299)	(8,150)	(780)	(3,621)	(14,427)	(60,206)	(2,092)	(203,861)	(301,850)	(600)	(16,244)	(17,666)	(22,504)	(7,701,010)
Total Claims Incurred	**127,275**	**264,125**	**4,015**	**6,313,475**	**2,751,756**	**1,852,925**	**1,708,794**	**21,593**	**2,049**	**2,223**	**(2,120)**	**137,103**	**4,482**	**685,328**	**1,570,622**	**1,954**	**8,603**	**341,222**	**28,549**	**9,510,498**

SCHEDULE - C to Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality*	Weather	Others	Total
COMMISSION PAID [NET]																				
Commission paid direct	179,075	53,747	7,555	495,240	495,240	–	–	7,581	1,696	7,126	39,614	51,277	4,585	329,006	660,112	1,627	57,566	383	9,437	1,905,627
Add: Commission paid on Re-insurance accepted	6,945	1,482	–	–	–	–	–	–	244	–	–	6,956	3,650	–	–	–	1,406	–	25	20,708
Less: Commission received on Re-insurance ceded	(293,745)	(57,609)	(17,750)	(117,024)	(77,545)	(39,479)	–	(1,256)	(948)	(1,446)	(30,854)	(157,424)	(7,620)	(48,415)	(1,189,482)	(285)	(64,177)	(573,454)	(25,050)	(2,586,539)
Net commission paid/(received)	**(107,725)**	**(2,380)**	**(10,195)**	**378,216**	**417,695**	**(39,479)**	**–**	**6,325**	**992**	**5,680**	**8,760**	**(99,191)**	**615**	**280,591**	**(529,370)**	**1,342**	**(5,205)**	**(573,071)**	**(15,588)**	**(660,204)**

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2013 (Continued)

SCHEDULE - D to Annexure 1

(₹ '000)

	Fire	Marine -Cargo	Marine -Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compen-sation	Public Liability	Product Liability	Other Liabili-ties	Engine-ering	Aviation	Personal Accident	Health	Home	Speci-ality*	Weather	Others	Total
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees' remuneration and welfare benefits (Refer note 10 of Schedule 16)	79,875	26,294	3,915	571,152	414,899	156,253	–	5,559	944	1,039	13,018	23,491	4,773	157,223	270,998	847	14,110	47,877	5,611	1,226,726
Travel, conveyance and vehicle running expenses	8,291	2,275	414	42,556	30,461	12,095	–	419	81	115	1,290	2,247	614	12,087	21,759	65	1,388	7,974	615	102,190
Training expenses	2,355	1,060	102	29,354	21,585	7,769	–	271	39	23	402	805	43	7,846	12,725	42	443	4,676	362	60,548
Rents, rates and taxes	11,160	6,959	567	176,018	131,803	44,215	–	1,850	249	119	2,425	4,613	–	46,258	74,360	242	2,707	12,011	1,598	341,136
Repairs	3,257	803	100	31,634	22,323	9,311	–	191	32	25	354	847	99	8,685	14,201	51	378	6,586	411	67,654
Printing and stationery	3,204	1,350	129	39,952	29,197	10,755	–	346	50	30	512	1,064	55	10,687	17,336	59	562	3,401	360	79,097
Communication	2,940	1,242	135	31,807	23,388	8,419	–	304	45	33	506	971	92	8,551	14,048	46	555	5,587	420	67,282
Legal and professional charges	25,786	12,423	1,107	351,900	258,410	92,306	1,184	3,243	453	245	4,533	9,182	275	93,243	150,565	504	5,009	31,932	3,329	693,729
Auditors' fees, expenses etc																				
(a) as auditors	108	67	5	1,693	1,268	425	–	18	2	1	23	44	–	445	715	2	26	201	19	3,369
(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	51	32	3	804	602	202	–	8	1	1	11	21	–	211	340	1	12	95	9	1,600
Advertisement and publicity	12,922	6,812	651	165,998	123,708	42,290	–	1,732	243	149	2,582	4,825	258	44,037	71,720	231	2,861	18,076	1,793	334,890
Interest and bank charges	4,579	2,756	225	71,054	53,092	17,962	–	733	99	47	960	1,846	–	18,722	30,045	98	1,071	8,864	804	141,903
Others:																				
Electricity expenses	1,755	1,095	89	27,686	20,731	6,955	–	291	39	19	381	726	–	7,276	11,696	38	426	1,889	251	53,657
Office expenses	1,136	553	48	15,728	11,594	4,134	–	145	20	11	199	406	9	4,182	6,734	23	221	2,109	177	31,701
Miscellaneous expenses	10,321	2,680	633	15,063	10,902	4,161	–	365	90	183	1,837	2,732	1,101	5,152	12,712	22	1,973	3,423	387	58,674
Service charges	–	–	–	53,512	53,512	–	–	–	–	–	–	–	–	21,414	14,198	–	–	–	–	89,124
Information Technology expenses	5,832	3,222	266	86,036	63,996	22,040	–	855	116	56	1,129	2,218	11	22,814	36,512	120	1,257	22,058	1,424	183,926
Postage & courier	2,834	1,567	134	40,763	30,355	10,408	–	412	56	29	559	1,082	17	10,800	17,358	57	622	8,453	596	85,339
Loss on sale of assets (net)	32	20	2	505	378	127	–	5	1	–	7	13	–	133	213	1	8	34	5	979
Depreciation	3,809	2,375	194	60,071	44,982	15,089	–	631	85	41	828	1,574	–	15,787	25,377	83	924	4,099	545	116,423
Total Operating Expenses	**180,247**	**73,585**	**8,719**	**1,813,286**	**1,347,186**	**464,916**	**1,184**	**17,378**	**2,645**	**2,166**	**31,556**	**58,707**	**7,347**	**495,553**	**803,612**	**2,532**	**34,553**	**189,345**	**18,716**	**3,739,947**

Annexure 2

Ratios for Non-Life Companies

Sr. No.	Performance Ratio	As on March 31, 2014				As on March 31, 2013			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate (refer note 1a and 1b) Gross Premium for Current Year / Gross Premium for Previous Year	7.23%	13.90%	20.29%	18.50%	11.80%	26.08%	37.48%	33.37%
2	Gross Premium to shareholders' fund ratio Gross Premium for Current Year / (Paid up Capital plus Free Reserves)	NA	NA	NA	3.29	NA	NA	NA	3.42
3	Growth rate of shareholders' funds Shareholders' funds as at the current balance sheet date / Shareholders' funds at the previous balance sheet date	NA	NA	NA	23.08%	NA	NA	NA	34.84%
4	Net retention ratio (refer note 1a and 1b) Net Premium / Gross Premium	21.86%	54.37%	64.31%	58.86%	20.66%	35.89%	65.30%	58.67%
5	Net commission ratio (refer note 1a and 1b) Net Commission / Net Premium	-33.93%	7.67%	-4.58%	-5.53%	-16.28%	-4.40%	-3.92%	-4.49%
6	Expenses of Management to gross direct Premium ratio Operating Expenses + Gross Commission/ Gross Premium	12.04%	24.51%	23.66%	22.41%	12.01%	18.70%	24.76%	23.01%
7	Expenses of Management to Net written Premium ratio Operating Expenses + Gross Commission/ Net Premium	48.76%	40.02%	36.21%	36.88%	54.31%	50.23%	37.35%	38.37%
8	Net Incurred Claims to Net Earned Premium Net incurred Claim / Net earned premium	28.80%	113.95%	81.11%	80.45%	33.43%	108.54%	77.26%	76.54%
9	Combined ratio Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium	20.72%	147.36%	101.78%	100.22%	44.39%	132.93%	98.60%	97.47%
10	Technical reserves to net Premium ratio Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Earned Premium	1.71	1.00	1.29	1.30	1.65	1.18	1.32	1.33
11	Underwriting balance ratio Underwriting Profit / Net Premium	0.83	-0.48	-0.04	-0.02	0.48	-0.37	-0.02	-0.01
12	Operating profit ratio Underwriting Profit plus Investment Income / Net Premium	108.57%	-40.36%	7.81%	9.58%	72.01%	-26.09%	9.00%	10.24%
13	Liquid assets to liabilities ratio Liquid Assets of the Insurer / Policyholders' Liabilities	NA	NA	NA	0.42	NA	NA	NA	0.42
14	Net earnings ratio Profit after Tax / Net Premium	NA	NA	NA	11.07%	NA	NA	NA	10.50%
15	Return on net worth Profit After Tax / Net Worth	NA	NA	NA	22.14%	NA	NA	NA	21.55%
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ASM / RSM	NA	NA	NA	1.60	NA	NA	NA	1.61
17	NPA ratio	NA	NA	NA	NA	NA	NA	NA	NA

Annexure 2

Ratios for Non-Life Companies (Continued)

Notes:

1a. Miscellaneous Breakup for the year ended March 31, 2014

Sr. No.	Particulars	Motor				Miscellaneous							Others					Total
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen's Compen-sation	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Others Speciality	Weather	Others	Miscel-laneous
1.	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	17.71%	39.81%	NA	24.97%	-0.11%	-38.90%	-78.10%	-0.96%	-10.10%	18.03%	18.28%	21.47%	-48.56%	7.98%	19.66%	115.99%	20.29%
2.	Net retention ratio Net Premium / Gross Premium	74.72%	74.75%	100.00%	75.27%	94.28%	66.89%	26.51%	22.31%	9.13%	93.27%	74.12%	27.86%	89.40%	27.08%	15.00%	37.51%	64.31%
3.	Net commission ratio Net Commission / Net Premium	6.52%	-5.02%	NA	2.21%	9.00%	14.34%	23.63%	-70.30%	14.96%	13.01%	-9.15%	9.62%	9.54%	-0.95%	-147.03%	-29.34%	-4.58%

1b. Miscellaneous Breakup for the year ended March 31, 2013

Sr. No.	Particulars	Motor				Miscellaneous							Others					Total
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmen's Compen-sation	Public Liability	Product Liability	Engineer-ing	Aviation	Personal Accident	Health Insurance	Other Liability	Home	Others Speciality	Weather	Others	Miiscel-laneous
1.	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	22.46%	14.51%	NA	19.73%	43.05%	28.41%	100.95%	8.58%	9.71%	35.52%	26.73%	1.85%	132.77%	3.74%	525.75%	102.12%	37.48%
2.	Net retention ratio Net Premium / Gross Premium	89.64%	88.85%	100.00%	89.60%	89.48%	40.24%	8.90%	21.69%	8.31%	87.88%	61.45%	20.07%	84.35%	24.82%	14.99%	36.13%	65.30%
3.	Net commission ratio Net Commission / Net Premium	8.64%	-1.68%	NA	5.14%	9.05%	10.96%	133.93%	-59.54%	2.48%	12.59%	-16.52%	9.44%	11.37%	-4.27%	-138.30%	-24.36%	-3.92%

2. Gross Premium represents Gross Direct Premium
3. Net Premium represents Gross Direct Premium including Premium accepted on reinsurance less reinsurance ceded
4. Underwriting Profit represents Segmental Profit / (Loss) excluding Investment Income
5. Liquid Assets represent Cash and Cash Equivalents and Short Term Investments.

HDFC ERGO GENERAL INSURANCE
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Schedule – 16 (Continued)
NOTES TO ACCOUNTS

Summary of Financial Statements

Annexure 3

Sr. No.	Particulars	2013-14 (₹ '000)	2012-13 (₹ '000)	2011-12 (₹ '000)	2010-11 (₹ '000)	2009-10 (₹ '000)
	OPERATING RESULTS					
1	Gross Written Premium	30,002,750	25,081,384	20,744,413	14,078,204	10,046,157
2	Net Premium Income	17,659,395	14,715,062	11,638,807	7,751,407	5,886,820
3	Income from Investments (net)	1,887,667	1,419,430	969,621	507,815	252,595
4	Other Income (includes provision written back)	23,318	17,158	8,394	45,642	78,477
5	**Total Income**	**19,570,380**	**16,151,650**	**12,616,822**	**8,304,864**	**6,217,892**
6	Commission (net)	(976,292)	(660,204)	(435,927)	(386,446)	(374,330)
7	Operating Expenses	4,468,342	3,739,947	2,898,399	2,292,036	1,827,807
8	Net Incurred Claims	12,750,179	9,510,498	8,443,687	5,322,964	3,958,634
9	Change in Unexpired Risk Reserve	1,810,064	2,289,324	2,494,081	1,687,826	1,886,263
10	**Operating Profit/(Loss)**	**1,518,087**	**1,272,085**	**(783,418)**	**(611,516)**	**(1,080,482)**
	NON-OPERATING RESULTS					
11	Total Income under shareholders' Account	725,033	547,107	386,460	247,241	136,313
12	Profit/(Loss) before tax	2,243,120	1,819,192	(396,958)	(364,275)	(944,606)
13	Provision for tax	289,052	274,267	–	–	(1,582)
14	Profit/(Loss) after tax	1,954,068	1,544,925	(396,958)	(364,275)	(943,024)
	MISCELLANEOUS					
15	Policyholders' Account:					
	Total Funds	–	–	–	–	–
	Total Investments	–	–	–	–	–
	Yield on Investments	–	–	–	–	–
16	Shareholders' Account:					
	Total Funds	8,824,812	7,169,709	5,317,294	4,234,252	2,478,527
	Total Investments	31,431,308	26,956,987	18,877,613	12,236,121	6,236,769
	Yield on Investments	8.7%	8.7%	8.7%	7.8%	8.1%
17	Paid-up equity capital	5,292,843	5,285,490	5,230,000	4,860,000	4,150,000
18	Net worth	8,824,812	7,169,709	5,317,294	4,234,252	2,478,527
19	Total Assets	8,824,812	7,169,709	5,317,294	4,234,252	2,478,527
20	Yield on Total Investments	8.7%	8.7%	8.7%	7.8%	8.1%
21	Earnings per Share (₹)	3.70	2.95	(0.79)	(0.78)	(3.01)
22	Book Value per Share (₹)	16.67	13.56	10.17	8.71	5.97
23	Total Dividend	264,642	–	–	–	–
24	Dividend per Share (₹)	0.50	–	–	–	–

Schedule – 16 (Continued)
NOTES TO ACCOUNTS

Annexure 4

Statement showing the Age-wise Analysis of the Unclaimed amount of Policyholders

(₹ '000)

Particulars	Total Amount	AGE-WISE ANALYSIS							
		1-3 months	4-6 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	9,151 (7,279)	1,055 (396)	788 (282)	1,274 (308)	767 (1,318)	294 (1,262)	1,099 (1,426)	1,158 (1,601)	2,716 (686)
Cheques issued but not encashed by the policyholder/insured (Refer note below) – Premium	22,388 (15,870)	– –	1,712 (2,259)	4,812 (3,303)	2,755 (2,608)	2,944 (2,140)	2,496 (1,083)	2,131 (634)	5,538 (3,843)
– Claims	117,184 (86,314)	– –	14,799 (19,123)	20,057 (18,126)	22,235 (7,520)	13,217 (11,572)	6,907 (10,773)	10,764 (5,419)	29,205 (13,781)
TOTAL	**148,723 (109,463)**	**1,055 (396)**	**17,299 (21,664)**	**26,143 (21,737)**	**25,757 (11,446)**	**16,455 (14,974)**	**10,502 (13,282)**	**14,053 (7,654)**	**37,459 (18,310)**

Note: Above excludes an amount of ₹ 782,198 thousand (Previous year ₹ 510,303 thousand) under ageing 1–3 months in respect of cheques issued but not encashed by the policyholders.

(Previous year's figures are in brackets)

Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority (IRDA) (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, 2015.
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, 2014 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 the 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", "Investments", "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" except debt securities which are stated at cost/amortised cost .
7. The Company is exposed to a variety of risks associated with general insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary.

   The Company has, through an appropriate reinsurance program, kept its risk exposure at a level commensurate with its capacity.
8. The Company does not have operations outside India.
9. a. For ageing analysis of claims outstanding (excluding provision for IBNR/IBNER and claims relating to inward re-insurance from terrorism pool and the Indian Motor Pool Third Party Insurance Pool and Indian Motor Third Party Declined Risk 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, 2014:

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
1.	Mr. DEEPAK S. PAREKH	HDFC LIMITED	Chairman	271,465
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	10,948
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	9,361
		MAHINDRA & MAHINDRA LIMITED	Director	12,289
		THE INDIAN HOTELS COMPANY LIMITED	Director	5,943
		EXIDE INDUSTRIES LIMITED	Alternate Director	11,820
		ZODIAC CLOTHING CO. LTD.	Alternate Director	16

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 LIMITED	Vice Chairman and CEO	271,465
		HDFC BANK LIMITED	Director	1,216,902
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	9,361
		NEXT GEN PUBLISHING LIMITED	Director	480
		HCL TECHNOLOGIES	Director	4,866
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	2,430
		THE GREAT EASTERN SHIPPING COMPANY LIMITED	Director	121
		PRICE WATERHOUSE COOPERS	India Advisory Board - Member	79
		TORRENT POWER LIMITED	Director	1,565
3.	Ms. RENU SUD KARNAD	HDFC LIMITED	Director	271,465
		HDFC BANK LIMITED	Director	1,216,902
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	9,361
4.	Dr. JAGDISH KHATTAR	CARNATION AUTO INDIA PVT. LIMITED	Chairman & MD	3,606
		HINDALCO INDUSTRIES LIMITED	Director in casual Vacancy	39,484
5.	Mr. ANDREAS KLEINER	ERGO INTERNATIONAL AG	Director	68,614
6.	Mr. BERNHARD STEINRUECKE	APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED	Director	194,329
		ZODIAC CLOTHING CO. LTD.	Director	16
		INDO-GERMAN CHAMBER OF COMMERCE	Director - General	1,458

11. We certify that all debt securities and non convertible preference shares 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 date are stated at fair value, being the last quoted closing price on the National Stock Exchange (NSE) being selected as Primary exchange as required by IRDA circular number IRDA/F&I/INV/CIR/213/10/2013 dated October 30, 2013. However, in case of any stock not being listed in NSE, the same being valued based on the last quoted closing price in Bombay Stock Exchange (BSE).

    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.

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:

    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 to the extent applicable and the Accounting Standards (AS) notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) to the extent applicable 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, 2014 and of the operating profit 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 has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

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
Member of Executive Management,
CFO and Company Secretary

MUMBAI
April 24, 2014

HDFC ERGO GENERAL INSURANCE
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Annexure 1

Outstanding Ageing Analysis as on March 31, 2014 (F.Y. 2013-14)

(₹ '000)

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	60	315,986	989	63,547	3	1,660	3,764	267,653	745	154,844	6,340	191,961	1,141	329,482	13,042	1,325,133
31 days to 6 months	69	205,305	390	162,445	5	19,528	1,854	236,533	2,898	894,309	1,094	63,588	766	273,382	7,076	1,855,089
6 months to 1 year	43	340,009	36	61,899	5	45,185	217	77,840	2,603	871,278	38	1,407	325	848,354	3,267	2,245,972
1 year to 5 years	17	432,942	12	103,328	3	27,757	111	44,988	9,278	2,830,481	–	–	696	1,058,016	10,117	4,497,512
5 years and above	–	–	1	2,082	–	–	–	–	350	101,183	–	–	–	14,630	351	117,895
Total	**189**	**1,294,243**	**1,428**	**393,301**	**16**	**94,129**	**5,946**	**627,014**	**15,874**	**4,852,095**	**7,472**	**256,956**	**2,928**	**2,523,864**	**33,853**	**10,041,603**

Outstanding Ageing Analysis as on March 31, 2013 (F.Y. 2012-13)

(₹ '000)

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	37	33,936	928	41,580	1	15	3,624	206,648	819	197,393	3,770	107,527	1,168	160,516	10,347	747,615
31 days to 6 months	84	307,295	754	85,445	1	6,435	1,674	187,352	3,538	823,674	867	58,311	968	835,509	7,886	2,304,021
6 months to 1 year	62	487,624	75	51,785	1	1,010	152	68,263	2,792	702,445	105	2,611	567	241,201	3,754	1,554,939
1 year to 5 years	16	346,014	14	148,938	1	21,833	62	36,790	7,580	1,862,256	2	31	154	836,451	7,829	3,252,314
5 years and above	–	–	1	22	–	–	–	–	283	61,832	–	–	–	–	284	61,854
Total	**199**	**1,174,870**	**1,772**	**327,771**	**4**	**29,293**	**5,512**	**499,054**	**15,012**	**3,647,599**	**4,744**	**168,480**	**2,857**	**2,073,677**	**30,100**	**7,920,743**

Outstanding Ageing Analysis as on March 31, 2012 (F.Y. 2011-12)

(₹ '000)

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	51	65,919	758	37,783	1	231	3,792	186,891	1,027	206,740	2,037	68,476	703	70,973	8,369	637,013
31 days to 6 months	157	778,644	589	109,527	4	2,907	1,824	172,289	3,205	623,492	963	46,267	726	166,725	7,468	1,899,851
6 months to 1 year	57	154,821	115	146,737	2	9,797	112	48,302	2,966	579,345	9	136	155	397,684	3,416	1,336,822
1 year to 5 years	5	324,296	23	26,495	0	13,232	49	21,444	4,579	947,590	2	122	89	522,600	4,747	1,855,779
5 years and above	1	2,500	1	22	0	0	–	–	235	43,498	–	–	–	–	237	46,020
Total	**271**	**1,326,180**	**1,486**	**320,564**	**7**	**26,167**	**5,777**	**428,926**	**12,012**	**2,400,665**	**3,011**	**115,001**	**1,673**	**1,157,982**	**24,237**	**5,775,486**

Outstanding Ageing Analysis as on March 31, 2011 (F. Y. 2010-11)

(₹ '000)

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	246	24,287	0	0	3,021	98,459	717	146,628	3,083	161,800	606	86,485	7,700	750,235
31 days to 6 months	65	911,719	199	31,409	4	68,428	1,614	116,532	2,769	476,807	1,143	41,867	663	165,044	6,457	1,811,807
6 months to 1 year	35	133,172	44	13,439	0	0	99	35,068	1,474	241,898	68	3,296	184	137,498	1,904	564,372
1 year to 5 years	13	184,419	6	12,902	0	0	41	17,015	1,966	306,820	6	242	28	38,925	2,060	560,323
5 years and above	–	–	2	5,022	0	0	–	–	173	18,987	–	–	–	–	175	24,009
Total	**140**	**1,461,886**	**497**	**87,059**	**4**	**68,428**	**4,775**	**267,075**	**7,099**	**1,191,140**	**4,300**	**207,206**	**1,481**	**427,952**	**18,296**	**3,710,747**

Outstanding Ageing Analysis as on March 31, 2010 (F. Y. 2009-10)

(₹ '000)

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	101	11,433	1	180,056	1,709	44,694	194	28,356	4,869	253,313	349	28,305	7,246	691,280
31days to 6 months	31	221,403	94	25,961	1	1,010	745	52,070	806	126,504	1,693	55,858	389	103,096	3,759	585,903
6 months to 1 year	15	18,105	35	4,256	0	–	28	10,280	479	71,544	88	1,648	101	23,345	746	129,179
1 year to 5 years	3	19,242	4	7,252	0	–	25	2,119	892	131,180	–	–	23	20,003	947	179,796
5 years and above	–	–	–	–	0	–	–	–	50	7,287	–	–	–	–	50	7,287
Total	**72**	**403,875**	**234**	**48,902**	**2**	**181,066**	**2,507**	**109,163**	**2,421**	**364,871**	**6,650**	**310,819**	**862**	**174,749**	**12,748**	**1,593,445**

Annexure to Management Report

Annexure - 2

Average Claim Settlement Time

	F.Y. 2013-14		F.Y. 2012-13		F.Y. 2011-12		F.Y. 2010-11		F.Y 2009-10	
Line of Business	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	541	166	389	191	397	161	345	142	114	152
Marine (Cargo)	17,495	66	14,944	55	5,105	68	3,116	69	628	123
Marine (Hull)	4	420	5	304	3	419	11	137	–	–
Motor OD	105,187	22	97,488	23	87,219	30	74,761	33	54,236	31
Workmen's Compensation	58	159	33	104	16	121	3	262	3	109
Public liability	7	70	3	23	5	136	–	–	1	191
Product Liability	–	–	–	–	–	–	–	–	–	–
Speciality/Other Liability	7	352	13	42	11	52	163	16	87	39
Engineering	1,496	69	1,382	69	997	56	824	75	707	105
Personal Accident	7,652	49	6,487	38	4,431	46	2,236	60	1,546	51
Health	176,188	19	80,174	26	51,079	32	127,841	37	151,821	25
Travel Insurance	10,293	31	7,833	30	3,604	54	920	78	2,042	85
Home	8	164	4	98	2	339	7	176	7	189
Weather Insurance	1,687	20	19,670	100	5,841	1	15	6	–	–
Others	1,656	29	534	90	2,064	37	1,160	34	433	127
Total	**322,279**		**228,959**		**160,774**		**211,402**		**211,625**	

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

HDFC ERGO GENERAL INSURANCE
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Glossary

Sr. No.	Terms	**Description**
1.	Accretion	Incremental growth over a period of time.
2.	Actuary	A qualified professional who applies probability and other statistical theories to insurance. His work covers rates, reserves and other valuations, 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 uncollectible 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 risk.
7.	Claim Disposal Ratio	Proportion of number of claims settled to total number of claims reported.
8.	Co-insurance	Sharing of the 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 a later tax period.
13.	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14.	Expense ratio	Expense ratio is a proportion of the sum of all expenses (acquisition & operating) and net commission received on reinsurance to 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 Fund investments.
16.	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.
17.	▪Incurred But Not Reported (IBNR)	IBNR : A reserve created by insurer and certified by an Actuary to cover the estimated cost of losses that might have incurred but not yet reported.
	▪Incurred But Not Enough Reported (IBNR)	IBNER: Losses that might have incurred but have not yet been enough reported.
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	Proportion of incurred claims to premiums earned during a period.

20.	Industry Market Share	Proportion of gross written premium of an insurer to the total gross premium written of the general insurance industry - expressed as a percentage.
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	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 risks 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 an insurance policy.
30.	Premium Deficiency	Premium deficiency is recognised as the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risks.
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 on its own 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 a Reinsurance Treaty, 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 applications/ proposals submitted for insurance or reinsurance coverage and deciding whether to provide all or part of the coverage requested and determining the applicable premium.
38.	Unexpired Risks Reserve	Portion of premium with respect to the unexpired insurance contracts as at the end of the period.

Note: The definitions of the ratios in the glossary above are use in this report unless specifically defined otherwise.

HDFC ERGO
GENERAL INSURANCE
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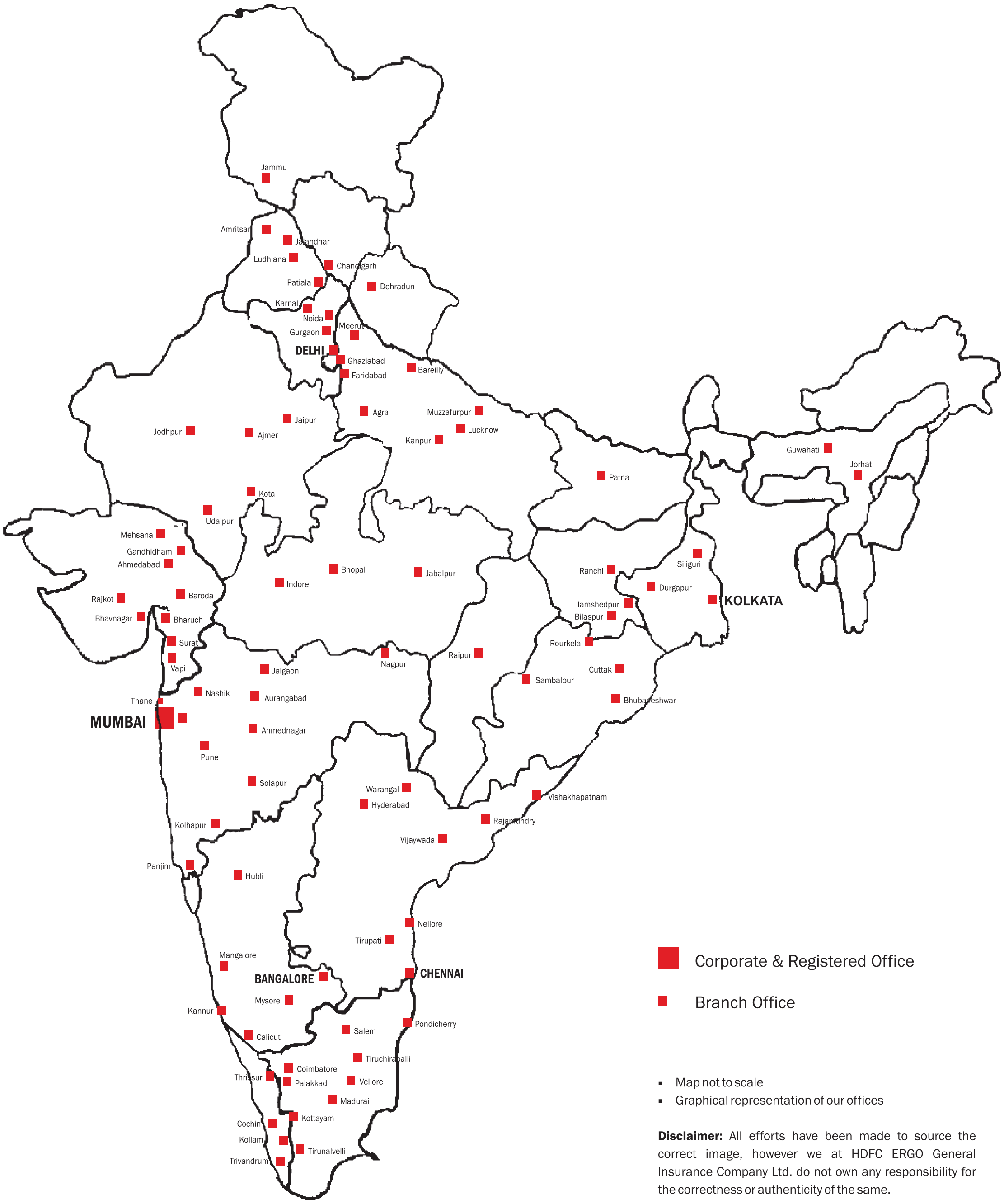
Branch Network

HDFC ERGO's Network - 108 Branches



Corporate & Registered Office

Branch Office

- Map not to scale
- Graphical representation of our offices

Disclaimer: All efforts have been made to source the correct image, however we at HDFC ERGO General Insurance Company Ltd. do not own any responsibility for the correctness or authenticity of the same.

Our Products

Retail Products

- Motor Insurance
- Health Insurance
- Travel Insurance
- Home Insurance
- Personal Accident

Rural Product

- Gramin Suraksha Bima
- Parivar Suraksha Bima
- Cattle Insurance
- Weather Insurance

Commercial Products

Liability Insurance

Casualty Lines

- Product Liability
- Public Liability and Public Liability Act
- Errors and Omission (Tech)
- Commercial General Liability
- Workmen's Compensation Insurance
- Professional Indemnity

Financial Lines

- Directors and Officers Liability
- Venture Capital Asset Protection
- Employment Practices Liability
- Multimedia Liability Insurance
- Commercial Crime Insurance

Property Insurance

- Fire
- Engineering
- Port Package
- Aviation
- Marine Cargo and Hull

Accident and Health Insurance

- Group Travel
- Group Mediclaim
- Group Personal Accident

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