

Happiness is a journey.
And we're with you, all the way.

Take it easy!

**HDFC
ERGO**

GENERAL INSURANCE

Har pal aapke saath



13th Annual Report 2014-15

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



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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CSR Initiatives

Water ATM Installation



Karnataka



Bihar



Jharkhand



Maharashtra

Activities taken up in Uttarakhand



Spice Cultivation



Training on Spice Cultivation



Forming Self help Groups



Self help Group Meeting

Construction of Toilets in Rajasthan & Maharashtra



Medical Equipments - Prince Aly Khan Hospital



Chairman's message



“ Insurance-led social security schemes would build a strong foundation to the unfolding growth story that India is. ”

Deepak S. Parekh
Chairman

The year began with a new Government at the centre and several expectations given the decisive mandate it obtained in the parliamentary elections. The expectations were largely built around an improvement in governance, reviving the investment cycle, building out infrastructure, increasing foreign direct investment (FDI) and focusing on job creation and skill development. Today, India is in a much better position on many macro economic parameters. A fall in commodity prices, especially crude oil has benefitted the economy. In addition, various measures taken by the Government and the Reserve Bank of India have helped ease inflationary pressures.

The year saw the bottoming out of the slowdown in auto sales and early signs of a recovery. The restarting of mining operations in many states should further revive demand in the commercial vehicle segment. The Government's thrust on "Make in India" should see fresh investments in many areas. Sectors such as defence, railways and roads are likely to witness significant activity in the near future. The launch of some key financial inclusion initiatives including insurance-led social security schemes will hold the Indian economy in good stead.

In FY15, the General Insurance sector (excluding specialised companies) grew by 10.6%, slower than in previous years. However, with the expected turnaround in the economy, the industry is likely to regain its growth momentum. Motor and Health continue to be the key growth drivers for the industry.

On the regulatory front, there have been several initiatives. The Insurance Laws (Amendment) Bill, 2015, was finally passed by both houses of Parliament. The Act now facilitates the long-awaited increase in FDI in the insurance sector from 26% to 49%. Foreign reinsurers are being allowed to operate in India by setting up branches. The Act also places obligations on insurance companies to compulsorily underwrite a certain portion of insurance business in third party risks of motor vehicles. Further, with a view to deepen insurance penetration, corporate agency guidelines are moving towards a more open architecture, allowing corporate agents to sell insurance policies of different insurance companies.

During the year, the Company maintained its market share of 4%, with gross written premium of ₹ 3,257 crore. However, profits during the year were impacted due to two natural catastrophes and losses on the motor business, though corrective actions have now been taken.

Since inception, the Company has operated on its value principles of 'Sensitivity, Excellence, Ethics and Dynamism' and continues to invest in technology-driven initiatives for superior customer service delivery. I take this opportunity to thank all the stakeholders for their support towards the Company, despite the very challenging business environment.

Deepak S. Parekh
Chairman

MD & CEO's message



“ The Company achieved GWP of ₹ 3,257 Cr., registering growth rate of 9.5%. ”

Ritesh Kumar
MD & CEO

FY15 started with a lot of hope and expectation of growth in economic activity. However, the economy grew at about 7.4% for FY15, marginally higher than 6.9% in FY14. The new federal Government has proposed a number of measures which we believe are positive and would see the Indian economy move towards its potentially higher growth rates in the coming years.

The General Insurance industry witnessed lower growth rate of 10.6% in FY15 as compared to 12.7% in FY14. Over the last few years, the growth rate has been trending downwards, dropping from a high of 23.2% in the FY12 to 10.6% in FY15. Health and Motor continue to be the growth segments for the industry. Health insurance grew by 15.6% while Motor insurance grew by 10.8%. The growth in motor insurance largely came from growth in motor third party which had seen a pricing correction of 20% in passenger car and commercial vehicles. The growth rate in Fire & Engineering segment at 5.7% was lower than GDP growth rate which is a reflection of the current economic environment.

Despite very challenging environment, your Company closed the year with gross written premium of ₹ 3,257 crore compared to ₹ 3,000 crore in FY14, registering a growth of 9.5%. Your Company maintained its market share at 4% and its leading market position in personal accident business. The Retail Business grew at 17% while the Corporate Business de-grew by 9%. The de-growth in the Corporate Business was on account of some corrective measures taken on the group health portfolio with the rest of the Corporate Business registering a healthy growth rate of 15%. Rural and Agri Business grew at 23% making us a significant player in this segment. The year witnessed losses from two catastrophic events i.e. floods in Jammu & Kashmir and the Cyclone Hudhud in the state of Andhra Pradesh. This was compounded by some adverse loss development in the motor portfolio where appropriate corrective action has already been taken. In FY15, your Company paid claims of over ₹ 1,190 crore to its valued customers. Combination of these factors resulted in a combined ratio of 108.6% as against 100.3% in FY14. Over all, the Company closed the year with PAT of ₹ 104 crore as compared to ₹ 195 crore in the FY14. Your Company declared an interim dividend of 7.5% for FY15.

During the year, your Company sold over 4.2 million policies through its 108 branches and various channel partners. The Company has put in place robust systems in place resulting in around 89% of these policies being issued in automated mode. The Company has taken a number of customer centric initiatives and is working on the path to become a digital insurer. The Company has developed processes around mobile and IVR technologies to empower customers and channel partners to get services anywhere and anytime. The Company runs several awareness programs by educating customers and channel partners on these initiatives for better delivery of these services.

I take this opportunity to thank all our stakeholders for the contribution made in this challenging business environment and look forward to the continued support with expected improvement in economic activity.

Ritesh Kumar
MD & CEO

Company Highlights

- 4th largest General Insurance Company in private sector and 3rd largest in Non-Motor.
- Gross Written Premium growth for the last 5 years is 27%.
- Overall market share grew from 1.1% in 2008-09 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 2000+ professionals.
- Company continued to be compliant on Expense Ratio and Solvency Ratio.
- Servicing more than 4.2 million policies.

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. Mehernosh B. Kapadia
(w.e.f. October 17, 2014)

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. Sanjay Kaw

Mr. Mehmood Mansoori

Mr. Samir H. Shah

Mr. Sanjiv Sharma

Mr. Anuj Tyagi

Auditors

A. F. Ferguson Associates
Chartered Accountants

B. K. Khare & Co.
Chartered Accountants

Appointed Actuary

Mr. Anurag Rastogi
(w.e.f. July 1, 2014)

Mr. Antonio Ferreiro
(Upto June 30, 2014)

Bankers

HDFC Bank Ltd.

Company Secretary

Mr. Dayananda V. Shetty
(w.e.f. April 25, 2014)

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.
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 time 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 HDFC. 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 & Chief Executive Officer of HDFC w.e.f. January 1, 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 w.e.f. 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), VlerickLeuvenGentManagementSchool (Belgium) and HEC Montréal (Canada). He has an experience of over 21 years in the insurance industry across different functions as well as 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 (1996-2003).



Mr. Mark Lammerskitten is the CEO of ERGO Insurance N.V. (Belgium). 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. Mr. Lammerskitten was Managing Director India and Turkey and Greece for ERGO International AG until he joined the current assignment w.e.f. April 2015.



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. Dr. Khattar was recognized by various channels for his contribution to the automobile industry. In 2003, he received Entrepreneur Manager award from E&Y. He was awarded prestigious Founders' Award 2008 by JD Powers & Associates, only in India and fourth international CEO of an auto company to be recognized in the last 50 years. An Honours graduate in Arts from St. Stephens college, Delhi University, Dr. 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 - Memoirs of a Civil Servant Turned Entrepreneur" was released nationwide. Dr. Khattar was appointed as an Independent Director of the Company for a period of 5 years w.e.f. July 21, 2014.



Mr. Bernhard 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 passed his Bar exam at the High Court of Hamburg in 1983. Mr. Steinruecke was the former Co-CEO of Deutsche Bank India and Co-Owner and Speaker of the Board of ABC Privatkunden-Bank, Berlin. Mr. Steinruecke was appointed as an Independent Director of the Company for a period of 5 years w.e.f. July 21, 2014.



Mr. Mehernosh B. Kapadia is appointed as an Independent Director of the Company w.e.f. October 17, 2014. He holds a Master's degree in Commerce (Honours) and is a Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. Most of his corporate career of 34 years has been with GlaxoSmithKline Pharmaceuticals Limited (GSK) where he has worked for over 27 years. He retired as the Senior Executive Director and Chief Financial Officer of GSK w.e.f. December 1, 2014. Over the years, he has been responsible for an extensive range of finance and company secretarial matters. He has also held management responsibility for other functions during his tenure with GSK, including Investor Relations, Legal and Compliance, Corporate Affairs, Corporate Communications, Administration and Information Technology and held the position of Company Secretary for many years.



Mr. Mukesh Kumar is an Arts graduate from Allahabad University. Mr. Mukesh Kumar has about 34 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. Mr. Mukesh Kumar was appointed as a Whole-time Director (designated as the 'Executive Director') of the Company for a period of 3 years w.e.f. June 1, 2014. He is primarily responsible for Underwriting & Claims, Strategy and Human Resources functions of the Company.



Mr. Ritesh Kumar is the Managing Director and CEO of the Company. Mr. Kumar has about 23 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 13 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. Subject to the approval of IRDAI and Shareholders, the Board of Directors re-appointed Mr. Ritesh Kumar as the CEO of the Company for a period of 5 years w.e.f. June 10, 2015.

Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Thirteenth Annual Report of your Company together with the audited financial statements for the financial year ended on March 31, 2015.

Financial Results

(₹ in crore)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Gross Written Premium	3,257.0	3,000.3
Net Written Premium	1,778.4	1,765.9
Net Earned Premium	1,674.1	1,584.9
Other Income/Liabilities written back	3.2	2.3
Net Incurred Claims	1,317.9	1,275.0
Net Commission (Income) / Expenses	(96.8)	(97.6)
Expenses of Management	628.8	449.1
Investment Income – Policyholders	224.8	188.8
General Insurance Result	52.2	149.5
Investment Income – Shareholders	88.6	74.8
Profit before Tax	140.8	224.3
Provision for Tax	36.8	28.9
Profit after Tax	104.0	195.4
Interim Dividend (incl. dividend distribution tax)	48.5	31.0
Transferred to Reserves	—	—
Balance carried to Balance Sheet	55.5	164.4
Credit balance in P & L Account at the year end	130.1*	75.7

*Adjusted for value of assets with no balance useful life as on April 1, 2014 (net of deferred tax)

Performance

The gross written premiums of the Company increased by 8.6%, from ₹ 3,000.3 crore to ₹ 3,257.0 crore. The Company achieved a Profit before Tax of ₹ 140.8 crore (PY: ₹ 224.3 crore). The Profit after Tax for the year is ₹ 104.0 crore as against ₹ 195.4 crore in the previous year. The net earned premium increased to ₹ 1,674.1 crore from ₹ 1,584.9 crore in the previous year.

Lower profit in the year has been mainly on account of impact of natural catastrophes like J&K Floods, cyclone Hudhud and Phailin and one time depreciation charge due to change in depreciation policy aligning it with the Companies Act, 2013.

Dividend

The Board of Directors had approved the payment of an interim dividend for the financial year 2014-15 of ₹ 0.75 per equity share of ₹ 10 each in March 2015, as against ₹ 0.50 during the previous year. The said dividend was encashed by all shareholders.

No final dividend was recommended by the Board.

Increase in Paid-up Capital

During the year, the Company allotted 75,00,000 equity shares of ₹ 10 each at a premium of ₹ 70 per Share (i.e. price of ₹ 80 per Share) on a preferential basis to the Promoters of the Company in accordance with the provisions of Section 62(1)(c) of the Companies Act, 2013 (the Act).

During the year, the Company also allotted 18,36,000 equity shares of ₹ 10 each pursuant to exercise of stock options under Employees Stock Option Plan – 2009 (ESOP-2009).

The paid-up equity share capital of the Company has increased from ₹ 529.3 crore as on March 31, 2014 to ₹ 538.6 crore as on March 31, 2015 and the Share Premium account increased from ₹ 277.5 crore as on March 31, 2014 to ₹ 330.8 crore as on March 31, 2015.

Extract of Annual Return

The extract of the Annual Return in prescribed form MGT-9 is appended.

Number of Meetings of the Board

During the year, the Board met five (5) times on April 24, 2014, August 4, 2014, October 21, 2014, December 17, 2014 and January 20, 2015.

The details of attendance of the Directors at the Board and other meetings are provided in the Report of the Directors on Corporate Governance.

Declaration by Directors

The Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as provided under sub-section 6 of Section 149 of the Act.

The Company has also received declarations from all Directors confirming 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 issued by the Insurance Regulatory and Development Authority of India (IRDAI).

Policy on Director's Appointment and Remuneration

The Board on the recommendation of the Nomination and Remuneration Committee (NRC) has approved the Policy on Appointment of Directors and Members of Senior Management (Appointment Policy) and Policy on Remuneration of Directors, Key Managerial Personnel, Senior Management and other Employees (Remuneration Policy).

The objective of the Appointment Policy is *inter-alia* to provide a framework and set standards for the appointment of high quality directors who should have the capacity and ability to lead the Company towards achieving its stated goals and strategic objectives taking into account the interest of all stakeholders including policyholders, channel partners and employees. The Company aims to achieve an appropriate balance of skills, experience, knowledge and expertise amongst its directors.

The objectives of the Remuneration Policy is *inter-alia* to ensure that (i) the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent at all levels and keep them motivated enough to meet the organizational objectives; (ii) a reasonable balance is maintained in the composition of remuneration (fixed and variable component); and (iii) to have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees.

A brief extract of the said Policies are appended to this Report.

Comments on Auditor's Report

Neither the Joint Statutory Auditors nor the Secretarial Auditor have made any qualification, reservation or adverse remark or disclaimer in their reports. The reports of the Secretarial Auditors and Joint Statutory Auditors are appended.

Further, during the year under review, the Joint Statutory Auditors have not come across and hence not reported any incident of fraud to the Audit Committee of Directors.

Particulars of Loans, Guarantees or Investments under Section 186

In terms of the provisions of sub-section 11 of Section 186 of the Act, as amended by the Companies (Removal of Difficulties) Order, 2015 dated February 13, 2015, issued by the Ministry of Corporate Affairs, the provisions of Section 186, except sub-section 1 is not applicable to the Company.

Related Party Transactions

Transactions / arrangements by the Company in its ordinary course of business with related parties primarily includes sale / purchase of insurance products, lease of properties, wherein premium / brokerage / commission is received / paid from / to related parties.

Audit Committee of Directors has given its in-principle approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

Related party transactions that were entered into during the year were in the ordinary course of business and on an arm's length basis. The details of transactions with related parties are placed before the Audit Committee at its quarterly meetings for ratification.

During the year under review, the Company did not enter into any transaction or arrangement with related parties, which were material or not at arm's length.

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. As per Accounting Standard (AS) 18 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are included in the Notes to Accounts.

Material Changes and Commitments affecting the Financial Position

There were no material changes or commitments, affecting the financial position of the Company between March 31, 2015 and the date of this report.

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

Since the Company does not carry out any manufacturing activity, the provisions w.r.t. disclosure of particulars regarding conservation of energy and technology absorption are not applicable to the Company.

The Company incurred an expenditure of ₹ 192.6 crore (PY: ₹ 162.2 crore) in foreign exchange during the year under review mainly on account of reinsurance premium. Premium received in foreign exchange during the year was ₹ 68.0 crore (PY: ₹ 46.2 crore).

Risk Management Policy and Material Risks

The Company has a Risk Management Framework (RMF) in place to ensure that the Company identifies, assesses, monitors and reports all material risks. The key risks identified by the Company and the mitigation measures are as under.

The general insurance industry is exposed to the risk of loss due to either inadequate pricing, reserving or inadequate reinsurance protection. To effectively mitigate these risks, the Company has laid down the following controls and mitigation measures:

- Risks are underwritten based on underwriting guidelines after thorough analysis to enable that a proper price is charged to the proposer.
- Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.
- Reinsurance program is designed to ensure optimal protection from financially sound reinsurers.

The risk of adverse change in financial situation due to fluctuation in the market price of investment assets, its liquidity and credit quality are also material risks in the general insurance industry.

The investments of the Company are made as per its Investment Policy and the Standard Operating Guidelines thereunder, which is framed as per IRDA (Investment) Regulations, 2000, as amended and circulars issued thereunder.

The Investment Policy and the Standard Operating Guidelines have been designed to be more conservative than regulatory provisions relating to investment in debt and equity instruments.

Market risk is managed by having a diversified investment portfolio.

Liquidity risk is managed by maintaining investments in money market instruments upto the desired level as required.

The Investment Policy of the Company and the Standard Operating Guidelines define the limit to which exposure in equity can be taken and provide for levels of the modified duration for the debt portfolio.

The regulatory provision relating to investment provides for the minimum level at which sovereign and AAA rated securities are to be held with a view to mitigate the exposure to the attendant credit risk on the debt portfolio and is adhered to.

The above are monitored on a regular basis.

Credit risk also arises on the reinsurance portfolio of the Company. The Company ensures the prescribed minimum Financial Security Rating (FSR) of the reinsurers with whom it places its risks to minimize its credit risk exposures in reinsurance protection arrangements.

Catastrophe (CAT) risk is the risk that the Company will suffer very large losses if there is a catastrophic event that causes lot of destruction. The Company has taken CAT protection in order to mitigate the risks of large losses arising from probable catastrophic events. The Company's current reinsurance arrangement provides cover for a CAT risk event loss.

Corporate Social Responsibility

The Board upon recommendation of the CSR Committee of Directors has approved the CSR Policy of the Company. The Policy *inter-alia* specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism.

The Policy is available on the website of the Company - www.hdfcergo.com.

The Annual Report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Directors have carried out an annual performance evaluation of the Board, its Committees, the Chairman of the Board, their self evaluation and that of the Independent Directors as a group (by Non-Independent Directors).

In addition, the Independent Directors have *inter-alia* separately evaluated the performance of the Board, the Non-Independent Directors as a group and the Chairman of the Board at their separate meeting held on March 17, 2015.

The evaluation of the Board was carried out on the basis of various parameters which include quality and experience of Board members, Board responsibilities, Board processes, role and effectiveness of Non-Executive Chairman, assessment of quality, quantity and timeliness of flow of information, etc.

The Board Committees were evaluated based on parameters such as composition of the Committee, terms of reference and Committee's responsibilities, skill and experience of Committee members to fulfill the delegated responsibilities and their promptness and efficacy to report issues requiring Board's attention.

The evaluation of individual Directors was assessed on their awareness of the Company's core business, its business plans, statutory duties under the Companies Act, 2013 and the Corporate Governance Guidelines issued by IRDAI, attendance and preparedness for the meetings of Board and its Committees, familiarity and compliance with the Company's code of conduct and other policies and contribution to the deliberations and decisions at the Board / Committee meetings, etc.

In addition to the above, Independent Directors were also evaluated on other parameters such as bringing in objectivity and independent judgment in decision making process, support and contributions to implement best governance practices, protecting the legitimate interest of various stakeholders and advise on policy matters, etc.

Particulars of Employees

The total employee strength of the Company as on March 31, 2015 was 2,007 as against 1,837 at the beginning of the year.

Secretarial Audit

In accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Messrs Bhandari & Associates, a firm of Practising Company Secretaries for conducting Secretarial Audit of the Company for FY 2014-15.

The Secretarial Audit Report is appended.

Employees Stock Option Plan (ESOP)

During the year, the Company granted 14,66,000 stock Options in respect of 14,66,000 equity shares of ₹ 10 each at an exercise price of ₹ 80 per Option under ESOP-2009 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 22,04,500 and Options exercised aggregated to 18,36,000. Pursuant

to the said exercise, the Company received ₹ 2.63 crore as exercise consideration (excluding tax). Pursuant to exercise of Options, 18,36,000 equity shares of ₹ 10 each have been allotted to the concerned employees.

The Options lapsed during the year aggregated to 1,52,000 and the Options in force as on March 31, 2015 were 75,51,000.

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

The diluted EPS is ₹ 1.91 against a basic EPS of ₹ 1.93.

Employee-wise details of Options granted during the year to KMPs and employees who received grant amounting to 5% or more of the Options granted during the year are as follows:

Name of the employee	Position	No. of Options granted and % ge to total grant
Ritesh Kumar	Managing Director and CEO	1,30,000 (8.86%)
Mukesh Kumar	Executive Director	1,10,000 (7.50%)
Samir H. Shah	Member of Executive Management and CFO	80,000 (5.46%)
Dayananda V. Shetty	Company Secretary	82,000 (5.59%)
Anuj Tyagi	Member of Executive Management and Head-Corporate, Rural & Agri Business and Reinsurance	80,000 (5.46%)
Karan Chopra	Member of Executive Management and Head-Retail Business	80,000 (5.46%)
Mehmood Mansoori	Member of Executive Management and Head-IT, CEM and Marketing	80,000 (5.46%)

No employee was granted Options in excess of 1% of the issued capital of the Company at the time of grant.

Public Deposits

The Company did not accept any fixed deposit during the year.

Auditors

At the twelfth Annual General Meeting (AGM) of the Company held on July 21, 2014, Members had appointed Messrs A. F. Ferguson Associates, Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI: 102849W), as one of the Joint Statutory Auditors of the

Company, for a period of 2 years and to hold office as such up to the conclusion of the fourteenth AGM of the Company, subject to ratification at every AGM.

The Members of the Company also at the twelfth AGM appointed Messrs B. K. Khare & Co., Chartered Accountants (Registration No. of the firm with the ICAI: FRN 105102W), as the other Joint Statutory Auditors of the Company for a period of 5 years and to hold office as such up to the conclusion of the seventeenth AGM of the Company, subject to ratification at every AGM.

In terms of proviso to Section 139 of the Companies Act, 2013, the Company is required to ratify statutory auditor's appointment at every AGM.

The Board recommends ratification of the appointment of Messrs A. F. Ferguson Associates, Chartered Accountants as one of the Joint Statutory Auditors of the Company, to hold office as such until the conclusion of fourteenth AGM and of Messrs B. K. Khare & Co., Chartered Accountants as the other Joint Statutory Auditors of the Company, to hold office as such until the conclusion of seventeenth AGM.

Necessary resolutions seeking Members' approval for ratification of the appointment of aforesaid Statutory Auditors are included in the notice of the thirteenth AGM circulated to the Members.

Subsidiaries

The Company has no subsidiaries.

Directors and Key Managerial Personnel

Appointment of an Independent Director

The Board pursuant to the recommendation of the NRC and subject to approval of the Shareholders had appointed Mr. Mehernosh B. Kapadia (DIN: 00046612) as an additional director (designated as an Independent Director) of the Company for a period of five years from October 17, 2014.

The Board is of the view that Mr. Mehernosh B. Kapadia is a person of integrity and possesses relevant expertise and experience to be appointed as an Independent Director of the Company and fulfils the conditions specified in the Act and the rules made thereunder and is independent of the Management.

Re-appointment of Directors Liable to Retire by Rotation

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Andreas Kleiner and Mr. Deepak S. Parekh, Directors retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

Re-appointment of Managing Director and CEO

At the 8th AGM of the Company held on July 26, 2010, Members had appointed Mr. Ritesh Kumar as the

Managing Director and CEO of the Company for a period of 5 years with effect from June 10, 2010. Accordingly, the present term of Mr. Kumar, as Managing Director and CEO would expire on June 9, 2015.

Pursuant to the recommendations of the Nomination and Remuneration Committee of Directors and subject to the approval of Insurance Regulatory and Development Authority of India (IRDAI) and Members of the Company, the Board of Directors at its meeting held on April 21, 2015, re-appointed Mr. Ritesh Kumar as the Managing Director and Chief Executive Officer of the Company for a period of 5 (Five) years w.e.f. June 10, 2015 and also approved the terms and conditions of the re-appointment including remuneration.

As required under the provisions of Corporate Governance Guidelines issued by IRDAI, the Company and the aforesaid directors would enter into Deed of Covenants as per the prescribed format.

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

During the year, Mr. Mukesh Kumar was appointed as a Whole-Time Director of the Company (designated as Executive Director). Mr. Dayananda V. Shetty was appointed as a Company Secretary. Consequent upon the appointment of Mr. Shetty, Mr. Samir H. Shah had relinquished his office as a Company Secretary of the Company.

Induction Programme for Independent Directors

An induction programme was provided to the newly inducted Independent Director spanning over a period of two days. The objective of the programme was to familiarize the newly appointed director with the Company's business, operations, policies and processes and an overview of internal controls over financial reporting and mechanism in place to ensure compliance with applicable laws. The induction programme included meetings with representatives of various functions which provided an overview of the activities and core responsibilities of the function.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There were no significant or material orders passed by the regulators, courts or tribunals which would impact the going concern status of the Company or its future operations.

Internal Financial Controls over Financial Statements

The Company's internal controls including process embedded controls over financial reporting and their periodic monitoring enable the Company to demonstrate that entries in its financial records are accurate, complete,

timely, reliable and made in accordance with applicable regulations, statutes and generally accepted accounting principles.

The process related controls ensure that the Company's books, records, accounts and financial statements are maintained in reasonable detail and appropriately reflect the Company's transactions.

The Company deploys required resources and exercises management oversight to ensure that accounting policies are applied properly and consistently so as to ensure that the financial statements provide a true and fair view of the financial affairs of the Company.

The Company adopts appropriate levels of automation for transmission of data amongst various systems. The authorization of transactions recorded in various systems follow a defined delegation and segregation of duties. Further, the Company has dedicated resources for identification and investigation of possible frauds.

These operate to minimize possibility of frauds or errors in preparation of financial statements.

Audit Committee

The Audit and Compliance Committee of Directors comprise of Mr. Mehernosh B. Kapadia, Mr. Bernhard Steinruecke and Dr. Jagdish Khattar, Independent Directors and Mr. Keki M. Mistry and Mr. Andreas Kleiner, Non-Executive Directors. Mr. Mehernosh B. Kapadia is the Chairman of the Committee. All members of the Committee possess adequate qualifications to fulfill their duties stipulated under the Act.

The other details about the Committee are provided in the Report of the Directors on Corporate Governance.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 and based on the information provided by the Management, your Directors state that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;

(b) 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, 2015 and of the profit of the Company for the year ended on that date;

(c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 and rules made thereunder, Insurance Act, 1938, as amended, Insurance Rules, 1939 and IRDAI Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(d) The annual accounts of the Company have been prepared on a going concern basis;

(e) Proper systems are in place to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board wishes to place on record its gratitude to all the stakeholders – policyholders, channel partners, reinsurers and shareholders for their continued support and cooperation.

The Board wishes to thank the Insurance Regulatory and Development Authority of India, General Insurance Council, the Reserve Bank of India, various ministries of the Government of India for extending their cooperation in the endeavors pursued by the Company.

The Board also wishes to thank the employees of the Company at all levels for their efforts to achieve the targets, goals and objectives.

On behalf of the Board of Directors

DEEPAK S. PAREKH

Chairman

(DIN:00009078)

MUMBAI

April 21, 2015

Report of the Directors on Corporate Governance

Corporate Governance is a commitment to conduct business in a fair, transparent and ethical manner by complying with the applicable laws, rules, regulations, guidelines, circulars, etc. Corporate Governance involves balancing interests of various stakeholders having direct or indirect interest in the success and growth of the business enterprise viz. shareholders, customers, employees, government, regulator, service providers, financiers and the society at large.

In today's world, where businesses, economies and markets are interconnected, Corporate Governance means adoption of best governance practices and being quick and receptive to meet the expectations of the investing community, spread across the globe.

The newly enacted Companies Act, 2013 has recognized the importance of good governance practices by stipulating in the statute book various tenets of good Corporate Governance. The Act has included stipulation for Board composition, appointment of independent and women directors for prescribed class of companies, duties of directors and code of conduct for independent directors, fixed term for independent directors, mandatory constitution of nomination and remuneration committee and stakeholders relationship committee in addition to the audit committee, approval of related party transactions by the audit committee, fixed term for statutory auditors and empowering shareholders to voice their say on various corporate matters and transactions.

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 is Company's philosophy to observe 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 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 Governance practices embodied in various regulatory provisions, but is constantly striving to adopt emerging best practices.

The Board of Directors fully support and endorse various provisions of the Act ensuring and enhancing the standards of Corporate Governance and the Guidelines on Corporate Governance for the Insurance Sector (the Guidelines) issued by the Insurance Regulatory and Development Authority of India (IRDAI). The Company has complied with the mandatory requirements of the Act, the Guidelines and certain non-mandatory requirements. Listed below is the status with regard to the same.

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 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 Company has a multi-tier management structure, comprising the Board of Directors and its Committees at the apex, 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 controls and integrity are maintained at an optimal level; and risks are suitably evaluated and dealt with.

Composition

The Board has a mix of executive, non-executive and independent directors. The Board comprises of competent and qualified directors to drive the strategies in a manner that would sustain growth of the Company and protect

the interest of the stakeholders in general and policyholders in particular. The Board comprises of directors having expertise in insurance, banking, finance, accountancy, administrative service, economics, law, etc. The size of the Board, in addition to being compliant with legal requirements is consistent with scale, nature and complexity of business of the Company.

The Board comprises of ten members, of which two are Whole-time Directors and eight are Non-Executive Directors. The two Whole-time Directors include a Managing Director & CEO and an Executive Director. Of the eight Non-Executive Directors, three Directors represent HDFC, two Directors represent ERGO and three are Independent Directors.

All 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. None of the Directors of the Company are related to one another. All the Directors of the Company fulfill the fit and proper criteria as mentioned in Corporate Governance Guidelines issued by IRDAI.

The details of Board of Directors and their directorships in public companies are as under:

Sr. No.	Directors	Category	No. of Directorships*
1	Mr. Deepak S. Parekh	Chairman (Non-Executive)	8
2	Mr. Keki M. Mistry	Non-Executive Director	9
3	Ms. Renu Sud Karnad	Non-Executive Director	9
4	Mr. Andreas Kleiner	Non-Executive Director	1
5	Mr. Mark Lammerskitten	Non-Executive Director	1
6	Dr. Jagdish Khattar	Independent Director	3
7	Mr. Bernhard Steinruecke	Independent Director	3
8	Mr. Mehernosh B. Kapadia (w.e.f. October 17, 2014)	Independent Director	—
9	Mr. Mukesh Kumar (w.e.f. June 1, 2014)	Executive Director	—
10	Mr. Ritesh Kumar	Managing Director and CEO	—

*Directorships held in public companies registered under the provisions of the Companies Act, 1956/2013 (excluding HDFC ERGO) have been considered.

Responsibilities

The Board of Directors represent the interest 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. The Directors acknowledge their duties as prescribed under the Companies Act, 2013.

Role of Independent Directors

The Independent Directors bring an independent judgment to bear on the Board's deliberation and objectivity in the Board's decision making process. The Independent Directors participate constructively and actively in the Committees of the Board in which they are members. They represent and safeguard the interest of all stakeholders.

Tenure

The Non-Executive Directors (excluding Independent Directors) are liable to retire by rotation. One-third of the total 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 are not liable to retire by rotation and are appointed for a fixed 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 which is summarised below.

The meetings of the Board of Directors are generally held at the Company's registered office in Mumbai. The schedule of meetings to be held in a calendar year is planned well in advance. The notice of each Board and Committee meeting 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 Key Managerial Personnel prepares a detailed agenda for the meetings. All departments communicate with the Company Secretary in advance with regard to matters requiring approval of the Board to enable inclusion of the same in the agenda for the meetings. With the objective of transparent flow of information 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 resolution 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 meetings. 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 within fifteen days from the date of meeting and the comments, if any, on the draft minutes are received within seven days of its circulation. The minutes are finalised within thirty days and thereafter recorded in the Minutes Book. In compliance with the provisions of Listing Agreement entered into by the holding company with the Stock Exchanges, the minutes of the Board meetings, summary of the key decisions taken by the Board and the details of significant transactions or arrangements entered into by the Company, if any, are submitted to the holding company on a regular basis.

During the year, the Board met five (5) times on April 24, 2014, August 4, 2014, October 21, 2014, December 17, 2014 and January 20, 2015. The time gap between any two meetings did not exceed 120 days.

The attendance of the Directors at the said meetings is listed below:

Directors	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Deepak S. Parekh	5	3
Mr. Keki M. Mistry	5	5
Ms. Renu Sud Karnad	5	5
Mr. Andreas Kleiner	5	4
Mr. Mark Lammerskitten	5	5
Dr. Jagdish Khattar	5	4
Mr. Bernhard Steinruecke	5	5
Mr. Mehernosh B. Kapadia	3	3
Mr. Mukesh Kumar	4	4
Mr. Ritesh Kumar	5	5

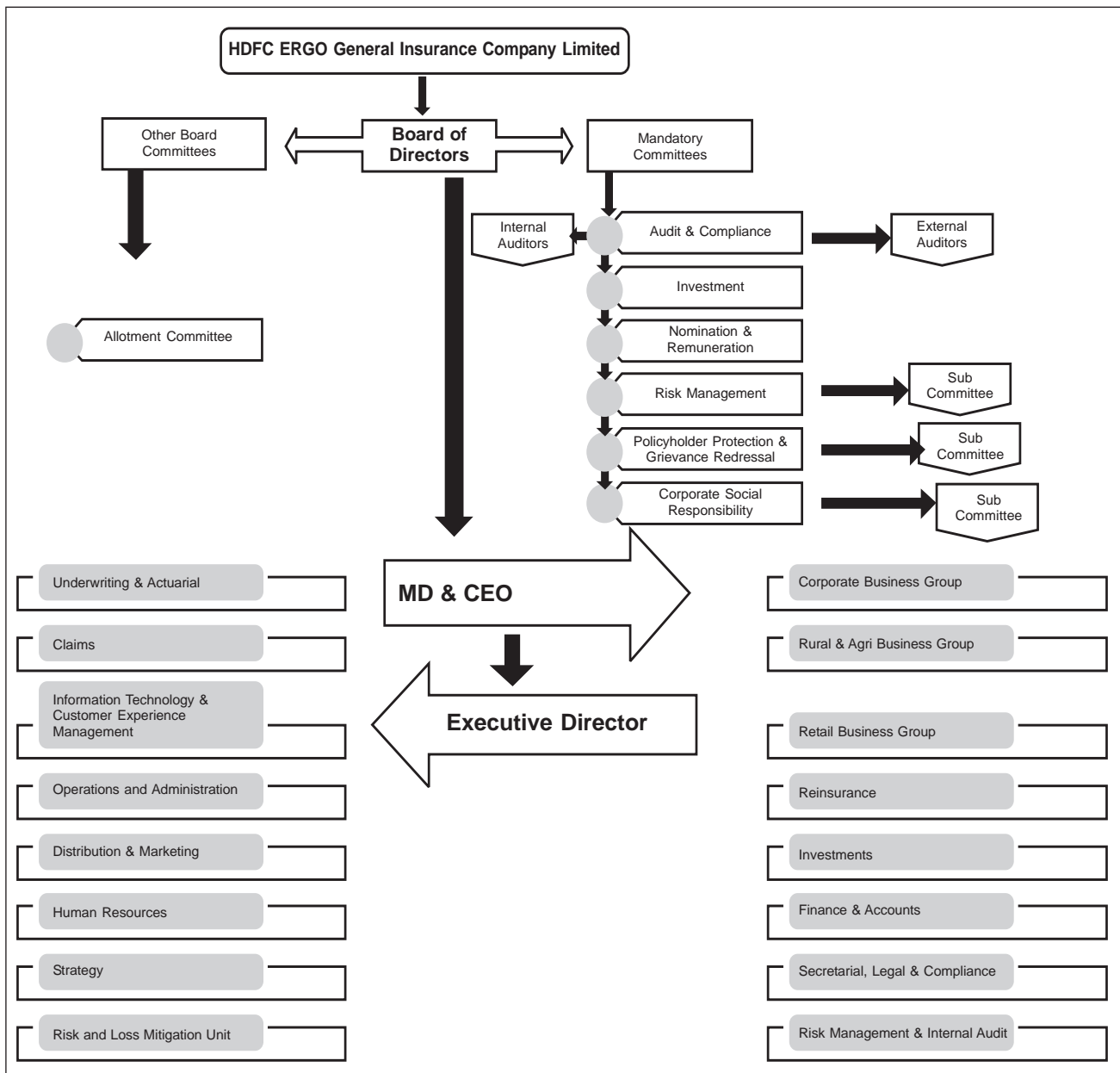
The Board also met on April 21, 2015 and *inter-alia* considered and approved the audited financial statements for the year ended March 31, 2015.

Committees

To enable better and more focused attention on the affairs of the Company and as required under regulatory provisions, the Company has constituted various Committees. These Committees lay down 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 Committees. Minutes of the Committee 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) Corporate Social Responsibility Committee (CSR)
- (vii) Allotment Committee (AC)

The relationship between the Board, the Committees and the Senior Management functions 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 during the year to induct Mr. Mehernosh B. Kapadia as a member. The ACC comprises five (5) members – three Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an Independent Director. The composition of the Committee is in accordance with the provisions of Section 177 of the

Companies Act, 2013 (the Act) and the Guidelines issued by IRDAI.

All members of the Committee possess adequate qualifications to fulfill their duties as stipulated under the said Act and the Guidelines.

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 reviews and ratifies the related party transactions, monitors age-wise analysis of unclaimed amount of Policyholders, progress on settlement of unclaimed amount and steps taken by the Company to reduce unclaimed amount and suggests appropriate measures thereto, reviews the compliance of the provisions of applicable laws, rules, regulations, circulars issued by the regulators. The Committee recommends to the Board, the appointment or re-appointment of the statutory auditors, internal auditors, secretarial auditors, concurrent auditors, investment 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 Committee invites Senior Executives as it considers appropriate to be present at the meetings of the Committee. Members of Senior Management and Auditors are invited to participate in the meetings of the Committee as and when necessary. The Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at the Committee meetings.

During the year, the ACC met four (4) times on April 24, 2014, August 4, 2014, October 21, 2014 and January 20, 2015. The Committee also met on April 21, 2015, for review of the audited financial statements for the year ended March 31, 2015 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:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Mehernosh B. Kapadia (Chairman) (w.e.f. October 17, 2014)	2	2
Mr. Bernhard Steinruecke	4	4
Dr. Jagdish Khattar*	4	2
Mr. Keki M. Mistry	4	4
Ms. Renu Sud Karnad**	1	1
Mr. Andreas Kleiner	4	4
Mr. Mark Lammerskitten**	1	1

*From April 24, 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, 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 IRDAI 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 ALM and solvency position, the investment strategies adopted from time to time and gives suitable directions as needed in the best interest of the Company.

The Committee at its quarterly meetings *inter-alia* reviews the report of the concurrent auditors on audit of investment transactions and related systems, the investments made by the Company during the quarter, ALM position and the investment strategy for period ahead and provides its advise and suggestions.

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 IRDAI from time to time. The Committee regularly apprises the Board on the performance and analysis of Company's investment portfolio and strategy.

During the year, the IC met four (4) times on April 24, 2014, August 4, 2014, October 21, 2014 and January 20, 2015. The IC also met on April 21, 2015.

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
Mr. Keki M. Mistry (Chairman)	4	4
Mr. Mark Lammerskitten	4	4
Mr. Ritesh Kumar	4	4
Mr. Antonio Ferreiro (Appointed Actuary)*	1	1
Mr. Anurag Rastogi (Appointed Actuary)**	3	3
Mr. Samir H. Shah (Member of Executive Management and CFO)	4	4
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4

* Up to June 30, 2014

** From July 1, 2014

Risk Management Committee (RMC)

The Risk Management Committee comprises five (5) members - two Non-Executive Directors, two Independent Directors and the Managing Director and CEO of the Company. The RMC was re-constituted during the year to induct Mr. Mehernosh B. Kapadia as a member.

The terms of reference of the Committee *inter-alia* include overseeing the Company's risk management policy and practices, reviewing various key risks and frauds associated with the business of the Company, evaluation of risk exposure and laying down risk tolerance limits for the Company and thereby assisting the Board in effective monitoring 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.

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 minimization measures.

During the year under review, the RMC met four (4) times on April 24, 2014, August 4, 2014, October 21, 2014 and January 20, 2015. The RMC also met on April 21, 2015.

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

Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Bernhard Steinruecke (Chairman)	4	4
Mr. Mehernosh B. Kapadia*	1	1
Ms. Renu Sud Karnad	4	4
Mr. Andreas Kleiner	4	4
Mr. Ritesh Kumar	4	4

*From October 21, 2014

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 and Executive Director, *inter-alia* reviews the Company's RMF and its effectiveness, monitors key areas of existing and emerging risk and assists the RMC in fulfilling its objectives of managing various risks associated with the business of the Company. The SC-RMC also on a regular basis reviews and advises on matters such as IBNR utilization status, premium payment warranty, frauds, business continuity and disaster recovery plan and ALM from a risk perspective.

Policyholder Protection and Grievance Redressal Committee (PPGRC)

The Committee comprises four (4) members - one Independent Director, being the Chairman of the

Committee, two Non-Executive Directors and the Executive Director of the Company.

During the year, the terms of reference of the Committee were amended to include monitoring of timely payouts of the dues to the Policyholders. The Committee reviews the processes being followed in redressal of Policyholder grievances and the grievance redressal mechanism of the Company and suggests mechanism for speedy redressal of complaints / grievances from Policyholders. The Committee regularly submits its report to the Board *inter-alia* with regard to complaints / grievances received and resolved, mechanism in place / process being followed for resolution of the complaints / grievances and its observations on the efficacy of the existing mechanism. The Committee also reviews the steps taken by the Company to reduce unclaimed amount due to the Policyholders. 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 redress the grievance and complaints of the Policyholders in a time bound manner and to their satisfaction in accordance with the applicable laws. A designated email id viz. grievance@hdfcergo.com is provided to enable 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 24, 2014, August 4, 2014, October 21, 2014 and January 20, 2015. The PPGRC also met on April 21, 2015.

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

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Jagdish Khattar (Chairman)	4	3
Mr. Keki M. Mistry	4	4
Mr. Mark Lammerskitten	4	4
Mr. Ritesh Kumar*	2	2
Mr. Mukesh Kumar**	2	2

*Upto August 4, 2014

** From August 4, 2014

The Company also has a sub-committee of the PPGRC (SC-PPGRC) comprising of the senior management team including the Executive Director. The SC-PPGRC *inter-alia* reviews the effectiveness of the grievance redressal mechanism in the Company, volume of complaints as compared to business growth, turn-around-time for redressal of Policyholder grievances, customer service initiatives and insurance awareness programmes being undertaken by the Company.

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.

During the year, the terms of reference of the Committee were amended to incorporate the provisions stipulated under Section 178 of the Companies Act, 2013.

During the year, the Committee approved the criteria *inter-alia* for evaluation of performance of the Board as a whole, Committee of Directors and individual Directors and recommended to the Board, a Policy on Appointment of Directors and Members of Senior Management and Remuneration Policy for Directors, Senior Management and other Employees.

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 IRDAI. The Committee administers the Employee Stock Option Plan (ESOP) and approves grant of stock options to eligible employees.

During the year, the Committee approved the grant of 14,66,000 stock Options in respect of 14,66,000 equity shares of ₹ 10 each at a grant price of ₹ 80 per Option under ESOP-2009 to the eligible employees.

During the year, the Committee met twice (2) on April 24, 2014 and January 20, 2015. The Committee also met on April 21, 2015.

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

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Jagdish Khattar (Chairman)	2	1
Mr. Bernhard Steinruecke	2	2
Ms. Renu Sud Karnad	2	2
Mr. Andreas Kleiner	2	2

Corporate Social Responsibility Committee (CSR)

The CSR Committee comprises one Independent Director, who is the Chairman, two Non-Executive Directors and the Executive Director.

During the year, the Committee recommended to the Board the Company's policy on Corporate Social Responsibility and the same was approved by the Board. The CSR Policy *inter-alia* specifies the broad areas of CSR activities that could be undertaken by the Company,

approach and process for undertaking CSR projects and the monitoring mechanism. The annual report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules), as amended, is appended to the Board's Report.

During the year, the Committee met three (3) times. The meetings were held on August 4, 2014, October 21, 2014 and January 20, 2015.

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

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. Jagdish Khattar (Chairman)	3	2
Ms. Renu Sud Karnad	3	3
Mr. Mark Lammerskitten*	1	1
Mr. Andreas Kleiner**	2	2
Mr. Ritesh Kumar*	1	1
Mr. Mukesh Kumar**	2	2

*Upto August 4, 2014

** From August 4, 2014

The Company also has a sub-committee of CSR (SC-CSR) comprising of the senior management team including Executive Director. The SC-CSR facilitates the CSR Committee in accomplishing its objectives as stipulated under Section 135 of the Act read with CSR Rules. It identifies the CSR projects / programmes that could be undertaken by the Company and approves its implementation and in case of projects involving expenditure exceeding ₹ 50 lacs, the same is placed before the CSR Committee for its approval. The SC-CSR is also responsible for monitoring of CSR projects on a continuous basis.

Allotment Committee (AC)

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

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

During the year, the Committee approved the allotment of 75,00,000 equity shares issued under Section 62(1)(c) of the Companies Act, 2013 on a preferential basis to the Promoters of the Company and 18,36,000 equity shares

pursuant to exercise of stock options under Employees Stock Option Plan – 2009.

Remuneration of Non-Executive Directors

The remuneration of Non-Executive Directors consists of sitting fees and commission. For details of sitting fees and commission paid to Non-Executive Directors, kindly refer Section VI(B) of Form MGT 9, appended to the Directors' Report.

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 any 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 subjected to any discriminatory practices. In respect of cases reported to the Committee appropriate disciplinary action has been taken or police complaint filed where adequate evidence was available.

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

The Company has framed a policy on prohibition of sexual harassment at the workplace (the Policy) based on the

Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 with an objective to promote a safe and secure work environment for all employees and to provide protection against sexual harassment of employees and prevention thereof and redressal of complaints. The Company has constituted an Internal Complaints Committee (ICC) comprising of six members. Of the six members four are women including a member from a non-governmental organization, who is an expert on the subject matter. One of the women member is the presiding officer of ICC.

The role of ICC is to monitor complaints and redressal of grievances under the Policy. During the year under review, the Company received one complaint which was satisfactorily resolved and appropriate action was taken in the matter. During the year, training was imparted on an on-going basis to create awareness about the Policy amongst the employees.

Code of Conduct

The Company's Code of Conduct is applicable to employees and Directors of the Company. All the members of the Board and Senior Management Personnel have confirmed adherence to the provisions of the said Code of Conduct.

On behalf of the Board of Directors

DEEPAK S. PAREKH

Chairman

(DIN:00009078)

MUMBAI
April 21, 2015

Compliance Certificate

In accordance with the provisions of Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India, I, Dayananda V. Shetty, Company Secretary of the Company, hereby certify that the Company has complied with the provisions of Corporate Governance Guidelines for Insurance companies issued by IRDAI, as amended from time to time and to the extent applicable and nothing has been concealed or suppressed.

MUMBAI
April 21, 2015

DAYANANDA V. SHETTY

Company Secretary

Management Discussion and Analysis Report

Macro Economic Environment

The global economy continues to be challenged for growth. In the United States, growth moderated towards the end of 2014. However, the boost to consumption demand from fall in the crude prices was more than offset by the drag on net exports from a strong US dollar. In the Euro area, economic conditions continued to be impacted by an environment of deflationary pressures, political tensions and elevated levels of unemployment. In China, growth is slowing due to weakening property market and excess capacity in several industries prompting the authorities to take measures to ease financial constraints faced by banks and industry. In many emerging markets growth has weakened sharply for oil exporters and inflationary pressures, subdued investment appetite and neutral fiscal stance continue to dampen growth for non-oil exporting countries.

During FY15, the Indian economy overcame the sub-five percent real growth rate witnessed in the last 2 years. Inflation declined during this period but continued to remain above the comfort zone owing mainly to the elevated levels of food inflation. On the macro stabilization front, there has been improvement in the external economic situation with the Current Account Deficit declining to manageable levels, largely aided by declining crude prices and lower gold imports. The fiscal deficit of the federal government as a proportion to GDP also declined for the second year. Reflecting the above and the expectation for a change for the better, financial markets have surged. Moderation in inflation is expected to ease monetary policy stance and revive the confidence of investors further. Passing of the Insurance Bill, Mines and Minerals (Development & Regulation) Bill, Coal Mines Bill etc. is expected to give impetus to these sectors and help revive the commercial vehicle segment. The Governments' efforts on "ease of doing business" are a very positive step forward. Thus, the economy is expected to witness better growth prospects in CY15 and beyond.

General Insurance Industry

FY15 saw the industry picking up growth in line with the economy. Although the year started with a slow 1st quarter with a 8.1% growth, it jumped back to a 12.5-12.6% growth for the next 3 quarters reflecting the positive mood in the economy. Although this growth matches the growth rate for FY14, but is still lower than 18.6% in FY13 and 23.7% in FY12. The growth in the sector was driven primarily by Motor at ~10.4% and Health at ~15.6%. The private sector has shown a higher growth than the public sector, thus increasing its market share to 47.3% in FY15 up from

47.0% during FY14. The higher growth in private sector has come from Fire, Marine, Personal Accident and Weather lines of business.

The year saw the much awaited Insurance Bill getting cleared in both the houses. The clearing of the Bill is a landmark for the industry and is set to bring in a new era of transformations in the industry. A major amendment in the Bill is the allowance of upto 49% FDI in an insurance company, but with "full Indian management and control". The Bill allows Re-Insurance companies to open their branches in the country. The Bill also talks about reforms on expense ratio and mandatory Motor Third Party regulation, among many others. While it contains higher penal provisions, at the same time, the Bill allows provision for an insurer to approach Appellate Tribunal to appeal against IRDAI orders. The exact regulations and their impact will be seen in the near future and will result in some volatility and uncertainty for the industry in the coming future.

The year saw a reversing trend in the motor sales with the overall sales picking up positively in private car at ~4%, two wheelers at ~9% and lower de-growth in commercial vehicles at ~-3.4%, with the overall growth of motor sales at ~7%.

The corporate business remained flat vis-a-vis last year with growth in Fire being negated by the de-growth in all other segments. A new guideline by the regulator on pricing of risk using industry-wide "burning cost" for property and group health business should help stabilise rates in the market.

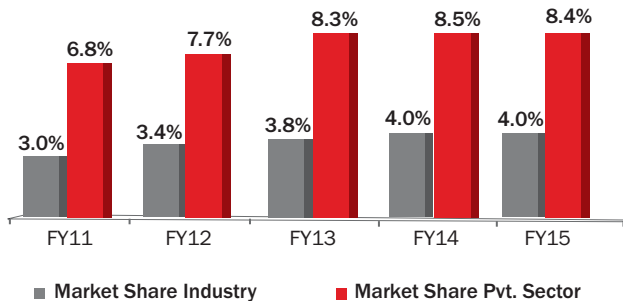
There have been additional initiatives taken by the regulator this year such as introduction of "Use and File" guidelines for corporate products and allowing multi-year two-wheeler third party insurance.

Performance Review

The gross written premiums of the Company increased from ₹ 3,000.3 crore to ₹ 3,257.0 crore, including motor declined risk pool, thus growing by 8.57%. The Company maintained its market share at 4.0% and also maintained its 4th position amongst private players.

The Company achieved a profit after tax of ₹ 104.0 crore down from ₹ 195.6 crore during last year, which is a decrease of 46.8%. The bottomline was impacted on account of multiple factors which include catastrophe events (J&K Floods, Hudhud and Phailin) and higher losses in Motor and certain large individual losses. The losses out of these events were however contained, due to proper Reinsurance programs in place.

Market Share

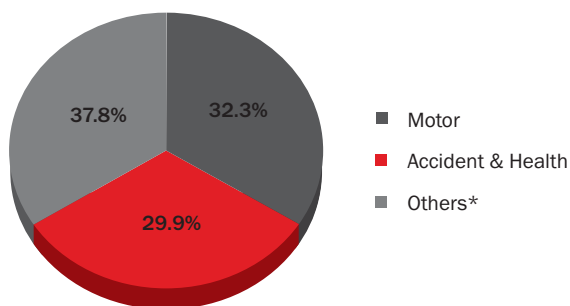


Business and Operational Review

In line with the Company's strategy, the product mix underwent change in Motor, A&H and Corporate line of businesses at 32.3% (PY: 34%), 29.9% (PY: 32%), and 37.8% (PY: 34%) respectively. The Company maintained its top ranking in personal accident in the industry, but slipped its ranking in health due to conscious decrease in loss-making group health business.

The Company continued to increase its business through all traditional channels, while continuing to invest in channels of the future such as CSC and Online.

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 17.3% during FY15 with premiums reaching ₹ 1,917.5 crore (PY: ₹ 1,635.1 crore). The share of RBG's business for FY15 was 59.0% (PY: 54.5%).

The premiums for non-motor retail products grew strongly by 36.0% from ₹ 656.7 crore in FY14 to ₹ 893.4 crore in FY15.

The Company undertook some portfolio correction in the motor segment and consequently business grew marginally by 4.74% from ₹ 1,004.1 crore in FY14 to ₹ 1,051.7 crore in FY15.

The Company added Deutsche Bank as a Bancassurance partner during the year, with the corporate agency arrangement commencing from December 2014.

The Company continued to strengthen its online channel, and saw an increase in new policy sales as well as renewals of existing policies being conducted by customers through this channel.

Corporate Business Group (CBG)

The corporate portfolio in general insurance has been going through a volatile cycle for the last few years. Directly linked with the low economic growth, there have been negligible creation of incremental assets and almost nil infrastructure construction activity. As a result, the competition has increased and brought further stress on pricing of profitable portfolios like fire, liabilities, etc. Group Health portfolio continues to be priced very competitively and loss ratios in general on the portfolio are very high. The Company has continued to adopt a cautious approach on the Group Health portfolio and continue to steer the portfolio so that it achieves growth, profitably.

In order to proactively, counter the challenges in market, the Corporate Business Group strengthened the existing relationships with client and channel partners. Global partnership has been a steady stream of business and new partnerships will part fuel future growth in portfolio. New products are being developed keeping in mind market requirement and they shall be incubators for growth in near future. SME has started contributing to the profitable growth in business and is also expected to give the desired spread in the corporate portfolio. Geographical presence has been augmented and so has been the number of channel partners.

In line with the plan, non-health portfolio has seen the desired growth. Profitable classes like fire have seen one of the highest accretions in industry for us. Signs of revival in the economy are giving boost to sentiments in India Inc and should impact industry positively in next half of FY16.

The CBG recorded a business of ₹ 885.1 crore (PY: ₹ 975.0 crore). The share of CBG's business for FY15 was 27.2% (PY: 32.5%).

Rural and Agri Business Group (RABG)

The Company has been putting efforts in various initiatives to expand the reach of insurance solutions to the rural market. The Company's rural market development activities are spearheaded by the crop portfolio, which covers the large agrarian population who are frequently affected by crop losses attributed to irregular climatic pattern.

Over the past couple of years, the Company has successfully built a rural portfolio well spread geographically over the length and breadth of the Country. Our business model is backed by strong IT infrastructure and innovative channels.

The Company has expanded its rural reach in 5 States namely UP, AP, Maharashtra, Punjab and West Bengal through the Common Service Centers (CSCs) by converting over 900 VLE's (Village Level Entrepreneurs) into IRDAI Licensed entities called RAPs (Rural Authorized Person). Fully IT integrated platform dovetailed with CSC IT makes it a unique initiative to sell insurance in rural areas where hitherto the reach was an issue. This channel is in the buildup phase and will become one of the Company's key channels in the rural areas in the times to come.

The Company continues to invest heavily on insurance awareness programs using various media, educating customers about the benefits of rural insurance products. The Company has strengthened its market positioning with new product initiatives in the agriculture portfolio and also shares a very preferential position among the various State and Central Governments.

During FY15, premiums from Weather & MNAIS business grew to ₹ 445.1 crore (PY: ₹ 354.0 crore). The share of RABG's business for FY15 was 13.9% (PY: 12.3%).

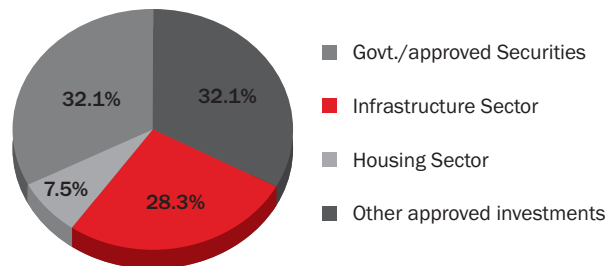
Investments

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, 2015, the Investment Assets of the Company stood at ₹ 3,766.7 crore (PY: ₹ 3,143.1 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 ₹ 1,207.7 crore (32.1%) in Government securities, ₹ 1,063.1 crore (28.3%) in securities of the Infrastructure sector and ₹ 282.7 crore (7.5%) in the Housing sector. The Company held 88% of its debt assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 524.9 crore in assets maturing within

one year. The total investment income for the year ended March 31, 2015 was ₹ 316.3 crore.

Portfolio Mix - Investments



Underwriting

The financial year 2014-15 was a bag of mixed fortunes for Indian insurance industry. On the positive side was the general improvement in the economic environment in the Country backed by easing oil prices, shrinking inflation, improving GDP growth numbers and a rather stable rupee compared to previous year. This helped the general insurance industry marginally improve the business growth, more so towards the latter half of the fiscal.

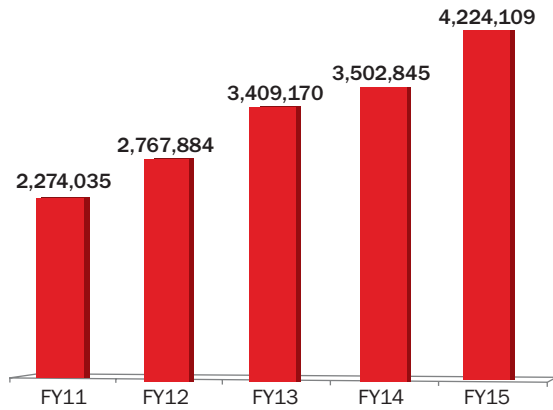
On the flip side were the massive economic and insured losses arising out of J&K floods and cyclone Hudhud affecting coastal Andhra Pradesh. The Company did suffer some losses due to these natural catastrophes, thereby impacting its profitability, but the losses were limited due to Company's careful risk mapping, selection and appropriate reinsurance through the usage of best in class technological solutions. In fact, the Company proactively contacted all its policyholders to enquire about their properties' well being and pay the claims in case there was an insured loss. However, the recurrence of such catastrophic events is something to watch for and build in Company's risk management and underwriting model.

On the health insurance front, the Retail Health business did very well but for some increase in the loss ratios due to health care inflation. However, the pricing pressure on the Group Health business continued with little rational justification. In view of its prudent underwriting and pricing approach, the Company wrote very selective business which met its tough underwriting and pricing criterion, though this meant that the portfolio size of its Group Health business shrank considerably.

The year also saw increased pricing pressure on Motor insurance. The Company grew this line of business with caution, keeping in view its underwriting philosophy. The Company has put in place systems to monitor the performance of this line of business on a real-time basis so as to focus on the growth of motor insurance in the fiscal 2015-16 while maintaining profitability.

In general, the Company continued to achieve profitability, though somewhat muted, in spite of the challenges it faced.

Number of Policies Sold

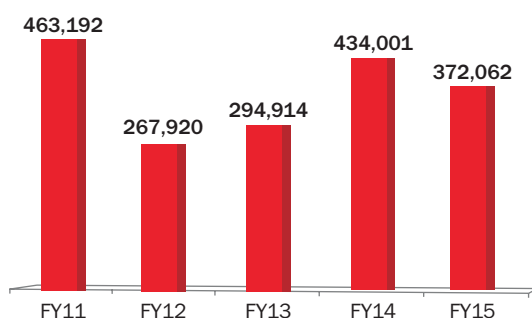


Claim Service

The Company's claims department is ISO 9001:2008 certified for the last five years. The Company's constant efforts have been to deliver outstanding customer experience. Following Company's core values, the claims service vertical has been able to provide equity of treatment to all its stakeholders. Prompt response 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 Company's 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.

Motor Claims Survey Management through mobile application, workshop portals for claim intimation and document submission are the new initiatives which will help improving customer experience and Net Promoter Score for the Company.

Number of Claims



Reinsurance

FY14 was a benign year globally from the natural catastrophe perspective. Reinsurance market conditions were favorable and the Company had a smooth reinsurance renewal for FY15.

The Company's reinsurance programme is designed to ensure protection against exposure to large losses affecting single risks as well as catastrophe loss events affecting multiple risks across portfolios. As per statutory requirements, the Company ceded to General Insurance Corporation of India (GIC) 5% of its business, subject to monetary limits prescribed by IRDAI.

The Company's reinsurance panel comprised of extremely strong international players including six of the world's top 10 reinsurers. Eight of the Company's reinsurance treaties including property, liability, personal accident and overseas travel, housing mortgage protection, weather and aviation are led by the top 5 reinsurers in the world. National reinsurer GIC led four non-proportional treaties and participated significantly in every other arrangement.

Information Technology

The Company continued its journey with determination in improving customer experience, building cost efficiencies, improving business and operating models by innovating and leveraging Information Technology.

The Company's belief and commitment in information and data security of its policyholders led to implementation of **Information Security Management** framework. The framework is built on strong foundation of robust policies, procedures with measures and controls across all departments and branch locations. The system earned the Company **ISO 27001:2013** certification during the year.

The Company exploited technology to innovate insurance penetration in rural areas. As a part of national e-governance program, the Company partnered with the Government of India to launch an online platform for **Common Service Centers (CSC)** enabling Village Level Entrepreneurs (VLEs) to offer motor third party insurance products using their digital wallets. In its ongoing focus on digital media, the Company continued to enhance its online sales channel with lot more features and new integrations with various channel partners. Considering penetration of smart phones and use of mobile devices to connect to internet, the Company revamped its mobile online sales platform with better and intuitive user interface.

On Customer Experience Management front, the Company built and rolled out various technology solutions such as

state of art application providing in-memory **Single Desktop View (SDV)** of the customer providing all the information to our customer executives, Text Mining, Automated Customer Satisfaction Survey engine and IVR for self service. The complete customer information availability in a single view enables customer executives to provide efficient service to customers.

During the year, the Company deployed a host of customer offerings using the Information Technology platform to its fullest to further enhance customer experience. From identification of the customer based on the registered contact number on the policy, to a vastly simplified IVR structure, sharing policy copies on IVR itself without the need to traverse to a customer service representative, has all yielded the desired results – exceeding customer expectation.

The Company persisted on its investment on building digital assets. The Company implemented workflow based solution which streamlines expense payments from across branches, facilitates faster payment processing through appropriate approval mechanism. The Company enhanced its Quote Management System for corporate lines of business implementing workflow based Re-Insurance program for better risk and terms management and risk inspection process flow. The Company completely automated the hiring process starting with interested candidates applying online till offer letter generation for selected candidates; thereby achieving efficiency and better governance.

Distribution Network

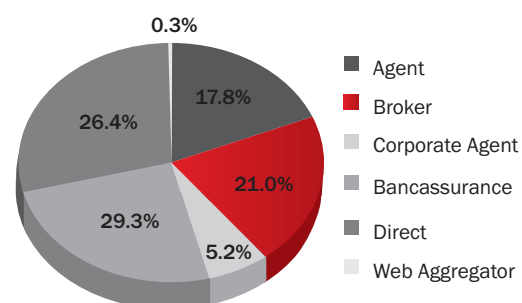
The Company continues with its strategy of multi geography, multi product and multi distribution channel. The ratio of its Motor, Accident & Health and other products for FY15 stands at 32%, 30% and 38% respectively.

The corporate business grew this year across all profitable products, in line with the Company's philosophy and business plan. The retail business grew through all channels – Bancassurance, agency and direct. The Company also grew the SME channel in its continuous endeavour to further diversify its portfolio. With regard to regional distribution, the Company continues to increase its business from all 4 zones, while steering higher growth in profitable products and segments.

Online sales and CSC were the key areas of focus for the current year. In Online, the Company launched a mobile version of the website with enhanced features, increased the content on its website to make it more customer friendly. The Company has also been able to successfully route more of existing customers to its website for

renewals. On CSC the Company was able to enrol 1900+ Authority Licensed Entrepreneurs within seven months, at the Village level to sell Motor Third Party Liability Policies. The Company's seamless IT Platform allows for policy issuance within 3 minutes which is key in making it easier and user friendly.

Channel wise Gross Written Premium



Operations and Services (O&S)

Customer centricity and ease of fulfilment were the cornerstones which were strengthened by adopting progressive technology adoption and by simplifying internal processes. More models of touch free processing via systems integration were rolled out to enable seamless service delivery.

During FY15, the Company continued its focus on service delivery optimization, both for external and internal customers. At the branch operations front, single window service was launched for both Health Claims & SME segments, thereby bringing majority of services under one umbrella. Retail policy issuance was centralized to Noida Ops Center from branches and hub in Mumbai, giving the Company both infrastructure cost effectiveness and better quality assurance, with economies of scale benefits attached. On the Corporate policy issuance, the Company further strengthened its regional hubs in New Delhi and Bangalore apart from Mumbai, taking the Company closer to its customers. Further, with arrangements with India Post, the Company has enhanced its policy delivery network, thereby controlling undelivered returns to 6%. Internal Online services portal - Serve Central, was launched to cater to growing needs of employees w.r.t. Infrastructure & services, thereby increasing C-SAT and improving service levels on Administration front.

Policy volume has seen an overall increase of 20% (YOY) with overall volumes for the year at 42 lakh policies. The Company has achieved incremental improvement in turnaround of issuing around 98% (PY: 95%) of the policies within 3 days of application.

Coming year, O&S's key focus will be to enable customers on self service options, giving them unmatched experience and ease in managing their insurance portfolio.

Human Resources

To continue to enable the business growth, the Company, increased its manpower strength from 1,837 in FY14 to 2,007 in FY15.

To strengthen the employee lifecycle process, the Company has integrated its hiring engine with career portal and induction portal whereby there is seamless movement of candidate information into the Company's HRMS system and the on-boarding process gets completed without manual paper work.

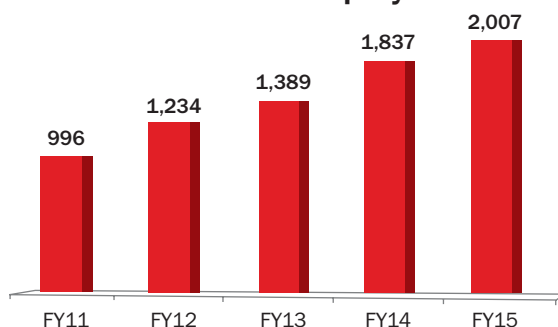
The Company's performance management system continues to make strides in automation and this year development of employee communication through online letters has been completed.

Both the above initiatives move HDFC ERGO towards its "Go Green" principle.

In keeping with the Company's goal to engage employee towards a healthy lifestyle, Pulsate was launched. Pulsate is HDFC ERGO's own Health and Wellness Portal. This portal is supported by our partner 1 to 1 help.net, an ISO 9001:2008 company. The objective for this initiative is to get measurability in the Health and Wellness programs for employees. The facilities provided are Health Risk Assessment for employees, online counselling on any aspect, etc.

The e-learning site continued to enable employees to learn/ refresh their insurance concepts. The Company's HR vertical revisited the course content for all e-Quest basic level courses as well as added new intermediate level courses. They also conducted an advanced level program which aims at providing learning opportunity focused on key line of business to employees who qualify for the same by fulfilling the e-Quest basic and intermediate levels. In addition, class room training sessions were arranged on the various products for the sales and non sales teams.

Number of Employees



Risk Management

Risk Management continues to be an integral part of Company's planning cycle. The Risk Management Framework (RMF) defines the risk management approach across the enterprise at various levels and is incorporated into business planning and operations.

The Company's risk strategy focuses on listing all possible threats and exposures that might prevent the organization from achieving its objectives. The strategy encourages a culture of risk awareness and risk management in a manner that optimal results are delivered to all its stakeholders by minimizing adverse impact on the business objectives and by enhancing the Company's competitive advantage.

The Company believes that risk awareness and transparency is an essential part so that risks are well understood by all and can be balanced against business goals.

Risk Management is viewed as an important competitive factor in value creation and preservation which is directly influenced by the quality of risk management. The Company continues to adopt best practices in controlling all the risk exposure to which it is exposed to. This has been achieved by identifying risk exposures, assessing them, incorporating appropriate risk mitigation measures and monitoring and reviewing ongoing risk to incorporate changes in its operations and to enable it to make informed decisions on risk controls.

Inherent risk management and controlling functions of the Company have been further strengthened to provide all stakeholders with relevant, comprehensive and timely information about risk exposures and positions. Risk Management has enabled the Company to build an early warning system aimed at avoiding negative surprises and taking required risk minimizing measures at an early stage.

During the year, in addition to the periodic risk re-assessment and restatement exercise, the Company has also defined Key Risk Indicators (KRIs) for identified material risks in its risk universe. Such KRIs enable in identifying the triggers which point to the development of the said material risks. The Company is also in the process of defining risk thresholds for such identified risks so that early warning signals are available on the development of the risks for which such thresholds have been determined. The risk thresholds are designed with the aim of appropriate risk containment through timely and required risk improvement measures.

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

function independently appraises and evaluates the processes of the Company and provides guidance in the development of adequate and effective controls in the operating processes of the Company. Its core role with regard to RMF is to provide objective assurance to the stakeholders on the effectiveness of risk management.

Risk and Loss Mitigation (RLMU)

The RLMU mainly handles the Fraud Management Framework comprising Whistleblower Policy, Anti-Fraud Policy and Code of Conduct.

The department has obtained ISO 9001:2008 certification which is valid upto October, 2017.

An Automated Fraud Trigger System and a Claims Investigation Management Application have been developed to handle huge volumes of motor claims. A similar system is being developed for health claims as well.

A strong network of professional investigators Pan-India has been set up to carry out field investigation of cases suspected to be fraudulent. The Company has tied up with Govt. Forensic Science Laboratory, Ahmedabad to ensure accurate and credible investigation of high value and important cases.

The Company coordinates with various external agencies including the Police and Automobile manufacturers to effectively manage recovery of stolen vehicles.

The department's efforts have resulted in significant savings through timely detection of frauds and institution of preventive measures.

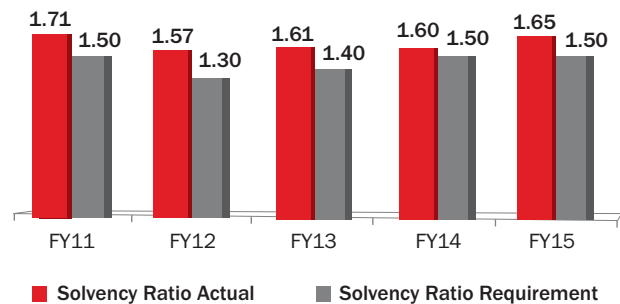
Solvency

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.

Disclaimer: This report contains forward-looking statements based on beliefs of HDFC ERGO's management. The words 'expected', 'estimate', 'believe' 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 products, 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.

As on March 31, 2015, the Company had a solvency ratio of 1.65 as against the minimum regulatory requirement of 1.50.

Solvency Ratio



Future Outlook

The economy and in consequence the industry is beginning to see positive signs this year with the new Government bringing in a set of reforms. We have already started seeing the results through increase in motor sales, decrease in WPI and softening of interest rates with the trend to continue in the coming year. As a result, the economy is projected to grow at 7.4% this year which will have a positive impact on the growth of general insurance industry as well.

The enactment of the Insurance Amendment Bill will bring in a lot of changes in the industry. We expect some more international players to enter the Indian market and reinsurers to setup bigger teams.

Given low penetration levels of 0.8% to the GDP, the available headroom for development in penetration is huge vis-à-vis comparable economies. We believe that the recent changes in the economy and the industry, will kick start a stronger growth for the industry. We would continue to innovate and strive to provide better customer and shareholder propositions in the future.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

A. Extracts from the Policy on Appointment of Directors

1) Recommendation by Nomination and Remuneration Committee of Directors (NRC)

Matching the requirements of the Company and enhancing the competencies of the Board are the basis for the NRC to shortlist and recommend a candidate for appointment to the Board. When recommending a candidate for such appointment, the NRC shall *inter-alia* have regard to:

- a. the results of assessment of the proposed appointee against a range of criteria formulated by the NRC which include but not limited to skill sets, regional and industry experience, background, integrity and other qualities required to operate successfully in the position of Director, having due regard to the benefits of diversity of the Board;
- b. the extent to which the proposed appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors and Senior Management;
- c. potential of the candidate to meet the present and future needs and requirements of the Company;
- d. the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment;
- e. any requirements under applicable law (including but not limited to under the Companies Act, 2013 (the Act) and/or the rules and regulations made thereunder, Articles of Association of the Company) and/or the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI); and
- f. the time commitment required from a Director to properly discharge his fiduciary duties towards the Company.

2) Criteria for Appointment

The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:

- a. highest levels of personal and professional ethics and integrity;
- b. high quality attributes such as discipline, objectiveness, sensitivity and creativity;
- c. sharing and demonstrating the values of the Company;
- d. degree holder in relevant disciplines (e.g. finance,

management, accountancy, administrative service, legal and insurance) or being a recognised specialist in disciplines or areas relevant to the Company and/or its business;

- e. experience in the management of a diverse organization whether located in India and/or overseas;
- f. experience in accounting and finance, insurance, actuarial, underwriting, corporate and strategic planning or fund management;
- g. demonstrable ability to work effectively with the Board;
- h. excellent interpersonal, communication and representational skills;
- i. demonstrable leadership skills;
- j. strong influencing and negotiating skills; and
- k. inclination for continuous professional development to refresh knowledge and skills.

Every person proposed to be appointed as a Director or a Member of Senior Management should be able to give sufficient time and attention to the Company's affairs.

The Policy is aimed to engage Directors (including Non-Executive Directors and Independent Directors) and Members of Senior Management, who are highly skilled, competent and experienced persons within the fields of finance, accounting, administrative service, insurance, underwriting, actuarial, management, leadership, sales, marketing, operations and administration, research, corporate governance, law or other disciplines related to the Company's business and operations.

3) Appointment of Independent Directors

The Independent Directors shall also fulfill the requirements prescribed under Section 149(6) of the Act and the provisions of Corporate Governance Guidelines issued by IRDAI and shall submit requisite declarations. In assessing the independence of a Director, *inter-alia* factors prescribed under sub-section (6) of Section 149 of the Act read with rules framed thereunder, as amended from time to time shall be considered.

4) Disqualification for Appointment

No person shall be considered for appointment as a Director of the Company, if he is disqualified to be appointed as such in terms of the provisions of Section 164 of the Act.

No person shall be considered for appointment as a Director of the Company, if he is already a Director in ten

or more public companies or private companies that are either holding or subsidiary company of a public company or such other limit on number of companies in which a person may hold directorships, as may be prescribed from time to time.

Appointment of Managing or Whole-time Director shall also be in accordance with provisions of Section 34A of the Insurance Act, 1938, as amended.

B. Extracts from the Policy on Remuneration of Directors

1) Remuneration of Non-Executive/ Independent Directors

The key elements of remuneration of Non-Executive/ Independent Directors are commission and sitting fees, subject to overall limit as prescribed in the Companies Act, 2013 and rules made thereunder, as amended from time to time and subject to the approval of the Shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be entitled for the stock options.

Subject to the said limits, the amount of sitting fees and commission payable to the non-executive directors shall be as recommended by the NRC and / or approved by the Board, from time to time.

2) Remuneration of Whole-time Directors including Managing Director and CEO, Executive Director and Whole-time KMP being a Director

The Whole-time Directors are appointed on a contractual basis for a fixed tenure as approved by the Insurance Regulatory and Development Authority of India (IRDAI) and Shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by the NRC/ Board and approval of IRDAI and Shareholders.

The remuneration payable to Whole-time Directors shall be approved by NRC subject to the approval of IRDAI under the provisions of Section 34A of the Insurance Act, 1938, as amended and the Shareholders of the Company under the provisions of the Companies Act, 2013 and may include base salary, house rent allowance, perquisites, variable pay in the form of commission, other benefits and allowances, and stock options and such other elements/ allowances as may be approved by NRC from time to time.

The Whole-time Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

The annual increments shall be linked to the overall performance of the Company and as approved by NRC, subject to the approval of IRDAI.

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR Policy of the Company *inter-alia* specifies the broad areas of CSR activities that could be undertaken by the Company, approach and process for undertaking CSR projects and the monitoring mechanism.

The Policy is available on the website of the Company, www.hdfcergo.com.

The details of CSR initiatives undertaken by the Company during the financial year 2014-15 and other particulars are given below.

A. Safe drinking water project in 15 villages spread across 5 states, in association with Sarvajal

Worldwide, as many as 1 billion people lack access to clean potable drinking water. Waterborne ailments account for 80% of health disease and deaths. Millions of people in India still lack access to clean drinking water and basic sanitation. The Company believes that providing safe drinking water is one of the most effective ways to preventive health care and recognises its responsibility to get involved with the rural population for upliftment of their living standards.

The Company in association with Sarvajal continues to provide clean, accessible and affordable drinking water in each of the 15 villages of 5 states i.e. Maharashtra, Bihar, Jharkhand, Karnataka & Madhya Pradesh. The main source of water in these villages is privately dug submersible pumps or government dug hand-pumps. There is no provision of piped water being supplied to each household through a community tank. The facility provided by the Company through Sarvajal will help the villagers get access to good quality drinking water at a minimal cost of 30 paise per litre. The entire project is funded and monitored by the Company and Sarvajal will take care of consistent supply and purification maintenance. The Company has witnessed positive results of its efforts in the past and is happy that the rural community of villages shall have reliable access to affordable and safe drinking water in a sustainable manner through these water dispensers.

B. Sanitation Units for Families in 3 districts, in association with Habitat for Humanity India

Of the 2.5 billion people in the world that defecate openly, some 665 million live in India. This is of greater concern as 88% of deaths from diarrhea occur because of unsafe

water, inadequate sanitation and poor hygiene. The Company feels it is its responsibility to get involved with the pain points of rural population for upliftment of their living standards. Being in the business that is a key component of overall healthcare, it is its responsibility to ensure infrastructure for better health of the underprivileged people in rural India.

In association with Habitat for Humanity India, the Company has extended its support to the underprivileged families who are deprived of individual sanitation units by supporting the construction of 250 units in Sangli, 200 units in Aurangabad and 100 units in Bharatpur.

C. Prince Aly Khan Hospital (PAKH) Pathology Lab Upgrade

PAKH is an acute care, multispeciality hospital serving all communities over a period of seventy years. The hospital functions within the framework of the international Aga Khan Development Network, which is committed towards improving the health and living conditions of the people. The hospital provides Diagnostic Services (including Pathology), Oncology, Cancer Rehabilitation Clinic, Emergency Services & Special clinics. The hospital has 162 inpatient beds, 5 operation theatres, a 27-bed critical care unit (ICU), an intensive cardiac care unit (ICCU), neonatal and pediatric intensive care units.

Under this initiative, the Company in association with PAKH will be providing critical and high end Tuberculosis detection and control equipment, for prevention of occupational health hazard to the doctors and technical staff in histopathology laboratory by eliminating exposure to toxic fumes and infectious agents and upgrading staining quality through high end equipment facilitating speed, accuracy as well as health safety.

All sponsored equipments will enhance medical services, decrease health hazard and provide speedy and accurate medical reports thereby leading to higher health preservation.

2. The Composition of the CSR Committee: Dr. Jagdish Khattar (Chairman), Ms. Renu Sud Karnad, Mr. Andreas Kleiner and Mr. Mukesh Kumar.

3. Average net profit of the Company for last three financial years: ₹ 122,17,84,329

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 2,44,35,687

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ 2,44,35,687

(b) Amount spent during the year: ₹ 2,44,53,376

(c) Amount unspent, if any: Nil

(d) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	Projects / Activities	Sector	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken {District (State)}	Amount outlay (budget) project or program-wise (₹)	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency
1.	Formation of Self-Help Groups and training in areas of spice cultivation and dairy development	Livelihood enhancement projects	Rudraprayag (Uttarakhand)	3,58,461	Direct expenditure	3,58,461	Through implementing partner AT India. (Note 1)
2.	Provision of affordable, pure and safe drinking water	Making available Safe Drinking Water	Rohtas and Aurangabad (Bihar), Palamu (Jharkhand), Yadgir (Karnataka), Sheopur (Madhya Pradesh), Aurangabad and Sangli (Maharashtra)	1,03,85,315	Direct expenditure	1,03,85,315	Through implementing partner Sarvajal (Note 2)
3.	Construction of individual household latrines	Sanitation	Aurangabad and Sangli (Maharashtra), Bharatpur (Rajasthan)	85,50,000	Direct expenditure	85,50,000	Through implementing partner Habitat (Note 3)
4.	Upgradation of Pathology Laboratory of Prince Aly Khan Hospital (PAKH) at Mumbai by provision of critical and high end Tuberculosis detection & control equipment.	Preventive Health Care	Mumbai (Maharashtra)	51,59,600	Direct expenditure	51,59,600	Direct
	TOTAL			2,44,53,376		2,44,53,376	

Note 1: AT India is a non-government organization that works with mountain communities of Uttarakhand, offering them innovative alternatives to subsistence agriculture. Its broad mission is to assist village communities in the Western Himalayan eco-region to conserve their natural resources while utilizing these resources and non timber forest products (NTFPs) in a socially equitable, economically efficient and ecologically sustainable manner. The organization operates under the premise that attaining economic and managerial control over their natural resources will instinctively provide local communities the impetus to support long-term biodiversity conservation goals. More information about AT India can be accessed from its website www.atindia.org.

Note 2: Sarvajal was founded in 2008 by the Piramal Foundation to develop market based models for providing clean drinking water at the base of the pyramid. Piramal Water Private Limited is a social enterprise which creates affordable access to safe drinking water for the underserved at the last mile. This is accomplished through a wide network of decentralized safe drinking water treatment and distribution technologies. More than 8.8 billion litres of clean drinking water served, 1,00,000 served daily in over 6 states, 400+ jobs that encourage safe water practices in local communities. Sarvajal was named as one of the World's top 10 most innovative companies in India for 2013. Sarvajal partners with entrepreneurs, companies, philanthropic organizations, non-profits and agencies around the world to deploy drinking water solutions for communities, facilities and institutions. Sarvajal operates through a growing base of local entrepreneurs and in collaboration with government

agencies, philanthropic organizations and private companies. More information about Sarvajal can be accessed from its website www.sarvajal.com.

Note 3: Habitat for Humanity India Trust (Habitat) is a Public Charitable Trust having its trust deed registered vide registration No. 700 dated 19/01/2005 with the office of the Sub-registrar of Assurances, Mahrauli Tehsil and having its office at CNI Bhavan, 3rd Floor, No.16, Pandit Pant Marg, New Delhi 110 001. Habitat for Humanity's vision is a world where everyone has a decent place to live. Its mission is to put God's love into action by bringing people together to build homes, communities and hope. More information about Habitat can be accessed from its website www.habitat.org.

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

As against the total CSR amount to be spent during the financial year 2014-15 of ₹ 2,44,35,687 the Company has spent ₹ 2,44,53,376.

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

Mukesh Kumar
(Executive Director)
(DIN:06864359)

Dr. Jagdish Khattar
(Chairman – CSR Committee)
(DIN:00013496)

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN: U66010MH2002PLC134869
- ii) Registration Date: February 8, 2002
- iii) Name of the Company: HDFC ERGO GENERAL INSURANCE COMPANY LIMITED
- iv) Category / Sub-Category of the Company: General Insurance
- v) Address of the Registered Office and contact details: 1st Floor, 165-166, Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai – 400020 • Email: care@hdfcergo.com • Website: www.hdfcergo.com
Tel. No.: +91 22 – 6638 3600 • Fax No.: +91 22 – 6638 3699
- vi) Whether listed company: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited, Corporate Registry, Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032. • Email: support@karvy.com • Website: www.karvycomputershare.com Tel. No.: +91 40 – 6716 1500 • Fax No.: + 91 40 – 2331 1968

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the product/service	% to total turnover of the Company
1	Motor - OD	General Insurance (Non-Life) 6512 (sub-class 65120)	19.25%
2	Health Insurance	General Insurance (Non-Life) 6512 (sub-class 65120)	17.06%
3	Motor-TP	General Insurance (Non-Life) 6512 (sub-class 65120)	13.04%
4	Fire	General Insurance (Non-Life) 6512 (sub-class 65120)	12.98%
5	Personal Accident	General Insurance (Non-Life) 6512 (sub-class 65120)	11.91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Housing Development Finance Corporation Limited	L70100MH1977PLC019916	Holding	73.63	2(46)

IV. SHARE HOLDING PATTERN

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	39,07,32,190	60	39,07,32,250	73.82	39,66,08,190	60	39,66,08,250	73.63	(0.19)
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1):	39,07,32,190	60	39,07,32,250	73.82	39,66,08,190	60	39,66,08,250	73.63	(0.19)
(2) Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp	13,72,28,000	—	13,72,28,000	25.93	13,91,78,000	—	13,91,78,000	25.84	(0.09)
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(2):	13,72,28,000	—	13,72,28,000	25.93	13,91,78,000	—	13,91,78,000	25.84	(0.09)
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	52,79,60,190	60	52,79,60,250	99.75	53,57,86,190	60	53,57,86,250	99.47	(0.28)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):	—	—	—	—	—	—	—	—	—
(2) Non-Institutions									
a) <u>Bodies Corp.</u>									
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) <u>Individuals</u>									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	81,500	—	81,500	0.02	1,21,250	—	1,21,250	0.03	0.01
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	12,42,500	—	12,42,500	0.23	27,12,750	—	27,12,750	0.50	0.27
c) Others	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):	13,24,000	—	13,24,000	0.25	28,34,000	—	28,34,000	0.53	0.28
Total Public Shareholding (B) = (B)(1) + (B)(2)	13,24,000	—	13,24,000	0.25	28,34,000	—	28,34,000	0.53	0.28
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	52,92,84,190	60	52,92,84,250	100.00	53,86,20,190	60	53,86,20,250	100.00	—

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged/encumbered to Total Shares	No. of Shares	% of Total Shares	% of Shares Pledged encumbered to Total Shares	
1	Housing Development Finance Corporation Limited	39,07,32,250	73.82	—	39,66,08,250	73.63	—	(0.19)
2	ERGO International, AG	13,72,28,000	25.93	—	13,91,78,000	25.84	—	(0.09)
	Total	52,79,60,250	99.75	—	53,57,86,250	99.47	—	(0.28)

(iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding	
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
Name of Promoter: Housing Development Finance Corporation Limited (HDFC) - Indian Promoter				
At the beginning of the year	39,07,32,250	73.82	39,07,32,250	73.82
Date-wise Increase/Decrease in Shareholding during the year				
August 5, 2014 : Purchase of shares from employees under ESOP - 2009	3,26,000	0.06	39,10,58,250	73.63
December 22, 2014: Allotment of shares on preferential basis	55,50,000	1.03	39,66,08,250	73.63
At the end of the year	—	—	39,66,08,250	73.63
Name of Promoter: ERGO International, AG - Foreign Promoter				
At the beginning of the year	13,72,28,000	25.93	13,72,28,000	25.93
Date wise Increase/Decrease in Shareholding during the year				
December 22, 2014: Allotment of shares on preferential basis	19,50,000	0.36	13,91,78,000	25.84
At the end of the year	—	—	13,91,78,000	25.84

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase/ Decrease		Cumulative Shareholding		Shareholding at the End of the year	
		No. of Shares	% of Total Shares	No. of Shares allotted under ESOP on July 4, 2014	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Karan Chopra	1,50,000	0.03	1,72,500	0.03	3,22,500	0.06	3,22,500	0.06
2	Subramanian Gopalakrishnan	1,20,000	0.02	1,38,750	0.03	2,58,750	0.05	2,58,750	0.05
3	Samir H. Shah	85,000	0.02	65,000	0.01	1,50,000	0.03	1,50,000	0.03
4	Ankur Bahorey	75,000	0.01	NIL	NIL	75,000	0.01	75,000	0.01
5	Sanjiv Sharma	60,000	0.01	1,80,000	0.03	2,40,000	0.05	2,40,000	0.04
6	Gujrathi Atul Sufal	55,500	0.01	55,500	0.01	1,11,000	0.02	1,11,000	0.02
7	Hari Radhakrishnan	55,500	0.01	48,000	0.01	1,03,500	0.02		
	Hari Radhakrishnan			(10,000)*	0.00	93,500	0.02	93,500	0.02
8	Dr. Kashyap M. Dakshini	52,500	0.01	48,000	0.01	1,00,500	0.02	1,00,500	0.02
9	Abhiranjan Gupta	48,000	0.01	35,000	0.01	83,000	0.02	83,000	0.02
10	Mukesh G. Sachdev	37,000	0.01	32,000	0.01	69,000	0.01	69,000	0.01

* Sale on August 5, 2014

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date-wise Increase/ Decrease		Cumulative Shareholding		Shareholding at the end of the year	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Ritesh Kumar - MD & CEO	10,000	0.00	—	—	10,000	0.00	10,000	0.00
2	Mukesh Kumar - Executive Director	—	—	69,500*	0.01	69,500	0.01	69,500	0.01
3	Samir H. Shah - Member of Executive Management & CFO	85,000	0.02	65,000*	0.01	1,50,000	0.03	1,50,000	0.03

*Shares allotted under ESOP on July 4, 2014

V. INDEBTEDNESS

The Company has not borrowed monies by way of secured loan or deposits; neither it has contracted unsecured debt. Accordingly, the indebtedness of the Company at the beginning and closure of FY 2014-15 is nil.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/OR MANAGER:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Ritesh Kumar (Managing Director and CEO)	Mukesh Kumar (Executive Director)	
1	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	3,42,87,326	1,33,34,526	4,76,21,852
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	12,53,234	53,99,856	66,53,090
(c)	Profit in lieu of salary under Section 17(3) of the Income tax Act, 1961	—	—	—
2	Number of Stock Options granted during the year	1,30,000	1,10,000	—
3	Sweat Equity	—	—	—
4	Commission			
	— As % of profit	—	—	—
	— Others, specify	—	—	—
5	Others, please specify	—	—	—
	Total (A)	3,55,40,560	1,87,34,382	5,42,74,942
	Ceiling as per the Act	Refer Note —1		

B. REMUNERATION TO OTHER DIRECTORS

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Bernhard Steinruecke	Jagdish Khattar	Mehernosh B. Kapadia	
1	Independent Directors				
	● Fee for attending Board/Committee meetings	4,90,000	5,90,000	3,00,000	13,80,000
	● Commission	7,00,000	7,00,000	—	14,00,000
	● Others, please specify	—	—	—	—
	Total (1)	11,90,000	12,90,000	3,00,000	27,80,000
		Deepak S. Parekh	Keki M. Mistry	Renu Sud Karnad	
2	Other Non - Executive Directors				
	● Fee for attending Board/ Committee meetings	90,000	5,50,000	4,90,000	11,30,000
	● Commission	—	—	—	—
	● Others, please specify	—	—	—	—
	Total (2)	90,000	5,50,000	4,90,000	11,30,000
	Total (B) = (1+2)	12,80,000	18,40,000	7,90,000	39,10,000
	Total remuneration to Non-executive Directors, excluding Sitting Fee (Refer Note - 2)				14,00,000
	Ceiling as per the Act (Refer Note - 2)				1,46,82,474
	Total Managerial Remuneration				5,56,74,942
	Overall Ceiling as per the Act				Refer Note 1&2

Note – 1: In terms of the provisions of Section 34A of the Insurance Act, 1938, the provisions relating to ceiling on managerial remuneration as prescribed under the Companies Act, shall not apply to any matter in respect of which the approval of IRDAI has been obtained. The appointment and remuneration of the Managing Director and CEO and the Executive Director was approved by IRDAI.

Note – 2: In terms of the provisions of the Companies Act, remuneration payable to non-executive directors shall not exceed 1% of the net profits, excluding sitting fees.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Dayananda Shetty (Company Secretary)*	Samir H. Shah (CFO)	
1	Gross salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	31,71,991	1,02,22,758	1,33,94,749
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	1,68,860	48,47,275	50,16,135
(c)	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–
2.	Number of Stock Options granted during the year	82,000	80,000	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of profit	–	–	–
	– Others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Total	33,40,851	1,50,70,033	1,84,10,884

* w.e.f. April 25, 2014

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of any Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Secretarial Audit Report for the Financial Year ended 31st March, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
HDFC ERGO General Insurance Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC ERGO General Insurance Company Limited** having (CIN: U66010MH2002PLC134869) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Company does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009#;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999#;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998#;

The Regulations or Guidelines, as the case may be, was not applicable for the period under review.

We have relied on the representations made by the Company and its Officers for systems and mechanisms developed by the Company in order to ensure compliances under other applicable Acts, Laws and Regulations to the Company. The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. The Insurance Act, 1938, as amended.
- vii. The Insurance Regulatory and Development Authority Act, 1999, as amended and Regulations framed thereunder and as amended from time to time.

We have also examined compliance with the applicable clauses of the following:

- i. Standards issued by The Institute of Company Secretaries of India.#
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable#;

Not applicable for the period under review.

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

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings. The Agenda for the meetings along with agenda notes were generally circulated to the Directors seven days in advance and there exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had issued and allotted 75,00,000 Equity shares of ₹ 10 each for cash at a premium of ₹ 70 per share to the Promoters of the Company on a preferential basis, after obtaining approval of the Members at the Extra-ordinary General Meeting held on December 18, 2014.

For **Bhandari & Associates**
Company Secretaries

MUMBAI
April 21, 2015

S. N. Bhandari
FCS No.: 761
C P No. : 366

Independent Auditors' Report

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, 2015, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/FA/059/03/2015 dated March 31, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDA") in this regard, the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable. This responsibility also includes maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

IRDA, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, the orders/directions issued by the IRDA and the Act to the extent applicable 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, 2015;
- 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, 2015;
- iii. in the case of the Profit and Loss Account, of the profit for the year ended March 31, 2015; and

Independent Auditors' Report (Continued)

- iv. in the case of the Receipts and Payments Account, of the receipts and payments for the year ended March 31, 2015.

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, 2015 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.

Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated April 21, 2015 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 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it 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 dealt with by this report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent not inconsistent with the accounting principles prescribed in the IRDA Financial Statements 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 IRDA Financial Statements Regulations and/or orders/directions issued by the IRDA in this regard.
 - (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard.
 - (h) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company was not required to deposit or pay any dues in respect of the Investor Education and Protection Fund during the year.

For A. F. FERGUSON ASSOCIATES

Chartered Accountants
Firm's Registration No.: 102849W

Rupen K. Bhatt

Partner
Membership No.: 046930

For B. K. KHARE & CO.

Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker

Partner
Membership No.: 044784

Mumbai,
April 21, 2015

Independent Auditors' Certificate

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditor's Report dated April 21, 2015)

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 as amended by the Insurance Laws (Amendment) Act, 2015 read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/FA/059/03/2015 dated March 31, 2015 (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 of India (the "IRDA") which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

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, 2015, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2015, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on the Management representations 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 the 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, 2015, 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, relating to the application and investments of the Policyholders' Funds.

For **A. F. FERGUSON ASSOCIATES**

Chartered Accountants
Firm's Registration No.: 102849W

Rupen K. Bhatt

Partner
Membership No.: 046930

For **B. K. KHARE & CO.**

Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker

Partner
Membership No.: 044784

Mumbai,
April 21, 2015

FORM B - BS

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

Balance Sheet as at March 31, 2015

	Schedule	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
SOURCES OF FUNDS			
SHARE CAPITAL	5	5,386,203	5,292,843
RESERVES AND SURPLUS	6	4,609,663	3,531,969
FAIR VALUE CHANGE ACCOUNT		122,351	7,708
BORROWINGS	7	102	614
DEFERRED TAX LIABILITY (Refer note 14 of Schedule 16)		118,240	158,220
TOTAL		10,236,559	8,991,354
APPLICATION OF FUNDS			
INVESTMENTS	8	37,666,870	31,431,308
LOANS	9	—	—
FIXED ASSETS	10	1,497,344	1,613,986
CURRENT ASSETS			
Cash and Bank Balances	11	1,224,926	2,538,977
Advances and Other Assets	12	4,908,051	4,241,790
Sub-Total (A)		6,132,977	6,780,767
CURRENT LIABILITIES	13	22,794,253	19,623,107
PROVISIONS	14	12,266,379	11,211,600
Sub-Total (B)		35,060,632	30,834,707
NET CURRENT ASSETS/(LIABILITIES) (C) = (A-B)		(28,927,655)	(24,053,940)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	—	—
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		—	—
TOTAL		10,236,559	8,991,354
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

A. F. Ferguson Associates
Chartered Accountants
Firm's Registration No.: 102849W

B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Rupen K. Bhatt
Partner
Membership No.: 046930

Padmini Khare Kaicker
Partner
Membership No.: 0447843

Mumbai,
Dated: April 21, 2015

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.: FCA 045476

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Mukesh Kumar
Executive Director
(DIN: 06864359)

Directors

Keki M. Mistry
(DIN: 00008886)

Renu Sud Karnad
(DIN: 00008064)

Andreas Kleiner
(DIN: 02072259)

Mark Lammerskitten
(DIN: 03066666)

Independent Directors

Dr. Jagdish Khattar
(DIN: 00013496)

Bernhard Steinruecke
(DIN: 01122939)

Mehernosh B. Kapadia
(DIN: 00046612)

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, 2015

Particulars	Schedule	For the year ended March 31, 2015 (₹ '000)	For the year ended March 31, 2014 (₹ '000)
OPERATING PROFIT/(LOSS)			
Fire Insurance		130,434	573,424
Marine Insurance		(345,222)	(210,979)
Miscellaneous Insurance		792,062	1,155,642
		<u>577,274</u>	<u>1,518,087</u>
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		812,701	705,606
Profit on sale of investments		59,295	30,404
Less: Loss on sale of investments		—	—
Accretion/(Amortisation) of Debt Securities		13,926	12,237
		<u>885,922</u>	<u>748,247</u>
OTHER INCOME			
		—	—
TOTAL (A)		<u>1,463,196</u>	<u>2,266,334</u>
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)		28,178	21,324
Corporate Social Responsibility Expenses (Refer note 30 of Schedule 16)		24,453	—
Bad debts written off		—	—
Wealth Tax and others		2,214	1,890
TOTAL (B)		<u>54,845</u>	<u>23,214</u>
PROFIT/(LOSS) BEFORE TAX		<u>1,408,351</u>	<u>2,243,120</u>
Provision for Taxation			
- Current Tax / Minimum Alternate Tax (MAT)		402,893	450,068
Less : MAT credit entitlement		—	(319,236)
- Deferred Tax (Refer note 14 of Schedule 16)		(34,562)	158,220
PROFIT/(LOSS) AFTER TAX		<u>1,040,020</u>	<u>1,954,068</u>
APPROPRIATIONS			
Interim dividends paid during the year		403,965	264,642
Proposed final dividend		—	—
Dividend distribution tax		80,769	44,976
Transfer to any Reserves or Other Accounts		—	—
Transfer to Contingency Reserve for Unexpired Risks		—	—
Balance of Profit/(Loss) brought forward from previous year		756,669	(887,781)
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>1,311,955</u>	<u>756,669</u>
EARNINGS PER SHARE (Basic) (in ₹)		1.95	3.70
EARNINGS PER SHARE (Diluted) (in ₹)		1.94	3.66
(Face Value ₹ 10 per share) (Refer note 24 of Schedule 16)			

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

For and on behalf of the Board of Directors

A. F. Ferguson Associates
Chartered Accountants
Firm's Registration No.: 102849W

B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Deepak S. Parekh
Chairman
(DIN: 00009078)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.: FCA 045476

Directors
Keki M. Mistry
(DIN: 00008886)

Independent Directors
Dr. Jagdish Khattar
(DIN: 00013496)

Rupen K. Bhatt
Partner
Membership No.: 046930

Padmini Khare Kaicker
Partner
Membership No.: 0447843

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Renu Sud Karnad
(DIN: 00008064)

Bernhard Steinruecke
(DIN: 01122939)

Mumbai,
Dated: April 21, 2015

Mukesh Kumar
Executive Director
(DIN: 06864359)

Andreas Kleiner
(DIN: 02072259)
Mark Lammerskitten
(DIN: 03066666)

Mehernosh B. Kapadia
(DIN: 00046612)

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002

Receipts and Payments Account for the year ended March 31, 2015

Particulars	For the year ended March 31, 2015 (₹ '000)	For the year ended March 31, 2014 (₹ '000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	34,771,680	32,496,246
Payments to re-insurers, net of commission and claims	(3,349,112)	(3,817,807)
Payments to co-insurers, net of claims recovery	(245,802)	(24,350)
Payments of claims	(18,362,052)	(15,439,156)
Payments of commission and brokerage	(2,633,566)	(2,259,571)
Payments of other operating expenses	(5,656,595)	(4,394,501)
Deposits, advances and staff loans	(10,962)	(39,442)
Income taxes paid (Net) (Including wealth tax)	(240,913)	(445,870)
Service tax paid	(2,351,372)	(2,298,614)
Net cash flow from operating activities (A)	1,921,306	3,776,935
Cash flows from investing activities		
Purchase of fixed assets	(348,132)	(628,764)
Proceeds from sale of fixed assets	2,826	179
Purchase of investments	(15,388,412)	(15,046,166)
Sale of investments	9,938,986	10,757,691
Application Money for investments	(20,000)	—
Rent/Interest/Dividend received	2,824,922	2,127,666
Investments in money market instruments and in liquid mutual funds (Net)	(398,501)	60,139
Net cash used in investing activities (B)	(3,388,311)	(2,729,255)
Cash flows from financing activities		
Proceeds from issuance of share capital and share premium	626,290	10,653
Repayments of borrowing	(512)	(1,078)
Interest	(43)	(147)
Dividend paid (Including dividend distribution tax)	(484,734)	(309,618)
Net cash flow from financing activities (C)	141,001	(300,190)
Effect of foreign exchange rates on cash and cash equivalents (Net) (D)	(447)	(286)
Net decrease in cash and cash equivalents (A + B + C + D)	(1,326,451)	747,204
Cash and cash equivalents at the beginning of the year	2,538,977	1,791,773
Cash and cash equivalents at the end of the year	1,212,526	2,538,977
Net decrease in cash and cash equivalents	(1,326,451)	747,204
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and Bank balances	1,224,926	2,538,977
Less: Deposit Accounts not considered as cash and cash equivalents as defined in AS-3 "Cash Flow Statements"	(12,400)	—
Cash and cash equivalents at the end of the year	1,212,526	2,538,977

NOTES TO ACCOUNTS

16

Refer Schedule 11 for components of cash and bank balances

In terms of our report attached

For and on behalf of the Board of Directors

A. F. Ferguson Associates
Chartered Accountants
Firm's Registration No.: 102849W

B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Deepak S. Parekh
Chairman
(DIN: 00009078)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.: FCA 045476

Directors
Keki M. Mistry
(DIN: 00008886)

Independent Directors
Dr. Jagdish Khattar
(DIN: 00013496)

Rupen K. Bhatt
Partner
Membership No.: 046930

Padmini Khare Kaicker
Partner
Membership No.: 0447843

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Renu Sud Karnad
(DIN: 00008064)

Bernhard Steinruecke
(DIN: 01122939)

Mumbai,
Dated: April 21, 2015

Mukesh Kumar
Executive Director
(DIN: 06864359)

Andreas Kleiner
(DIN 02072259)
Mark Lammerskitten
(DIN: 03066666)

Mehemosh B. Kapadia
(DIN:00046612)

FORM B - RA

IRDA Registration No: 125

Date of Registration with the IRDA : September 27, 2002



Revenue Accounts for the year ended March 31, 2015

Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Premiums Earned (Net)	1	684,007	528,166	716,879	522,777	15,339,993	14,798,388	16,740,879	15,849,331
2 Profit/Loss on Sale/Redemption of Investments (Net)		9,917	4,647	3,709	1,655	138,448	74,707	152,074	81,009
3 Accretion/(Amortisation) of Debt Securities		2,329	1,870	871	666	32,516	30,068	35,716	32,604
4 Others:									
Investment Income from Terrorism Pool			18,882					29,769	18,882
Miscellaneous Income/Liabilities written back		91	141	100	149	2,133	4,146	2,324	4,436
5 Interest, Dividend and Rent - Gross		135,922	107,836	50,836	38,400	1,873,125	1,627,818	2,059,883	1,774,054
TOTAL (A)		862,035	661,542	772,395	563,647	17,386,215	16,535,127	19,020,645	17,760,316
1 Claims Incurred (Net)	2	601,529	152,126	815,170	595,683	11,762,059	12,002,370	13,178,758	12,750,179
2 Commission (Net)	3	(186,104)	(268,714)	64,154	41,066	(846,291)	(748,644)	(968,241)	(976,292)
3 Operating Expenses Related to Insurance Business	4	316,176	204,706	238,293	137,877	5,678,385	4,125,759	6,232,854	4,468,342
4 Premium Deficiency									
TOTAL (B)		731,601	88,118	1,117,617	774,626	16,594,153	15,379,485	18,443,371	16,242,229
Operating Profit/(Loss) (A-B)		130,434	573,424	(345,222)	(210,979)	792,062	1,155,642	577,274	1,518,087
APPROPRIATIONS									
Transfer to Shareholders' Account		130,434	573,424	(345,222)	(210,979)	792,062	1,155,642	577,274	1,518,087
Transfer to Catastrophe Reserve									
Transfer to Other Reserves									
TOTAL (C)		130,434	573,424	(345,222)	(210,979)	792,062	1,155,642	577,274	1,518,087

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, as amended by Insurance Laws (Amendment) Act, 2015, 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

A. F. Ferguson Associates
Chartered Accountants
Firm's Registration No.: 102849W
Rupen K. Bhatt
Partner
Membership No.: 046930

Mumbai,
Dated: April 21, 2015

For and on behalf of the Board of Directors

B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W
Padmini Khare Kalkicker
Partner
Membership No.: 0447843

Deepak S. Parekh
Chairman
(DIN: 00009078)
Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)
Mukesh Kumar
Executive Director
(DIN: 06864359)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.: FCA 045476
Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Keki M. Mistry
(DIN: 00008886)
Renu Sud Karnad
(DIN: 00008064)
Andreas Kleiner
(DIN: 02072259)
Mark Lammerskitten
(DIN: 03066666)

Independent Directors
Dr. Jagdish Khattar
(DIN: 00013496)
Bernhard Steinmuecke
(DIN: 01122939)
Mehernosh B. Kapadia
(DIN: 00046612)

Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2015					For the year ended March 31, 2014				
	Fire	Marine		*Miscellaneous	Total	Fire	Marine		**Miscellaneous	Total
		Marine Cargo	Marine Hull				Marine Total	Marine Cargo		
Premium from direct business written-net of Service tax	3,746,887	935,006	131,903	1,066,909	27,008,257	31,822,053	153,766	874,529	24,988,020	29,069,868
Add: Premium on Re-insurance accepted	479,820	77,280	7,622	84,902	182,819	747,541	14,987	110,647	406,785	932,882
Less: Premium on Re-insurance ceded	(3,387,149)	(280,362)	(135,997)	(416,359)	(10,982,403)	(14,785,911)	(157,838)	(449,567)	(9,062,936)	(12,343,355)
Net Premium	839,558	731,924	3,528	735,452	16,208,673	17,783,683	10,915	535,609	16,331,869	17,659,395
Add/(Less): Adjustment for changes in reserve for unexpired risks	(155,551)	(20,735)	2,162	(18,573)	(868,680)	(1,042,804)	10,448	(12,832)	(1,533,481)	(1,810,064)
Total Premium Earned (Net)	684,007	711,189	5,690	716,879	15,339,993	16,740,879	21,363	522,777	14,798,388	15,849,331

* Miscellaneous Premium Breakup for the year ended March 31, 2015

Particulars	Miscellaneous																
	Motor		Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others							
	Motor-OD	Motor-TP								Motor/Declined Risk Pool	Motor Total	Other Liability	Home	Specialty	Weather	Others	
Premium from direct business written-net of Service tax	6,269,113	4,247,397	-	10,516,510	87,665	13,425	9,176	617,548	272,158	3,879,632	5,548,896	576,561	12,985	603,180	3,223,403	1,647,098	27,008,257
Add: Premium on Re-insurance accepted	-	-	14,072	(2,683,551)	(4,751)	(4,538)	(57,920)	(286,163)	(401,737)	(2,236,306)	(459,458)	(1,647)	(448,039)	(2,788,134)	(1,165,440)	(10,982,403)	182,819
Less: Premium on Re-insurance ceded	(1,587,025)	(1,096,526)	-	(2,683,551)	(4,751)	(4,538)	(57,920)	(286,163)	(401,737)	(2,236,306)	(459,458)	(1,647)	(448,039)	(2,788,134)	(1,165,440)	(10,982,403)	182,819
Net Premium	4,682,088	3,150,871	14,072	7,847,031	82,914	8,708	4,638	164,594	29,729	3,478,004	3,319,730	155,357	11,338	166,278	465,269	16,208,673	16,208,673
Add/(Less): Adjustment for changes in reserve for unexpired risks	269,545	(30,544)	-	239,001	(4,721)	(2)	(200)	(7,827)	(7,117)	(968,425)	(14,859)	(2,837)	(3,065)	(15,568)	13,561	(868,680)	(868,680)
Total Premium Earned (Net)	4,951,633	3,120,327	14,072	8,086,032	78,193	8,706	4,438	156,767	22,612	2,509,579	3,304,871	152,520	8,273	150,710	468,850	15,339,993	15,339,993

** Miscellaneous Premium Breakup for the year ended March 31, 2014

Particulars	Miscellaneous																
	Motor		Workmen Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others							
	Motor-OD	Motor-TP								Motor/Declined Risk Pool	Motor Total	Other Liability	Home	Specialty	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	(2,537,295)	(4,463)	(4,058)	(7,673)	(590,068)	(232,666)	(201,525)	(1,600,242)	(427,103)	(763)	(387,666)	(2,811,481)	(237,931)	(9,062,936)
Less: Premium on Re-insurance ceded	(1,605,829)	(931,466)	-	(2,537,295)	(4,463)	(4,058)	(7,673)	(590,068)	(232,666)	(201,525)	(1,600,242)	(427,103)	(763)	(387,666)	(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	109,464	25,396	2,792,255	4,567,937	164,985	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

Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2015						For the year ended March 31, 2014					
	Fire		Marine		*Miscellaneous	Total	Marine		**Miscellaneous		Total	
	Motor-OD	Motor-TP	Marine Cargo	Marine Hull			Marine Cargo	Marine Hull	Marine Total	Others		
Claims paid direct	1,685,403	784,388	36,538	820,926	14,251,655	16,757,984	846,236	624,134	4,279	628,413	12,683,534	14,158,183
Add: Claims on Re-insurance accepted	46,822	138,092	(0)	138,092	1,379,166	1,564,080	53,579	44,424	—	44,424	1,064,222	1,162,225
Less: Claims on Re-insurance ceded	(1,415,946)	(203,151)	(31,657)	(234,808)	(4,769,621)	(6,420,375)	(746,187)	(257,820)	(3,704)	(261,524)	(3,090,819)	(4,098,530)
Net Claims paid	316,279	719,329	4,881	724,210	10,861,200	11,901,669	153,628	410,738	575	411,313	10,656,937	11,221,878
Add: Claims Outstanding at the end of the year	474,630	450,785	10,201	460,986	12,151,943	13,087,559	189,380	346,179	23,847	370,026	11,251,084	11,810,490
Less: Claims Outstanding at the beginning of the year	(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)
Total Claims Incurred (Net)	601,529	823,935	(8,765)	815,170	11,762,059	13,178,758	152,126	580,591	15,092	595,683	12,002,370	12,750,179

* Miscellaneous Claims Incurred (Net) Break-up for the year ended March 31, 2015

Particulars	Miscellaneous										Total Miscellaneous						
	Motor		Workmen's Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others							
	Motor-OD	Motor-TP								Motor/Declined Risk Pool		Motor Total	Home	Specialty	Weather	Others	
Claims paid direct	4,719,782	2,060,541	—	6,780,323	10,739	195	33,879	283,440	5,708	801,641	3,007,845	58,171	11,875	88,639	1,718,819	1,450,381	14,251,655
Add: Claims on Re-insurance accepted	(0)	(0)	1,318,192	1,318,192	(0)	2,011	(0)	14,657	29,020	(0)	11,598	(0)	(0)	35	(0)	3,653	1,379,166
Less: Claims on Re-insurance ceded	(1,160,174)	(189,568)	—	(1,349,742)	(701)	(10)	(33,098)	(207,774)	(3,979)	(63,799)	(477,213)	(45,848)	(2,797)	(60,478)	(4,460,999)	(1,063,183)	(4,769,621)
Net Claims paid	3,559,608	1,870,973	1,318,192	6,748,773	10,038	2,196	781	90,323	30,749	737,842	2,542,230	12,223	9,078	28,196	257,820	390,851	10,861,200
Add: Claims Outstanding at the end of the year	649,354	9,634,384	(0)	10,283,738	48,290	4,513	5,836	90,920	18,467	386,602	54,312	32,803	1,150	45,945	446,673	245,794	12,151,943
Less: Claims Outstanding at the beginning of the year	(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)
Total Claims Incurred (Net)	3,635,163	3,723,340	(62,725)	7,305,778	17,363	3,336	493	94,401	39,909	808,228	2,475,962	20,723	9,257	26,579	499,748	520,192	11,762,059

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

Particulars	Miscellaneous										Total Miscellaneous						
	Motor		Workmen's Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others							
	Motor-OD	Motor-TP								Motor/Declined Risk Pool		Motor Total	Home	Specialty	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)	(4,506,252)	(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	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	(659,717)	(6,303,712)	(1,835,767)	(8,709,196)	(24,241)	(2,185)	(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	864,338	6,911,070	32,400	1,314	500	86,195	10,366	746,561	3,172,476	14,139	327	30,088	258,216	138,738	12,002,370

Schedules

Annexed to and forming part of the Revenue Accounts

(₹ '000)

Particulars	For the year ended March 31, 2015					For the year ended March 31, 2014					Total
	Fire		Marine		*Miscellaneous	Fire		Marine		**Miscellaneous	
	Marine Cargo	Marine Hull	Marine Cargo	Marine Hull		Marine Cargo	Marine Hull	Marine Cargo	Marine Hull		
Commission paid direct	180,695	2,881	77,746	80,627	2,018,826	181,465	3,130	73,358	76,488	1,787,347	2,045,300
Add: Commission paid on Re-insurance accepted	28,825	(17)	5,190	5,173	15,117	23,926	112	6,967	7,079	19,736	50,741
Less: Commission received on Re-insurance ceded	(395,624)	(6,266)	(15,380)	(21,646)	(2,880,234)	(474,105)	(15,382)	(27,119)	(42,501)	(2,555,727)	(3,072,333)
Net commission paid/(received)	(186,104)	(3,402)	67,556	64,154	(846,291)	(268,714)	(12,140)	53,206	(41,066)	(748,644)	(976,292)

* Miscellaneous Commission Break-up for the year ended March 31, 2015

(₹ '000)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor		Workmen Compensation		Public Liability	Product Liability	Aviation	Personal Accident	Health Insurance	Others						
	Motor-OD	Motor-TP	Motor Declined Risk Pool	Motor Total Others						Workmen Compensation Total		Other Liability	Home	Specialty	Weather	Others
Commission paid direct	524,680	42	-	524,722	8,160	1,429	886	6,043	553,352	733,250	45,757	1,294	68,698	657	31,953	2,018,826
Add: Commission paid on Re-insurance accepted	-	-	-	-	-	-	-	5,115	16	692	1,176	-	1,547	-	-	15,117
Less: Commission received on Re-insurance ceded	(139,985)	(120,518)	-	(320,503)	(664)	(96)	(503)	(6,695)	(130,986)	(1,302,828)	(29,084)	(194)	(55,754)	(707,399)	(191,265)	(2,860,234)
Net commission paid/(received)	324,695	(120,476)	-	204,219	7,496	1,333	383	5,919	422,380	(568,886)	17,949	1,100	14,491	(707,956)	(159,312)	(846,291)

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

(₹ '000)

Particulars	Miscellaneous										Total Miscellaneous					
	Motor		Workmen Compensation		Public Liability	Product Liability	Aviation	Personal Accident	Health Insurance	Others						
	Motor-OD	Motor-TP	Motor Declined Risk Pool	Motor Total Others						Workmen Compensation Total		Other Liability	Home	Specialty	Weather	Others
Commission paid direct	588,606	-	-	588,606	7,259	1,384	1,332	2,312	388,679	628,416	44,649	707	61,525	400	14,665	1,787,347
Add: Commission paid on Re-insurance accepted	-	-	-	-	-	-	-	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)	(25,639)	(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	3,800	363,244	(419,416)	15,865	614	(4,363)	(729,685)	(41,895)	(748,644)

Schedule - 3A

COMMISSION PAID DIRECT

(₹ '000)

Particulars	For the year ended March 31, 2015				For the year ended March 31, 2014			
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Agents	4,550	7,939	314,023	326,512	2,928	4,159	350,976	358,063
Brokers	79,676	63,846	378,861	522,383	78,590	52,071	412,479	543,140
Corporate Agency	96,469	8,842	1,324,346	1,429,657	99,947	20,258	1,023,515	1,143,720
Others: Web aggregator	-	-	1,596	1,596	-	-	377	377
Total	180,695	80,627	2,018,826	2,280,148	181,465	76,488	1,787,347	2,045,300

Schedules

Annexed to and forming part of the Revenue Accounts

Particulars	For the year ended March 31, 2015				For the year ended March 31, 2014				Total			
	Fire	Marine		*Miscellaneous	Fire	Marine		**Miscellaneous				
		Marine Cargo	Marine Hull			Marine Total	Marine Cargo			Marine Hull	Marine Total	
Employees' remuneration and welfare benefits	134,932	71,801	3,133	74,984	1,681,172	1,891,088	93,310	45,513	4,034	49,547	1,419,059	1,561,916
Travel, conveyance and vehicle running expenses	11,494	4,449	303	4,752	124,991	141,237	8,490	2,841	357	3,198	101,974	113,662
Training expenses	7,598	7,678	73	7,751	174,504	189,853	4,354	3,210	174	3,384	102,576	110,314
Rents, rates and taxes	14,679	15,999	128	16,427	344,574	375,380	9,728	9,911	422	10,333	288,028	308,089
Repairs	7,150	3,513	99	3,612	129,227	139,989	4,214	2,078	134	2,212	87,794	94,220
Printing and stationery	5,061	3,291	58	3,349	103,579	111,989	3,419	2,169	126	2,295	76,288	82,002
Communication	3,007	1,900	53	1,953	49,306	54,266	2,732	1,738	107	1,845	58,200	62,777
Legal and professional charges	61,565	59,938	552	60,490	1,412,858	1,534,913	31,478	25,718	1,140	26,858	870,289	928,625
Auditors' fees, expenses etc												
(a) as auditors	176	192	2	194	4,125	4,495	95	97	4	101	2,804	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	79	87	1	88	1,807	1,974	50	51	2	53	1,482	1,585
Advertisement and publicity	14,257	14,565	156	14,721	318,440	347,418	12,056	10,032	548	10,580	287,600	310,236
Interest and bank charges	7,815	8,510	68	8,578	192,155	208,548	6,313	6,432	274	6,706	186,926	199,945
Others:												
Electricity expenses	3,523	3,839	31	3,870	82,690	90,083	1,855	1,890	81	1,971	54,931	58,757
Office expenses	1,602	1,263	19	1,282	32,727	35,611	934	699	35	734	23,497	25,165
Miscellaneous expenses	13,336	4,010	509	4,519	36,947	54,802	10,540	2,417	585	3,002	21,947	35,489
Service charges	-	-	-	-	291,718	291,718	-	-	-	-	107,830	107,830
Information Technology expenses	8,933	9,317	75	9,392	209,708	228,033	5,857	5,433	236	5,669	167,591	179,117
Postage and courier	5,391	5,464	52	5,516	122,166	133,073	3,837	3,449	157	3,606	105,740	113,183
Loss on sale of assets (net)	18	20	0	20	430	468	47	48	2	50	1,394	1,491
Depreciation	15,560	16,959	136	17,095	365,261	397,916	5,397	5,499	234	5,733	159,809	170,939
Total Operating Expenses	316,176	232,795	5,498	238,293	5,678,385	6,232,854	204,706	129,225	8,652	137,877	4,125,759	4,468,342

(₹ '000)

Schedules

Annexed to and forming part of the Revenue Accounts

Schedule - 4 (Continued)

* Miscellaneous Operating expenses related to Insurance business Break-up for the year ended March 31, 2015

(₹ '000)

Particulars	Miscellaneous											Total Miscellaneous					
	Motor			Workmen's Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others						
	Motor-OD	Motor-TP	Motor/Declined Risk Pool								Motor Total		Other Liability	Home	Specialty	Weather	Others
Employees' remuneration and welfare benefits	513,745	330,761	-	844,526	7,528	906	510	24,701	7,907	276,984	371,221	23,275	922	23,108	55,372	44,212	1,661,172
Travel, conveyance and vehicle running expenses	35,011	22,914	-	57,925	461	58	35	1,959	717	19,696	26,371	1,760	66	1,748	9,095	5,100	124,991
Training expenses	55,463	35,073	-	90,536	849	95	49	1,669	269	28,367	37,218	1,680	94	1,659	7,018	5,001	174,504
Rents, rates and taxes	111,390	70,194	-	181,584	1,759	196	100	3,334	509	56,465	74,345	3,431	186	3,390	10,547	8,738	344,574
Repairs	41,179	26,857	-	68,036	433	47	27	1,209	282	22,842	28,878	958	78	936	3,091	2,430	129,227
Printing and stationery	32,796	21,180	-	53,976	391	43	23	928	170	17,725	22,597	794	60	777	3,610	2,485	103,579
Communication	15,488	9,953	-	25,441	211	24	13	564	142	8,283	10,828	521	28	515	1,539	1,197	49,306
Legal and professional charges	454,938	288,518	1,192	744,648	6,710	743	382	13,242	2,054	234,494	305,897	13,050	779	12,866	43,333	34,660	1,412,858
Auditors' fees, expenses etc																	
(a) as auditors	1,334	840	-	2,174	21	2	1	40	6	676	890	41	2	41	126	105	4,125
(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	380	-	982	10	1	1	18	3	306	344	19	1	18	57	47	1,807
Advertisement and publicity	100,458	63,373	-	163,831	1,592	178	92	3,166	547	51,060	67,429	3,242	168	3,206	14,143	9,786	318,440
Interest and bank charges	59,240	37,350	-	96,590	936	104	53	1,773	271	30,031	39,539	1,825	99	1,803	11,949	7,182	192,155
Others:																	
Electricity expenses	26,731	16,845	-	43,576	422	47	24	800	122	13,548	17,841	823	45	814	2,531	2,097	82,690
Office expenses	10,524	6,728	-	17,252	144	16	8	318	59	5,546	7,183	296	19	292	868	726	32,727
Miscellaneous expenses	6,581	4,387	-	10,968	290	49	32	2,310	1,162	4,157	8,672	2,317	11	2,329	2,438	2,212	36,947
Service charges	149,138	-	-	149,138	-	-	-	-	-	84,481	58,099	-	-	-	-	-	291,718
Information Technology expenses	67,882	42,910	-	110,792	1,035	115	59	1,982	296	34,686	45,425	1,997	115	1,971	6,125	5,110	209,708
Postage and courier	39,408	24,912	-	64,320	604	67	35	1,186	191	20,146	26,439	1,195	67	1,180	3,696	3,040	122,166
Loss on sale of assets (net)	139	88	-	227	2	0	0	4	1	71	93	4	0	4	13	11	430
Depreciation	118,077	74,408	-	192,485	1,865	208	106	3,535	539	59,844	78,808	3,637	197	3,594	11,180	9,263	365,261
Total Operating Expenses	1,840,124	1,077,691	1,192	2,919,007	25,263	2,899	1,550	62,738	15,227	969,398	1,228,117	60,865	2,937	60,251	186,731	143,402	5,678,385

Schedules

Annexed to and forming part of the Revenue Accounts

Schedule - 4 (Continued)

** Miscellaneous Operating expenses related to Insurance business Break-up for the year ended March 31, 2014

(₹ '000)

Particulars	Miscellaneous											Total Miscellaneous				
	Motor				Workmen's Compensation			Aviation					Health Insurance	Others		
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor/ Total	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Other Liability	Home			Specialty	Weather	Others
Employees' remuneration and welfare benefits	458,003	246,168	-	704,171	697	363	23,543	5,724	197,441	383,450	693	17,168	51,606	9,846	1,419,059	
Travel, conveyance and vehicle running expenses	31,040	17,486	-	48,226	45	28	1,905	549	13,574	25,406	43	1,313	8,042	1,059	101,974	
Training expenses	34,352	18,142	-	52,494	49	21	1,271	202	14,531	27,797	55	953	3,090	664	102,576	
Rents, rates and taxes	95,381	49,373	-	144,754	149	58	3,335	416	40,273	80,262	161	2,691	9,708	2,046	288,028	
Repairs	30,414	16,583	-	46,997	35	16	1,025	169	12,791	22,097	44	659	2,460	495	87,794	
Printing and stationery	25,559	13,660	-	39,219	34	15	928	153	10,802	19,968	39	663	2,828	533	76,288	
Communication	19,396	10,333	-	29,729	27	12	748	132	8,221	15,476	30	545	2,066	396	58,200	
Legal and professional charges	293,752	155,203	1,311	450,266	401	161	9,507	1,161	123,504	231,300	468	7,044	29,587	5,860	870,289	
Auditors' fees, expenses etc	929	481	-	1,410	15	1	32	4	392	782	2	26	95	18	2,804	
(a) as auditors																
(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	1	-	17	2	207	413	1	14	50	11	1,482	
Advertisement and publicity	92,113	47,842	-	139,955	150	63	3,764	640	39,232	79,338	154	3,005	14,325	2,462	287,600	
Interest and bank charges	61,901	32,042	-	93,943	97	38	2,164	270	26,137	52,089	104	1,746	6,301	1,328	186,926	
Others:																
Electricity expenses	18,191	9,416	-	27,607	28	11	636	79	7,681	15,308	31	513	1,852	389	54,931	
Office expenses	7,937	4,205	-	12,142	11	5	272	39	3,345	6,273	13	200	736	152	23,497	
Miscellaneous expenses	1,525	1,181	-	2,706	31	32	2,314	978	1,918	9,937	(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	83	33	1,901	236	23,651	45,909	92	1,482	5,333	1,132	167,591	
Postage and courier	35,235	18,408	-	53,643	52	21	1,228	163	14,871	28,968	58	958	3,560	736	105,740	
Loss on sale of assets (net)	461	239	-	700	1	-	16	2	195	388	1	13	47	11	1,394	
Depreciation	52,921	27,394	-	80,315	83	32	1,850	231	22,345	44,533	89	1,493	5,387	1,135	159,809	
Total Operating Expenses	1,382,672	697,423	1,311	2,081,406	1,975	910	56,456	11,150	887,223	1,104,461	2,077	42,271	147,116	28,447	4,125,759	

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 5

SHARE CAPITAL

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '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		
538,620,250 Equity Shares of ₹ 10/- each (Previous Year: 529,284,250 Equity Shares of ₹ 10/- each)	5,386,203	5,292,843
Subscribed Capital		
538,620,250 Equity Shares of ₹ 10/- each (Previous Year: 529,284,250 Equity Shares of ₹ 10/- each)	5,386,203	5,292,843
Called-up Capital		
538,620,250 Equity Shares of ₹ 10/- each (Previous Year: 529,284,250 Equity Shares of ₹ 10/- each)	5,386,203	5,292,843
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par Value of Equity Shares bought back	—	—
Less: Preliminary Expenses	—	—
Total	5,386,203	5,292,843

Of the above, 396,608,250 (Previous Year 390,732,250) 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, 2015		As at March 31, 2014	
	(Number of Shares)	(% of Holding)	(Number of Shares)	(% of Holding)
Promoters:				
Indian: Housing Development Finance Corporation Limited	396,608,250	73.63%	390,732,250	73.82%
Foreign: ERGO International AG	139,178,000	25.84%	137,228,000	25.93%
Others: Employees	2,834,000	0.53%	1,324,000	0.25%
Total	538,620,250	100.00%	529,284,250	100.00%

Schedules

Annexed to and forming part of the Balance Sheet

Schedule – 6

RESERVES AND SURPLUS

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	3,308,230	2,775,300
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/(Loss) in		
Profit and Loss Account - Opening	756,669	(887,781)
Add: Profit during the year	555,286	1,644,450
Less: Adjustment of Depreciation (net of deferred tax) (Refer note 31 of Schedule 16)	10,522	—
Total	4,609,663	3,531,969

Schedule – 7

BORROWINGS

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
Debentures/Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others:		
OAIS Auto Financial Services Limited (Refer note 4 and 13 of Schedule 16)	102	614
Total	102	614

Schedule – 8

INVESTMENTS (Refer note 9 of schedule 16)

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	10,163,266	8,365,039
Other Approved Securities	739,147	735,396
Other Investment:		
Shares		
— Equity	1,318,069	146,889
— Preference	279,973	195,000

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, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
Mutual Funds	—	—
Derivative Instruments	—	—
Debentures/Bonds	7,917,374	6,831,921
Other Securities (Bank Deposits)	1,821,400	522,500
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector Bonds	9,685,187	7,147,994
Other than Approved Investments		
— Equity Shares	18,840	22,065
— Preference Shares and Debentures	486,357	433,118
Sub-total	A 32,429,613	24,399,922
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	1,174,414	981,084
Other Approved Securities	—	250,468
Other Investment:		
Shares		
— Equity	—	—
— Preference	—	—
Mutual Funds	110,222	20,025
Derivative Instruments	—	—
Debentures/Bonds	1,305,066	1,452,524
Other Securities (Commercial Papers and Certificate of Deposits)	1,430,965	3,230,297
Subsidiaries	—	—
Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector Bonds	600,259	1,096,988
Other than Approved Investments		
— Mutual Fund	419,638	—
— Preference Shares	196,693	—
Sub-total	B 5,237,257	7,031,386
Total	A+B 37,666,870	31,431,308

Note:

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

	(₹ '000)	(₹ '000)
Long term investments — Book Value	31,092,704	24,230,968
Market Value	32,235,763	23,749,550
Short term investments — Book Value	4,707,397	7,011,361
Market Value	4,719,301	7,001,029

b) Aggregate cost of Investments in Debentures issued by Housing Development Finance Corporation Limited (Holding Company) for the year ended Mar 31, 2015 was ₹1,256,594 thousand (Previous year ₹1,099,221 thousand).

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 9

LOANS

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '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	<u>—</u>	<u>—</u>
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
Total	<u>—</u>	<u>—</u>
PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	—	—
(bb) Outside India	—	—
(b) Non-performing loans less provisions		
(aa) In India	—	—
(bb) Outside India	—	—
Total	<u>—</u>	<u>—</u>
MATURITY-WISE CLASSIFICATION		
(a) Short-Term	—	—
(b) Long-Term	—	—
Total	<u>—</u>	<u>—</u>
Total	<u>—</u>	<u>—</u>

Schedule - 10
FIXED ASSETS

Particulars	Cost/Gross Block			Depreciation /Amortisation			Net Block		
	Opening	Additions	Deductions	Closing	Upto Last Year	For The Year# Adjustments	To Date	As at Year End	Previous Year
Goodwill	—	—	—	—	—	—	—	—	—
Intangibles - Computer Software*	634,514	88,408	(0)	722,922	279,552	176,834	456,386	266,536	354,962
Leasehold Property	89,723	49,819	1,938	137,604	32,779	37,721	68,590	69,014	56,944
Building	759,980	—	—	759,980	36,491	12,681	49,172	710,808	723,489
Furniture and Fittings	96,655	51,201	913	146,943	11,590	12,579	23,495	123,448	85,065
Information Technology Equipment	387,497	69,550	21,322	435,725	211,637	107,244	297,749	137,976	175,860
Vehicles	88,539	13,446	3,611	98,374	24,285	18,727	42,163	56,211	64,254
Office Equipment	119,267	54,544	830	172,981	18,104	47,688	65,035	107,946	101,163
Leased Vehicles	2,635	—	1,740	895	2,176	381	819	76	459
Total	2,178,810	326,968	30,354	2,475,424	616,614	413,855	1,003,409	1,472,015	1,562,196
Capital Work-in-progress (includes advances)									
(Refer Note 5 of Schedule 16)	51,790	22,381	48,842	25,329	—	—	—	25,329	51,790
Grand Total	2,230,600	349,349	79,196	2,500,753	616,614	413,855	1,003,409	1,497,344	1,613,986
Previous year as at March 31, 2014	1,576,988	678,509	24,897	2,230,600	464,774	170,939	616,614	1,613,986	

*There are no internally generated Computer Software.

#Includes adjustment for depreciation on account of transition to Schedule II to the Companies Act, 2013 on tangible fixed assets, with NIL remaining useful life on April 1, 2014, directly charged off to balance of Profit in Profit and Loss Account under Reserves and Surplus ₹ 15,939 thousand (₹ 10,522 thousand net of deferred tax credit of ₹ 5,417 thousand).

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 11

CASH AND BANK BALANCES

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
Cash (including cheques, drafts and stamps)	721,538	1,632,376
Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	120,000	—
(bb) Others	12,400	—
(b) Current Accounts	370,988	906,601
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With Other Institutions	—	—
Others	—	—
Total	1,224,926	2,538,977

Schedule - 12

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	—	—
Application money for investments	20,000	—
Prepayments	78,083	205,693
Advance to Directors/Officers	—	—
Advance tax paid and taxes deducted at source (Net of provision for taxation)	36,072	18,539
Others:		
Advances to employees	1,988	1,132
Advances to suppliers	59,465	56,674
Service Tax utilized credit	157,180	75,325
MAT credit entitlement	139,162	319,236
Sub-total	(A) 491,950	676,599

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 12 (Continued)

ADVANCES AND OTHER ASSETS

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
OTHER ASSETS		
Income accrued on investments	1,224,227	1,188,546
Outstanding Premiums	2,112,270	1,338,459
Agents' Balances	—	—
Foreign Agents' Balances	—	—
Due from other entities carrying on insurance business (including reinsurers)	984,339	929,102
Due from subsidiaries/holding Company	—	—
Deposit with Reserve Bank of India (Pursuant to Section 7 of Insurance Act, 1938)	—	—
Others:		
Deposits for premises	95,265	108,774
Stock of salvaged cars	—	310
Sub-total	(B) 4,416,101	3,565,191
Total	(A+B) 4,908,051	4,241,790

Schedule - 13

CURRENT LIABILITIES

Particulars	As at March 31, 2015 (₹ '000)	As at March 31, 2014 (₹ '000)
Agents' Balances	157,513	168,357
Balances due to other insurance companies	4,943,660	4,770,676
Deposits held on re-insurance ceded	—	—
Premiums received in advance	1,031,895	1,491,589
Unallocated Premium	956,506	823,989
Unclaimed amount of Policyholders (Refer note 29 of Schedule 16)	220,952	148,723
Sundry creditors	2,117,556	1,692,306
Due to subsidiaries/holding company	669	—
Claims Outstanding (Refer notes 23(b) and 28 of Schedule 16)	13,087,559	10,497,136
Due to Officers/Directors	1,683	1,260
Others:		
Service tax liability	—	—
Tax deducted at source	274,427	27,325
Other statutory dues	1,833	1,746
Total	22,794,253	19,623,107

Schedules

Annexed to and forming part of the Balance Sheet

Schedule - 14

PROVISIONS

Particulars	As at	As at
	March 31, 2015 (₹ '000)	March 31, 2014 (₹ '000)
Reserve for Unexpired Risk	12,219,090	11,176,286
For taxation (less advance tax paid and taxes deducted at source)	4,876	4,950
For proposed dividends	—	—
For dividend distribution tax	—	—
Others:		
Provision for Employee benefits	42,413	30,364
Total	12,266,379	11,211,600

Schedule - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	As at	As at
	March 31, 2015 (₹ '000)	March 31, 2014 (₹ '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, 2015, Housing Development Finance Corporation Limited holds 73.63% and ERGO International AG holds 25.84% of paid up capital of the Company respectively. The Company is registered with the Insurance Regulatory and Development Authority of India (“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 Company’s certificate of renewal of Registration dated February 25, 2014 was valid till March 31, 2015. Pursuant to Section 3 read with Section 3A of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, said certificate shall consequentially continue to be in force from April 1, 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, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time (including Circular No.IRDAI/F&A/CIR/FA/059/03/2015 dated March 31, 2015), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and the relevant provisions of the Companies Act, 2013, the Companies Act, 1956, as 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. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

(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 including Reinsurance accepted (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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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 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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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 generally accepted actuarial 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.

(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.

Depreciable amount for assets is the cost of an asset or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc.

- Information Technology Equipment - 4 years
- Vehicles - 5 years
- Salvaged Vehicles Capitalised - 5 years

Leasehold Property is depreciated over the duration of lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- Computer Softwares -4 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(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.

(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 at Company level and not segregated between Policyholder's funds and Shareholder's funds.

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 is valued based on the last quoted closing price on 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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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/MPI/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 retroceded 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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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 a rational basis (viz. 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 Option 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.

(z) Receipts and Payments Account

(i) Receipts and Payments Account is prepared and reported using the Direct Method, in conformity with para 2.2 of the Master Circular on Preparation of Financial Statements - General Insurance Business dated October 5, 2012, issued by the IRDA.

(ii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

3. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
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

The Company has pending litigations arising out of matters relating to Income tax and has received show cause notice in respect of a Service tax matter [₹ 216,891 thousand (Previous year ₹ Nil)]. Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

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 ₹ 25,329 thousand (Previous year ₹ 51,790 thousand)] is ₹ 39,473 thousand (Previous year ₹ 79,917 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, 2015	For the year ended March 31, 2014
Outside India	581,942	426,028

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, 2015	As at March 31, 2014
More than six months	8,572,934	6,861,380
Others	4,906,495	3,180,223

7. PREMIUM

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

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

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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, 2015

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		(₹ '000's)	(₹ '000's)	(₹ '000's)	%	%
Fire	Total sum insured	4,226,707	1,034,456	3,192,251	24	76
Marine Cargo	Value at Risk	1,012,286	819,366	192,920	81	19
Marine Hull	Total sum insured	139,525	3,528	135,997	3	97
Miscellaneous						
– Motor	Total sum insured	10,530,582	7,900,460	2,630,122	75	25
– Workmens Compensation	Value at Risk	87,665	83,247	4,418	95	5
– Public/Product Liability	Value at Risk	22,601	13,346	9,255	59	41
– Engineering	Total sum insured	682,514	199,118	483,396	29	71
– Aviation	Value at Risk	315,892	29,729	286,163	9	91
– Personal Accident	Value at Risk	3,879,741	3,516,435	363,306	91	9
– Health Insurance	Value at Risk	5,556,038	3,325,212	2,230,826	60	40
– Other Liability/Specialty	Value at Risk	1,229,132	321,635	907,497	26	74
– Others	Value at Risk	4,886,911	962,635	3,924,276	20	80

The above excludes Excess of Loss cover reinsurance premium of ₹ 425,484 thousand for the year ended on March 31, 2015.

For the year ended on March 31, 2014

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		(₹ '000's)	(₹ '000's)	(₹ '000's)	%	%
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
– Workmens 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/Specialty	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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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, 2015	As at March 31, 2014
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

Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 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 – ₹ 529,400 thousand (Previous year ₹ 20,000 thousand)

Equity Shares – ₹ 1,215,018 thousand (Previous year ₹ 161,271 thousand)

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Aggregate market value of the Investments other than Mutual Fund and Equity	36,955,064	30,750,579
Aggregate amortized cost/cost of the Investments other than Mutual Fund and Equity	35,800,101	31,242,329

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

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
8.19% Government of India Securities (Maturity January 16, 2020)	48,923	48,751
7.99% Government of India Securities (Maturity July 9, 2017)	10,053	10,075
8.33% Government of India Securities (Maturity June 7, 2036)	19,550	19,542
5.59% Government of India Securities (Maturity June 4, 2016)	48,467	47,279
TOTAL	126,993	125,647

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) and the Executive Director are remunerated in terms of the approval granted by IRDA.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Details of their remuneration included in employee remuneration and welfare benefits are as follows:

(₹ '000)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salary, perquisites and bonus	56,364	35,208
Contribution to Provident Fund	1,814	1,116
Total	58,178	36,324

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration for each Director 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, 2015		For the year ended March 31, 2014	
	GDPI (₹ '000)	% of GDPI	GDPI (₹ '000)	% of GDPI
Rural	3,950,475	12	3,579,359	12
Urban	27,871,578	88	25,490,509	88
Total	31,822,053	100	29,069,868	100

Social Sector	For the year ended March 31, 2015	For the year ended March 31, 2014
Number of lives	100,049	154,713
GDPI (₹ '000)	3,645	11,418

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, 2015	As at March 31, 2014
Total commitment towards minimum lease payments	105	641
Present value of minimum lease payments	102	614
Minimum Lease payments		
Not later than one year	105	536
(Present value ₹ 102 thousand as on 31-03-2015)		
(Previous year ₹ 512 thousand)		
Later than one year but not later than five years	—	105
(Present value ₹ NIL thousand as on 31-03-2015)		
(Previous year ₹ 102 thousand)		

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Operating lease commitments – Premises and Furniture:

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

(₹ '000)

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than one year	264,272	261,152
Later than one year but not later than five years	271,016	320,543
Later than five years	—	—

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 315,651 thousand (Previous year ₹ 297,447 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, 2015	As at March 31, 2014
Deferred Tax Assets:		
Section 43B of Income-tax Act, 1961	14,642	10,320
Rule 6 E of the Income-tax rules, 1962 (Reserve for unexpired risk)	1,079	3,017
Total	15,721	13,337
Deferred Tax Liabilities:		
Depreciation	133,961	171,557
Total	133,961	171,557
Deferred Tax (Net)	(118,240)	(158,220)

15. EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company had introduced an Employee Stock Option 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 1,466,000 options (Previous year 1,048,000 options) were granted at an exercise price of ₹ 80.00 per option (Previous year ₹ 62.50 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 NIL options (Previous year 991,250 options) were vested out of Tranche I, 1,392,000 options (Previous year 262,000 options) were vested out of Tranche II, 235,500 options (Previous year 163,500 options) were vested out of Tranche III and 577,000 options (Previous year NIL options) were vested out of Tranche IV.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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 ₹ 19,765 thousand (Previous year ₹ 28,249 thousand) and profit after tax would have been lower by ₹ 14,596 thousand (Previous year ₹ 24,605 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 1.93 and ₹ 1.91 respectively (Previous year ₹ 3.65 and ₹ 3.62 respectively).

Movement in the options under ESOP 2009

(No. of Options)

Particulars	O/s at the beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	O/s at the end of the year	Unvested at the end of the year	Vested at the end of the year	Weighted average price per option	
Tranche VII	As at 31.3.2015	—	1,331,000	—	—	1,331,000	1,331,000	—	80.00
	As at 31.3.2014	—	—	—	—	—	—	—	—
Tranche VI	As at 31.3.2015	—	135,000	—	—	135,000	135,000	—	80.00
	As at 31.3.2014	—	—	—	—	—	—	—	—
Tranche V	As at 31.3.2015	1,048,000	—	—	35,000	1,013,000	1,013,000	—	62.50
	As at 31.3.2014	—	1,048,000	—	—	1,048,000	1,048,000	—	62.50
Tranche IV	As at 31.3.2015	2,296,000	—	161,250	64,500	2,070,250	1,657,500	412,750	50.00
	As at 31.3.2014	2,320,000	—	—	24,000	2,296,000	2,296,000	—	50.00
Tranche III	As at 31.3.2015	883,500	—	37,000	47,500	799,000	437,000	362,000	50.00
	As at 31.3.2014	987,000	—	82,500	21,000	883,500	883,500	—	50.00
Tranche II	As at 31.3.2015	2,073,500	—	854,500	—	1,219,000	—	1,219,000	10.00
	As at 31.3.2014	2,517,500	—	434,000	10,000	2,073,500	1,392,000	681,500	10.00
Tranche I	As at 31.3.2015	1,772,000	—	783,250	5,000	983,750	—	983,750	10.00
	As at 31.3.2014	2,000,750	—	218,750	10,000	1,772,000	—	1,772,000	10.00

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, Tranche V, Tranche VI and Tranche VII as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011, April 24, 2012, April 30, 2013, April 25, 2014 and March 16, 2015 are as follows:

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Particulars	Risk Free Interest Rate	Expected Life	Expected Volatility*	Expected Dividend Yield
Tranche VII	7.82%-7.86%	4-6 years	13%	Nil
Tranche VI	8.75%-8.93%	4-6 years	17%	Nil
Tranche V	7.64%-7.60%	4-6 years	13%	Nil
Tranche IV	8.22%-8.49%	4-6 years	20%	Nil
Tranche III	8.22%-8.31%	4-6 years	17%	Nil
Tranche II	6.92%-7.42%	4-6 years	22%	Nil
Tranche I	7.29%-7.72%	4-6 years	32%	Nil

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

Particulars	Fair Value Method	
	As at March 31, 2015	As at March 31, 2014
A Net Profit After Tax (₹ '000)	1,025,424	1,929,463
B Less: Preference dividend	—	—
C Weighted Average number of Equity Shares of ₹ 10/- each (Basic) (in ₹ '000)	532,677	528,756
D Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) (in ₹ '000)	535,902	533,178
E Basic Earnings Per Share (₹)	1.93	3.65
F Diluted Earnings Per Share (₹)	1.91	3.62

Information in respect of Options outstanding

Particulars	Exercise Price (₹)	No. of Options	Weighted Average remaining life
Tranche VII	As at March 31, 2015	80	1,331,000
	As at March 31, 2014	—	—
Tranche VI	As at March 31, 2015	80	135,000
	As at March 31, 2014	—	—
Tranche V	As at March 31, 2015	62.5	1,013,000
	As at March 31, 2014	62.5	1,048,000
Tranche IV	As at March 31, 2015	50	2,070,250
	As at March 31, 2014	50	2,296,000
Tranche III	As at March 31, 2015	50	799,000
	As at March 31, 2014	50	883,500
Tranche II	As at March 31, 2015	10	1,219,000
	As at March 31, 2014	10	2,073,500
Tranche I	As at March 31, 2015	10	983,750
	As at March 31, 2014	10	1,772,000

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, 2015	For the year ended March 31, 2014
Contribution to Staff Provident Fund	52,966	43,062
Contribution to Superannuation Fund	805	877
Contribution to National Pension Scheme	7,405	—
Total	61,176	43,939

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(b) Defined Benefit Plan – Gratuity :

Disclosures as per AS-15 (Revised) “Employee Benefits” for the year ended on March 31, 2015:

(₹ '000)

Particulars	March 31, 2015	March 31, 2014
I. Assumptions		
Discount Rate	7.95%	9.00%
Rate of increase in Compensation levels	7.00%	7.00%
Rate of Return on Plan Assets p.a.	7.95%	7.00%
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)	63,469	44,084
Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	Nil	Nil
Opening net Liability as per actuarial valuation (A)+(B)+(C)	63,469	44,084
Interest Cost for the year	5,712	3,636
Service Cost for the year	18,805	14,549
Benefits paid during the year	(4,638)	(1,825)
Actuarial (Gain)/Loss on obligations	23,001	3,025
Plan Benefit Obligation at the end of the year	106,349	63,469
III. Tables of Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	63,469	44,084
Expected Return on Plan Assets for the year	5,712	3,086
Contributions during the year	39,208	18,062
Benefits Paid during the year	(4,638)	(1,825)
Actuarial Gain/(Loss) on Plan Assets	2,495	63
Fair Value of Plan Assets at the end of the year	106,246	63,469
IV. The Amounts to be recognised in the Balance Sheet		
Present Value of Obligation	106,349	63,469
Fair Value of Plan Assets	106,246	63,469
Liability Recognised in Balance Sheet	103	Nil
V. Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)		
Current Service Cost	18,805	14,549
Interest Cost	5,712	3,636
Expected Return on Plan Assets	(5,712)	(3,086)
Net actuarial Gain/(Loss) recognised in the year	20,506	2,962
Actuarial determined charge for the year (A)	39,311	18,062
Shortfall/(Excess) (B)	Nil	Nil
Total Charge as per books (A+B)	39,311	18,062
(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	39,311	18,062
Contribution paid	(39,208)	(18,062)
Closing Net Liability	103	Nil

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(₹ '000)

Particulars	March 31, 2015	March 31, 2014
VII. Actual Return on Plan Assets		
Expected return on Plan Assets	5,712	3,086
Actuarial Gain/(Loss) on Plan Assets	2,495	63
Actual return on Plan assets	8,207	3,149

Experience adjustments

(₹ '000)

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined Benefit Obligation	106,349	63,469	44,084	29,576	19,966
Plan Assets	106,246	63,469	44,084	29,576	19,940
Surplus/(Deficit)	—	—	—	—	(26)
Experience Adjustment on Plan Liabilities	13,073	(8,366)	(1,627)	34	2,307
Experience Adjustment on Plan Assets	2,495	63	241	(122)	(470)

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 2015-16, amounts to ₹ 25,818 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

Haddock Properties Private Limited

Pentagram Properties Private Limited

Windermere Properties 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

Mr. Mukesh Kumar, Executive Director

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

(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, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
INCOME								
Interest, Dividend and Rent-Gross	105,140	105,787	11,699	10,001	—	—	—	—
Premium from direct business written-net of service tax*	58,352	54,734	20,558	96,089	—	—	43	32
Commission received on Reinsurance ceded	—	—	—	—	8,548	695	—	—
Claims on Re-insurance ceded	—	—	—	—	6,421	681	—	—
Other Income	172	172	—	—	—	—	—	—
Total	163,664	160,693	32,257	106,090	14,969	1,376	43	32
EXPENSES								
Rent, rates and taxes	64,910	64,910	—	—	—	—	—	—
Electricity expenses	5,578	3,039	—	—	—	—	—	—
Claims paid direct	152	118	4,199	391	—	—	—	—
Commission paid	5	(220)	178,025	163,226	—	—	—	—
Premium on Reinsurance ceded	—	—	—	—	120,924	35,053	—	—
Dividend	297,456	195,366	—	—	104,384	68,614	—	—
Legal and Professional charges	—	—	654	3,670	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	58,178	36,324
Insurance Premium	—	—	8,067	8,970	—	—	—	—
Others	12,404	8,251	—	—	—	—	—	—
Total	380,505	271,464	190,945	176,257	225,308	103,667	58,178	36,324
ASSETS								
Investments	1,256,594	1,099,221	121,830	121,989	—	—	—	—
Income accrued on investments	60,248	58,666	224	224	—	—	—	—
Total	1,316,842	1,157,887	122,054	122,213	—	—	—	—
LIABILITIES								
Transactions during the year:								
— Share Capital	55,500	—	—	—	19,500	—	—	—
— Share Premium	388,500	—	—	—	136,500	—	—	—
Unallocated premium	5,794	5,609	1,150	1,283	—	—	—	—
Agents' Balances	—	(2)	19,092	16,726	—	—	—	—
Others	—	—	—	—	—	—	—	—
Balance due to other insurance companies	—	—	—	—	62,075	1,583	—	—
Other Payables	669	—	—	—	—	—	—	—
Total	450,463	5,607	20,242	18,009	218,075	1,583	—	—

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

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 2014-2015:

(₹ '000)

Particulars	HDFC Standard Life Insurance Company Limited	Gruh Finance Limited	HDFC Sales Private Limited	HDFC Realty Limited	Munich Re	ERGO International AG	Ritesh Kumar (KMP)	Mukesh Kumar (KMP)
INCOME								
Interest, Dividend and Rent-Gross	—	11,699	—	—	—	—	—	—
Premium from direct business written-net of service tax	2,193	370	7,812	896	—	—	43	—
Commission received on Reinsurance ceded	—	—	—	—	8,548	—	—	—
Claims on Re-insurance ceded	—	—	—	—	6,421	—	—	—
Other Income	—	—	—	—	—	—	—	—
Total	2,193	12,069	7,812	896	14,969	—	43	—
EXPENSES								
Rent, rates and taxes	—	—	—	—	—	—	—	—
Electricity expenses	—	—	—	—	—	—	—	—
Claims paid direct	4,162	—	—	—	—	—	—	—
Commission paid	—	—	178,025	—	—	—	—	—
Premium on Reinsurance ceded	—	—	—	—	120,924	—	—	—
Dividend	—	—	—	—	—	104,384	—	—
Legal and Professional charges	—	—	—	654	—	—	—	—
Employees' remuneration and welfare benefits	—	—	—	—	—	—	41,301	16,877
Insurance Premium	8,067	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	12,229	—	178,025	654	120,924	104,384	41,301	16,877
ASSETS								
Investments	—	121,830	—	—	—	—	—	—
Income accrued on investments	—	224	—	—	—	—	—	—
Total	—	122,054	—	—	—	—	—	—
LIABILITIES								
Transactions during the year :								
— Share Capital	—	—	—	—	—	19,500	—	—
— Share Premium	—	—	—	—	—	136,500	—	—
Unallocated premium	443	—	115	175	—	—	—	—
Agents' Balances	—	—	19,092	—	—	—	—	—
Balance due to other insurance companies	—	—	—	—	62,075	—	—	—
Total	443	—	19,207	175	62,075	156,000	—	—

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 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

20. LOAN RESTRUCTURING

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

21. SUMMARY OF FINANCIAL STATEMENTS

The summary of financial statements is provided in Annexure 3.

22. FOREIGN EXCHANGE GAIN/(LOSS) (NET)

- During the year foreign exchange Gain (Net) earned by the Company is ₹ 15,988 thousand (Previous year ₹ 18,076 thousand) (included in Schedule 4 – Operating Expenses, under the head “Miscellaneous Expenses.”)
- 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, 2014 and for the three quarters ended June 30, 2014, September 30, 2014 and December 31, 2014, 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 ₹ 4,247 thousand (Previous year ₹ 3,689 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 ₹ 3,278 thousand (Previous year ₹ 2,618 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 3,136 thousand (Previous year ₹ 2,691 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 ₹ 434 thousand (Previous year ₹ 292 thousand) is included under Sundry Creditors in Schedule 13.

24. EARNINGS PER SHARE (EPS)

Sr. No.	Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
1	Net Profit After Tax for the year (₹ '000)	1,040,020	1,954,068
2	Weighted Average No. of Equity Shares for Basic (₹ '000)	532,677	528,756
3	Weighted Average No. of Equity Shares for Diluted (₹ '000)	535,902	533,178
4	Basic Earnings per Share (₹)	1.95	3.70
5	Diluted Earnings per Share (₹)	1.94	3.66
6	Nominal Value Per Share (₹)	10.00	10.00

There are 3,225 thousand (Previous year 4,421 thousand) dilutive potential equity shares outstanding during the year.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

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, 2015.
26. Professional fees include payments made for various outsourced services amounting to ₹ 477,724 thousand (Previous year ₹ 395,150 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 final payment under clean cut settlement of IMTPIP vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, the Company has paid ₹ 1,313,354 thousand (Previous year ₹ 397,002 thousand). The balance amount of ₹ NIL thousand (Previous year ₹ 1,313,354 thousand) is shown as “Balance due to other insurance companies” from claims outstanding.

Interest, Rent and Dividend income under Miscellaneous segment is net of Interest expenses of ₹ 24,462 thousand (Previous year ₹ 105,925 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/251/11/2014 dated November 27, 2014 has directed companies that the net settlement to be done at ultimate loss ratio of 175% for FY2013-14.

The Company had provided losses at 210% in FY2013-14. Accordingly during the year, the Company has reversed the additional losses provided to the tune of ₹ 52,724 thousand.

The Company has accounted the share of expenses in the IMTPDRIP for the nine months period from April 1, 2014 to December 31, 2014, on the basis of audited clean cut settlement statement received from the pool administrator. The share of expenses for the period January 1, 2015 to March 31, 2015 are based on management estimates. The Company's share of loss including expense for the twelve-month period amounts to ₹ 1,192 thousand (Previous year ₹ 367,717 thousand).

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. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. As per the provisions of the said Section, the Company has undertaken the following CSR initiatives during the financial year 2014-15.

- Safe drinking water project in 15 villages, spread across 5 states, in association with Sarvajal.
- Sanitation units for families in 3 districts in association with Habitat for Humanity India.
- Prince Aly Khan Hospital Pathology Laboratory Upgrade.
- Formation of self-help groups and training in areas of spice cultivation and dairy development through implementation partner, AT India.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

On the above initiatives, the Company has spent ₹ 24,453 thousand during the financial year 2014-15. As per the provisions of the said Section, the Company is required to spend ₹ 24,436 thousand on CSR activities.

31. FIXED ASSETS AND DEPRECIATION

Consequent to implementation of the Companies Act, 2013, the Company has estimated the useful lives of its assets. The estimation has been based on the long term asset replacement experience. Accordingly, the useful lives of its assets are equal to or less than the useful life specified in Part C of Schedule II to the Companies Act, 2013 except in case of Information Technology Equipment (other than servers and networks). In respect of vehicles (including salvaged vehicles, if any), the useful life has been estimated to be 5 years (which is lower than the useful life specified in Part C of the said Schedule II).

The estimated useful life of the assets used are as under :

Nature of asset	Existing effective useful life* (in years)	Useful life as per Schedule II to the Companies Act, 2013 (in years)	Estimated useful life (in years)
Buildings	61.35	60	60
Furniture and fittings	15.80	10	10
Office Equipment	21.05	5	5
Information Technology Equipment (servers and networks)	6.17	6	4
Information Technology Equipment (other than servers and networks)	6.17	3	4
Vehicles	5	8	5
Salvaged Vehicles	5	8	5
Computer Software	6	—	4

* Based on SLM rates as per Schedule XIV of Companies Act, 1956.

The impact of the above, in respect of assets (other than software) held as at April 1, 2014 is ₹ 84,466 thousand as under :

- ₹ 15,939 thousand (₹ 10,522 thousand, net of deferred tax credit of ₹ 5,417 thousand) pertaining to assets having no balance useful life as at April 1, 2014, adjusted against the opening balance of profit in Profit and Loss Account under “Reserves and Surplus”; and
- ₹ 68,527 thousand charged to the Revenue Accounts for the year ended March 31, 2015.
In respect of Software held as at April 1, 2014, based on the useful life of 4 years, the charge to the Revenue Accounts for the year ended March 31, 2015 is ₹ 86,265 thousand.

32. PROVISION FOR FREE LOOK PERIOD

The provision for Free Look period is Nil, as certified by the Appointed Actuary.

33. DISCLOSURE ON OTHER WORK GIVEN TO AUDITORS

Pursuant to clause 7.1 (g) of Corporate Governance Guidelines issued by IRDA on August 5, 2009 the services of the statutory auditors are disclosed below:

(₹ '000)

Name of the auditor	Services rendered	For the year ended March 31, 2015	For the year ended March 31, 2014
A. F. Ferguson Associates	Review of quarterly financial information	1,348	1,011
	Certification	57	102
B. K. Khare & Co.	Tax Audit	449	—
	Certification	120	—
G. M. Kapadia & Co.	Tax Audit	—	337
	Certification	—	135

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

34. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES DURING FINANCIAL YEAR 2014-15

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	N.A. (Non compliance for not meeting obligatory target in respect of IMTPDRIP for 2012-13)	Nil (500)	Nil (500)	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, 2013/1956	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
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)

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

- Under Schedule 13 – Current Liabilities, an amount of ₹ 1,260 thousand has been regrouped from “Sundry Creditors” to “Due to Officers/Directors”.
- Under Receipts and Payments Account, prepaid expenses has been regrouped from Deposits, Advances and Staff Loans to Payment of Other Operating Expenses. As a result, payment of Other Operating Expenses has reduced to the extent of ₹ 74,377 thousand and Deposits, Advances and Staff Loans has increased to the same extent.

On behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Mukesh Kumar
Executive Director
(DIN: 06864359)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.: FCA 045476

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Directors
Keki M. Mistry
(DIN: 00008886)

Renu Sud Karnad
(DIN: 00008064)

Andreas Kleiner
(DIN 02072259)

Mark Lammerskitten
(DIN: 03066666)

Independent Directors
Dr. Jagdish Khattar

(DIN: 00013496)

Bernhard Steinruecke
(DIN: 01122939)

Mehernosh B. Kapadia
(DIN:00046612)

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Annexure 1

Segmental Break-up of the Balance Sheet as at March 31, 2015

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	474,630	460,986	12,151,943	—	13,087,559
(Refer note 2(h) and 28(a) and 28(b) of Schedule 16)	(189,380)	(370,026)	(9,937,730)	—	(10,497,136)
Reserve for Unexpired Risk	1,319,617	182,413	10,717,060	—	12,219,090
	(1,164,067)	(163,841)	(9,848,378)	—	(11,176,286)

(Previous year's figures are in brackets)

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2015

Annexure 1

	(₹ *'000)													Total						
	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Weather	Others	
Premium Earned (Net) (Schedule - A)	684,007	711,189	5,680	8,086,032	4,951,633	3,120,327	14,072	78,193	8,706	4,438	152,520	136,767	22,612	2,509,579	3,304,871	8,273	150,710	488,850	388,442	16,740,879
Profit on Sale of Investments	9,917	3,580	129	88,127	19,199	68,928	-	456	45	48	636	1,122	141	24,451	18,350	51	757	2,383	1,881	152,074
Interest, Rent and Dividend (Net of Amortisation)	1,38,251	49,913	1,794	1,204,120	267,659	936,461	-	6,351	624	674	8,880	15,647	1,964	340,866	255,823	713	10,551	33,223	26,225	2,095,599
Investment Income from Pool	29,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,769
Other Income	91	99	1	1,126	691	435	-	11	1	1	21	21	-	350	461	1	21	65	54	2,324
Total Segmental Revenue	882,035	764,781	7,614	9,379,405	5,239,182	4,126,151	14,072	85,011	9,376	5,161	162,037	173,557	24,717	2,875,246	3,579,505	9,038	162,039	504,921	416,602	19,020,645
Claims Incurred (Net) (Schedule - B)	601,529	823,935	(6,765)	7,305,778	3,635,163	3,725,340	(52,725)	17,353	3,336	493	20,723	94,401	39,909	808,328	2,475,962	9,257	26,579	439,748	520,192	13,178,758
Commission (Net) (Schedule - C)	(1,86,104)	67,356	(3,402)	204,219	324,695	(120,476)	-	7,496	1,333	383	17,849	(85,307)	5,919	422,380	(568,886)	1,100	14,491	(707,956)	(159,312)	(988,241)
Operating Expenses Related to Insurance Business (Schedule - D)	316,176	232,995	5,498	2,919,007	1,840,124	1,077,691	1,192	25,263	2,899	1,550	60,865	62,738	15,227	969,398	1,228,117	2,937	60,251	1,86,731	143,402	6,232,854
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	731,601	1,124,296	(6,669)	10,429,004	5,799,982	4,680,555	(51,533)	50,112	7,568	2,426	99,437	71,832	61,055	2,200,106	3,135,893	13,294	101,321	(61,477)	504,282	18,443,371
Segmental Profit/(Loss)	150,434	(359,515)	14,283	(1,049,599)	(560,800)	(554,404)	65,805	34,899	1,808	2,735	62,600	101,725	(36,338)	675,140	444,312	(4,256)	60,718	585,998	(87,680)	577,274

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

SCHEDULE - A to Annexure 1

	(₹ *'000)													Total						
	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	
PREMIUM EARNED (NET) (Refer note 7 and 8 of Schedule 16)	3,746,887	935,006	131,903	10,516,510	6,269,113	4,247,397	-	87,665	13,425	9,176	576,581	617,548	272,158	3,879,632	5,548,906	12,985	603,180	3,223,403	1,647,098	31,822,063
Premium from direct business written	479,920	77,280	7,622	14,072	-	-	14,072	-	-	-	38,234	64,966	43,794	109	7,142	-	11,137	-	3,425	747,541
Add: Premium on Reinsurance accepted	(3,387,149)	(280,362)	(1,35,997)	(2,683,551)	(1,587,025)	(1,096,526)	-	(4,751)	(4,717)	(4,538)	(459,458)	(517,920)	(286,163)	(401,737)	(2,236,308)	(1,647)	(448,039)	(2,788,134)	(1,165,440)	(44,785,911)
Less: Premium on Reinsurance ceded	839,558	731,324	3,528	7,847,031	4,682,088	3,150,871	14,072	82,914	8,708	4,638	155,357	184,594	29,729	3,478,004	3,319,730	11,338	166,278	455,269	485,083	17,783,683
Net Premium	(1,55,551)	(20,735)	2,162	239,001	269,545	(30,544)	-	(4,721)	(2)	(200)	(2,837)	(7,827)	(7,117)	(968,425)	(14,859)	(3,065)	(15,568)	13,581	(96,641)	(1,042,804)
Add/(Less): Adjustment for changes in reserve for unexpired risks	684,007	711,189	5,680	8,086,032	4,951,633	3,120,327	14,072	78,193	8,706	4,438	152,520	136,767	22,612	2,509,579	3,304,871	8,273	150,710	468,850	388,442	16,740,879
Total Premium Earned																				

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2015 (Continued)

SCHEDULE - B to Annexure 1.

	Fire	Marine Cargo	Marine Hull	Motor	Motor/OD	Motor/TP	Motor/Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
CLAIMS INCURRED (NET) (Refer note 6 of Schedule 16)																					
Claims paid direct	1,685,403	784,388	36,538	6,780,323	4,719,782	2,060,541	-	10,739	195	33,879	58,171	283,440	5,708	801,841	3,007,845	11,875	88,639	1,718,819	1,450,351	16,757,984	
Add: Claims on Re-insurance accepted	46,822	138,092	(0)	1,318,192	(0)	(0)	1,318,192	(0)	2,011	(0)	(0)	14,657	29,020	(0)	11,598	(0)	35	(0)	3,653	1,564,080	
Less: Re-insurance ceded	(1,415,946)	(203,151)	(31,657)	(1,349,742)	(1,160,174)	(189,588)	-	(701)	(10)	(33,098)	(45,848)	(207,774)	(3,979)	(63,799)	(477,213)	(2,797)	(60,478)	(1,460,999)	(1,063,183)	(6,420,375)	
Net Claims paid	316,279	719,329	4,881	6,748,773	3,559,608	1,870,973	1,318,192	10,038	2,196	781	12,323	90,323	30,749	737,842	2,542,230	9,078	28,196	257,820	390,851	11,901,689	
Add: Claims Outstanding at the end of the year	474,630	450,785	10,201	10,283,738	649,354	9,634,384	(0)	48,290	4,513	5,636	32,803	90,820	18,467	386,602	541,312	1,150	45,945	446,673	245,794	13,087,559	
Less: Claims Outstanding at the beginning 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	47,362	264,745	116,453	11,810,490	
Total Claims Incurred	601,529	823,935	(8,765)	73,05,778	3,635,163	3,723,340	(52,725)	47,353	3,336	483	20,723	94,401	39,909	808,328	2,475,962	9,257	26,579	499,748	520,192	13,178,758	

SCHEDULE - C to Annexure 1.

	Fire	Marine Cargo	Marine Hull	Motor	Motor/OD	Motor/TP	Motor/Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total	
COMMISSION PAID (NET)																					
Commission paid direct	180,695	77,746	2,881	524,722	524,680	42	-	8,160	1,429	886	45,757	43,839	6,043	553,352	733,250	1,284	68,698	(557)	31,953	2,280,148	
Add: Commission paid on Re-insurance accepted	28,825	5,190	(17)	-	-	-	-	-	-	-	1,176	5,115	6,571	16	692	-	1,547	-	-	49,115	
Less: Commission received on Re-insurance ceded	(395,624)	(15,380)	(6,266)	(320,503)	(199,985)	(120,518)	-	(664)	(96)	(503)	(29,084)	(134,261)	(6,695)	(130,988)	(1,302,828)	(194)	(55,754)	(707,339)	(191,265)	(3,297,504)	
Net commission paid/(received)	(186,004)	67,556	(3,402)	204,219	324,695	(120,476)	-	7,496	1,333	383	17,849	(83,307)	5,919	422,380	(568,886)	1,100	14,491	(707,956)	(159,312)	(968,241)	

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2015 (Continued)

SCHEDULE - D to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	MotorTP	Motor/ Declined Risk Pool	Workmen Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	Weather	Others	Total	
	134,892	71,801	3,183	844,526	513,745	330,781	-	7,528	906	510	25,275	24,701	7,907	276,984	371,221	922	23,108	55,372	44,212	1,891,088	
Travel, conveyance and vehicle running expenses	11,404	4,449	303	57,925	35,011	22,914	-	461	58	35	1,760	1,959	717	19,696	26,371	66	1,748	9,095	5,100	141,237	
Training expenses	7,598	7,678	73	90,536	55,463	33,073	-	849	95	49	1,680	1,669	269	28,367	37,218	94	1,659	7,018	5,001	189,853	
Rents, rates and taxes	14,679	15,999	128	181,584	111,390	70,194	-	1,759	196	100	3,431	3,334	509	56,455	74,345	186	3,390	10,547	8,738	375,380	
Repairs	7,150	3,513	99	68,036	41,179	26,857	-	433	47	27	958	1,209	262	22,842	28,878	78	936	3,091	2,430	139,989	
Printing and stationery	5,061	3,291	58	53,976	32,796	21,180	-	391	43	23	794	928	170	17,725	22,597	60	777	3,610	2,485	111,989	
Communication	3,007	1,900	53	25,441	15,488	9,953	-	211	24	13	521	564	142	8,283	10,828	28	515	1,539	1,197	54,266	
Legal and professional charges	61,565	59,938	552	744,648	454,938	288,518	1,192	6,710	743	382	13,050	13,242	2,054	234,094	305,887	779	12,866	43,333	34,660	1,534,913	
Auditors' fees, expenses etc																					
(a) as auditors	176	192	2	2,174	1,334	840	-	21	2	1	41	40	6	676	890	2	41	126	105	4,495	
(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	79	87	1	982	602	380	-	10	1	1	19	18	3	306	344	1	18	57	47	1,974	
Advertisement and publicity	14,257	14,565	156	163,831	100,458	63,373	-	1,592	178	92	3,242	3,166	547	51,060	67,429	168	3,206	14,143	9,786	347,418	
Interest and bank charges	7,815	8,510	88	96,590	59,240	37,350	-	996	104	53	1,825	1,773	271	30,031	38,539	99	1,603	11,949	7,182	208,548	
Others:																					
Electricity expenses	3,523	3,839	31	43,576	26,731	16,845	-	422	47	24	823	800	122	13,548	17,841	45	814	2,531	2,097	90,083	
Office expenses	1,602	1,263	19	17,252	10,524	6,728	-	144	16	8	296	318	59	5,546	7,183	19	292	868	726	35,611	
Miscellaneous expenses	13,336	4,010	509	10,968	6,581	4,387	-	290	49	32	2,317	2,510	1,162	4,157	8,672	11	2,329	2,438	2,212	54,802	
Service charges	-	-	-	149,138	149,138	-	-	-	-	-	-	-	-	84,481	56,099	-	-	-	-	-	291,718
Information Technology expenses	8,933	9,317	75	110,792	67,882	42,910	-	1,035	115	59	1,997	1,982	296	34,686	45,425	115	1,971	6,125	5,110	228,033	
Postage and courier	5,391	5,464	52	64,320	39,408	24,912	-	604	67	35	1,195	1,186	191	20,146	26,439	67	1,180	3,696	3,040	133,073	
Loss on sale of assets (net)	18	20	0	227	139	88	-	2	0	0	4	4	1	71	93	0	4	13	11	468	
Depreciation	15,560	16,959	136	192,485	118,077	74,408	-	1,865	208	106	3,637	3,535	539	59,844	78,808	197	3,594	11,180	9,263	397,916	
Total Operating Expenses	316,476	232,795	5,498	2,919,007	1,840,124	1,077,691	1,192	25,263	2,899	1,550	60,865	62,738	15,227	969,398	1,228,117	2,937	60,251	186,731	143,402	6,232,854	

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2014

Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty*	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	16,948	882	288,796	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	145,228	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	2,582,216	138,738	12,750,179
Commission (Net) (Schedule - C)	(288,714)	53,206	(12,140)	(70,867)	309,209	(138,342)	-	6,622	1,176	654	15,885	(119,127)	3,800	363,244	(419,416)	614	(1,363)	(729,685)	(41,895)	(976,392)
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	1,47,116	28,417	4,488,342
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	(945,185)	(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

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	Weather	Others	Total
PREMIUM EARNED (NET) (Refer note 7 and 8 of Schedule 16)	3,207,319	720,763	153,766	10,040,606	6,351,193	3,689,413	-	78,024	12,257	10,441	55,679	700,730	223,395	2,994,026	6,168,179	7,197	511,584	3,307,759	377,043	29,069,868
Premium from direct business written	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
Add: Premium on Re-insurance accepted	(2,830,852)	(291,729)	(157,838)	(2,537,295)	(1,605,629)	(931,466)	-	(4,463)	(4,058)	(7,673)	(427,103)	(590,068)	(253,666)	(201,525)	(1,600,242)	(763)	(367,668)	(2,811,481)	(237,931)	(12,343,355)
Less: Premium on Re-insurance ceded	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	189,464	25,396	2,792,525	4,584,251	6,484	143,977	496,278	142,808	17,659,395
Net Premium	(263,751)	(23,280)	10,448	(180,036)	80,064	(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)
Add/(Less): Adjustment for changes in reserve for unexpired risks	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

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

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

SCHEDULE - B to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	MotorTP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	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	1,462,225	
Less: Re-insurance ceded	(746,187)	(257,820)	(3,704)	(675,156)	(576,867)	(98,589)	-	(1,980)	(41)	(10,119)	(1,346)	(298,161)	(72,710)	(82,549)	(384,456)	(81)	(20,110)	(1,596,252)	(37,258)	(4,096,530)	
Net Claims paid	153,628	410,738	575	5,889,533	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	11,224,878	
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)	(106,379)	(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	86,095	10,366	746,561	3,772,476	327	30,068	258,216	138,738	12,750,179	

SCHEDULE - C to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	Motor-OD	MotorTP	Motor/ Declined Risk Pool	Workmen's Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	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	2,046,300	
Add: Commission paid on Re-insurance accepted	23,826	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)	(1,38,342)	-	(637)	(208)	(678)	(30,082)	(174,795)	(4,636)	(25,439)	(1,049,177)	(93)	(65,572)	(730,085)	(66,586)	(3,072,333)	
Net commission paid/(received)	(268,714)	53,206	(12,140)	170,867	309,209	(1,38,342)	-	6,622	1,176	654	15,865	(119,127)	3,800	363,244	(419,416)	614	(1,363)	(729,685)	(41,895)	(976,292)	

Schedule – 16 (Continued)
NOTES TO ACCOUNTS
SEGMENT REPORTING FOR THE YEAR ENDED MARCH 31, 2014 (Continued)
SCHEDULE - D to Annexure 1

	Fire	Marine Cargo	Marine Hull	Motor	MotorOD	MotorTP	Motor/ Declined Risk Pool	Workmans Compensation	Public Liability	Product Liability	Other Liabilities	Engineering	Aviation	Personal Accident	Health	Home	Specialty	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	704,471	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	17,866	-	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	152,203	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	1,655	1,690	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	85,453	56,120	29,313	-	857	83	33	1,449	1,901	236	23,651	45,909	92	1,462	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	28,988	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	1,650	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	940	43,024	56,456	11,150	587,223	1,104,461	2,077	42,271	147,116	28,417	4,468,342

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Sr. No.	Performance Ratio	As on March 31, 2015			As on March 31, 2014			Total
		Fire	Marine	Miscellaneous	Fire	Marine	Miscellaneous	
1	Gross premium growth rate (refer note 1a and 1b) Gross Premium for Current Year / Gross Premium for Previous Year	16.82%	22.00%	8.08%	9.47%	13.90%	20.29%	18.50%
2	Gross Premium to shareholders' fund ratio Gross Premium for Current Year / Paid up Capital plus Free Reserves	NA	NA	NA	3.18	NA	NA	3.29
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	13.27%	NA	NA	23.08%
4	Net retention ratio (refer note 1a and 1b) Net Premium / Gross Premium	19.86%	63.85%	59.61%	54.60%	54.37%	64.31%	58.86%
5	Net commission ratio (refer note 1a and 1b) Net Commission / Net Premium	-22.17%	8.72%	-5.22%	-5.44%	7.67%	-4.58%	-5.53%
6	Expenses of Management to Gross Direct Premium ratio Operating Expenses + Gross Commission / Gross Premium	13.26%	29.89%	28.50%	26.75%	24.51%	23.66%	22.41%
7	Expenses of Management to Net written Premium ratio Operating Expenses + Gross Commission / Net Premium	59.18%	43.36%	47.49%	47.87%	40.02%	36.21%	36.88%
8	Net Incurred Claims to Net Earned Premium Net Incurred Claim / Net earned premium	87.94%	113.71%	76.68%	78.72%	113.95%	81.11%	80.45%
9	Combined ratio Net incurred Claim, Net Commission plus Operating Expense / Net Premium + Net earned premium	103.43%	154.83%	106.49%	108.33%	147.36%	101.78%	100.22%
10	Technical reserves to net Premium ratio Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium	2.14	0.87	1.41	1.42	1.00	1.29	1.30
11	Underwriting balance ratio Underwriting Profit / Net Premium	-0.07	-0.56	-0.08	-0.10	0.83	-0.04	-0.02
12	Operating profit ratio Underwriting Profit plus Investment Income / Net Premium	19.07%	-48.16%	5.16%	3.45%	108.57%	-40.36%	9.58%
13	Liquid assets to liabilities ratio Liquid Assets of the Insurer / Policyholders' Liabilities	NA	NA	NA	0.26	NA	NA	0.42
14	Net earnings ratio Profit after Tax / Net Premium	NA	NA	NA	5.85%	NA	NA	11.07%
15	Return on net worth Profit After Tax / Net Worth	NA	NA	NA	10.40%	NA	NA	22.14%
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ASM / RSM	NA	NA	NA	1.65	NA	NA	1.60
17	NPA ratio	NA	NA	NA	NA	NA	NA	NA

Schedule - 16 (Continued)

NOTES TO ACCOUNTS

Annexure 2 Ratios for Non-Life Companies (Continued)

Notes:

1a. Miscellaneous Break-up for the year ended March 31, 2015

Sr. No.	Particulars	Motor			Miscellaneous					Others			Total Miscellaneous					
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Other Liability	Home	Specialty	Weather	Others
1	Gross premium growth rate Gross Premium for Current Year / Gross Premium for Previous Year	-1.29%	15.12%	NA	4.74%	12.36%	9.53%	-12.12%	-11.87%	21.83%	29.58%	-10.04%	3.56%	80.42%	17.90%	-2.55%	336.85%	8.08%
2	Net retention ratio Net Premium / Gross Premium	74.69%	74.18%	100.00%	74.52%	94.58%	64.87%	50.54%	24.12%	9.41%	89.65%	59.75%	25.27%	87.32%	27.07%	14.12%	29.39%	59.61%
3	Net commission ratio Net Commission / Net Premium	6.93%	-3.82%	NA	2.60%	9.04%	15.31%	8.26%	-5.183%	19.91%	12.14%	-17.14%	11.49%	9.70%	8.71%	-155.50%	-32.84%	-5.22%

1b. Miscellaneous Break-up for the year ended March 31, 2014

Sr. No.	Particulars	Motor			Miscellaneous					Others			Total Miscellaneous					
		Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total	Workmens Compensation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance		Other Liability	Home	Specialty	Weather	Others
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%

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.

Schedule – 16 (Continued)

NOTES TO ACCOUNTS

Summary of Financial Statements

Annexure 3

Sr. No.	Particulars	2014-15 (₹ '000)	2013-14 (₹ '000)	2012-13 (₹ '000)	2011-12 (₹ '000)	2010-11 (₹ '000)
	OPERATING RESULTS					
1	Gross Written Premium	32,569,594	30,002,750	25,081,384	20,744,413	14,078,204
2	Net Premium Income	17,783,683	17,659,395	14,715,062	11,638,807	7,751,407
3	Income from Investments (net)	2,247,673	1,887,667	1,419,430	969,621	507,815
4	Other Income (includes provision written back)	32,093	23,318	17,158	8,394	45,642
5	Total Income	20,063,449	19,570,380	16,151,650	12,616,822	8,304,864
6	Commission (net)	(968,241)	(976,292)	(660,204)	(435,927)	(386,446)
7	Operating Expenses	6,232,854	4,468,342	3,739,947	2,898,399	2,292,036
8	Net Incurred Claims	13,178,758	12,750,179	9,510,498	8,443,687	5,322,964
9	Change in Unexpired Risk Reserve	1,042,804	1,810,064	2,289,324	2,494,081	1,687,826
10	Operating Profit / (Loss)	577,274	1,518,087	1,272,085	(783,418)	(611,516)
	NON-OPERATING RESULTS					
11	Total Income under shareholder's account	831,077	725,033	547,107	386,460	247,241
12	Profit / (Loss) before tax	1,408,351	2,243,120	1,819,192	(396,958)	(364,275)
13	Provision for tax	368,331	289,052	274,267	–	–
14	Profit / (Loss) after tax	1,040,020	1,954,068	1,544,925	(396,958)	(364,275)
	MISCELLANEOUS					
15	Policyholders' Account :					
	Total Funds	–	–	–	–	–
	Total Investments	–	–	–	–	–
	Yield on Investments	–	–	–	–	–
16	Shareholders' Account :					
	Total Funds	9,995,866	8,824,812	7,169,709	5,317,294	4,234,252
	Total Investments	37,666,870	31,431,308	26,956,987	18,877,613	12,236,121
	Yield on Investments	9.1%	9.0%	8.9%	8.7%	7.8%
17	Paid up equity capital	5,386,203	5,292,843	5,285,490	5,230,000	4,860,000
18	Net worth	9,995,866	8,824,812	7,169,709	5,317,294	4,234,252
19	Total Assets	9,995,866	8,824,812	7,169,709	5,317,294	4,234,252
20	Yield on Total Investments	9.1%	9.0%	8.9%	8.7%	7.8%
21	Earnings per Share (₹)	1.95	3.70	2.95	(0.79)	(0.78)
22	Book Value per Share (₹)	18.56	16.67	13.56	10.17	8.71
23	Total Dividend	403,965	264,642	–	–	–
24	Dividend per Share (₹)	0.75	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	11,667 (9,151)	1,014 (1,055)	750 (788)	1,649 (1,274)	1,423 (767)	1,152 (294)	647 (1,099)	281 (1,158)	4,751 (2,716)
Cheques issued but not encashed by the policyholder/insured (Refer note below)									
– Premium	79,139 (22,388)	—	41,013 (1,712)	15,130 (4,812)	3,379 (2,755)	4,092 (2,944)	2,535 (2,496)	2,884 (2,131)	10,106 (5,538)
– Claims	130,146 (117,184)	—	18,142 (14,799)	11,725 (20,057)	21,744 (22,235)	10,226 (13,217)	11,289 (6,907)	11,226 (10,764)	45,794 (29,205)
TOTAL	220,952 (148,723)	1,014 (1,055)	59,905 (17,299)	28,504 (26,143)	26,546 (25,757)	15,470 (16,455)	14,471 (10,502)	14,391 (14,053)	60,651 (37,459)

Note: Above excludes an amount of ₹ 454,295 thousand (Previous year ₹ 782,198 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.
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, 2015 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 the all assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings – “Loans”, “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, 2015:

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	380,505
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	30,469
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	12,229
		MAHINDRA & MAHINDRA LIMITED	Director	14,579
		THE INDIAN HOTELS COMPANY LIMITED	Director	7,125
		NETWORK18 MEDIA & INVESTMENTS LIMITED	Director	468
		BREACH CANDY HOSPITAL TRUST	Director	2,045

Management Report (Continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested As	Payment during the year (₹ '000)
2	Mr. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	380,505
		HDFC BANK LIMITED	Director	1,603,519
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	12,229
		HCL TECHNOLOGIES	Director	3,349
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	33,633
		TORRENT POWER LIMITED	Director	1,291
3	Mrs. RENU SUD KARNAD	HDFC LIMITED	Director	380,505
		HDFC BANK LIMITED	Director	1,603,519
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	12,229
		EIH LIMITED	Director	874
		LAFARGE INDIA PRIVATE LIMITED	Director	42
4	Dr. JAGDISH KHATTAR	CARNATION AUTO INDIA PVT. LIMITED	Chairman & MD	9,542
		HINDALCO INDUSTRIES LIMITED	Director in casual Vacancy	8,431
5	Mr. ANDREAS KLEINER	ERGO INTERNATIONAL AG	Director	104,384
6	Mr. BERNHARD STEINRUECKE	APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED	Director	235,240
		ZODIAC CLOTHING CO. LTD.	Director	14
		INDO - GERMAN CHAMBER OF COMMERCE	Director	1,203

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.

Management Report (Continued)

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

- i. The financial statements have been prepared 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 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time (including Circular No. IRDAI/F&A/CIR/FA/059/03/2015 dated March 31, 2015), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and the relevant provisions of the Companies Act, 2013, the Companies Act, 1956, as 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, 2015 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) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956 (1 of 1956)/ the Companies Act, 2013, 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.

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Ritesh Kumar
Managing Director & CEO
(DIN: 02213019)

Mukesh Kumar
Executive Director
(DIN: 06864359)

Samir H. Shah
Member of Executive
Management & CFO
Membership No.: FCA 045476

Dayananda V. Shetty
Company Secretary
Membership No.: FCS 4638

Directors

Keki M. Mistry
(DIN: 00008886)

Renu Sud Karnad
(DIN: 00008064)

Andreas Kleiner
(DIN: 02072259)

Mark Lammerskitten
(DIN: 03066666)

Independent Directors

Dr. Jagdish Khattar
(DIN: 00013496)

Bernhard Steinruecke
(DIN: 01122939)

Mehernosh B. Kapadia
(DIN: 00046612)

Annexure to Management Report

Annexure 1

Details of ageing analysis of claims outstanding
Outstanding as on March 31, 2015 (F.Y. 2014-15)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)
0-30 days	64	134,302	848	59,594	—	5,369	3,921	342,906	924	172,289	19	1,897	1	100	1	400	5	3,710
31 days to 6 months	91	1,356,949	306	153,038	6	28,671	1,897	293,657	3,635	1,166,652	69	10,806	8	1,964	—	—	20	8,687
6 months to 1 year	60	896,770	63	127,474	3	5,529	248	75,988	3,193	1,209,096	67	7,462	3	570	1	400	8	11,056
1 year to 5 years	23	577,073	7	88,634	5	39,358	116	50,841	9,837	3,407,502	143	20,544	2	1,200	4	78,618	54	41,516
5 years and above	—	20,595	2	6,170	—	—	—	—	587	148,677	—	—	—	—	—	—	—	—
Total	238	2,985,689	1,226	434,910	14	78,927	6,182	763,392	18,176	6,104,216	298	40,709	14	3,834	6	79,418	87	64,969

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)
0-30 days	34	13,910	1	770	810	101,206	3,315	154,342	1	15	5	70,075	282	377,720	127	77,950	10,358	1,516,555
31 days to 6 months	92	127,648	5	6,156	302	60,672	1,339	125,745	3	157	7	2,800	13	9,059	31	37,279	7,824	3,389,940
6 months to 1 year	26	41,760	4	21,321	6	15,901	120	8,950	1	210	24	16,420	177	163,829	—	573	4,004	2,603,309
1 year to 5 years	22	210,477	12	369,787	—	853	4	10,427	—	—	162	135,452	190	751,681	1	5,428	10,582	5,789,391
5 years and above	—	2,228	—	1,303	—	—	—	—	—	—	5	975	—	—	—	286	594	180,234
Total	174	396,023	22	399,337	1,118	178,632	4,778	299,464	5	382	203	225,722	662	1,302,289	159	121,516	33,362	13,479,429

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

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)
0-30 days	60	315,986	989	63,547	3	1,660	3,764	267,653	745	154,844	17	2,450	—	—	—	—	3	4,576
31 days to 6 months	69	205,305	390	162,445	5	19,528	1,854	236,533	2,898	894,309	59	9,017	2	1,200	1	400	22	9,900
6 months to 1 year	43	340,009	36	61,899	5	45,185	217	77,840	2,603	871,278	37	11,313	1	400	2	1,486	12	19,220
1 year to 5 years	17	432,942	12	103,328	3	27,757	111	44,988	9,278	2,830,481	72	10,522	2	1,200	3	111,548	43	35,074
5 years and above	—	—	1	2,082	—	—	—	—	350	101,183	—	—	—	—	—	—	—	—
Total	189	1,294,243	1,428	393,301	16	94,129	5,946	627,014	15,874	4,852,095	185	33,302	5	2,800	6	113,434	80	68,770

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)	(₹ '000)
0-30 days	40	48,553	5	13,940	716	79,154	6,466	204,044	1	125	1	400	158	161,550	74	6,641	13,042	1,325,133
31 days to 6 months	72	111,349	3	3,293	523	81,587	1,136	106,636	—	—	26	9,980	—	—	16	3,608	7,076	1,855,089
6 months to 1 year	21	50,658	2	7,531	1	3,184	40	1,532	1	40	39	15,560	202	736,253	5	2,584	3,267	2,245,972
1 year to 5 years	19	228,767	2	424,597	—	176	2	2,358	—	—	139	230,853	413	4,686	1	8,236	10,117	4,497,512
5 years and above	—	—	—	14,365	—	—	—	—	—	—	—	—	—	—	—	265	351	117,895
Total	152	439,327	12	463,727	1,240	164,112	7,644	314,570	2	165	205	256,793	773	902,489	96	21,333	33,853	10,041,603

Annexure 1

Details of ageing analysis of claims outstanding (Continued)
Outstanding as on March 31, 2013 (F.Y. 2012-13)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	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	33	5,195	3	890	1	400	16	4,680
31 days to 6 months	84	307,295	754	85,445	1	6,435	1,674	187,352	3,538	823,674	40	6,125	2	800	-	-	14	5,457
6 months to 1 year	62	487,624	75	51,785	1	1,040	152	68,263	2,792	702,445	30	4,580	-	-	-	-	11	5,110
1 year to 5 years	16	346,014	14	148,938	1	21,833	62	36,790	7,580	1,862,256	35	3,460	1	-	4	123,100	12	24,045
5 years and above	-	-	1	22	-	-	-	-	283	61,832	-	-	-	-	-	-	-	-
Total	199	1,174,870	1,772	327,771	4	29,293	5,512	499,054	15,012	3,647,599	138	19,360	6	1,690	5	123,500	53	39,292

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	92	42,882	2	870	808	61,329	3,905	125,040	-	-	26	6,300	32	18,474	20	1,983	10,347	747,615
31 days to 6 months	88	70,672	-	229	727	78,569	883	65,674	2	840	50	90,120	8	556,456	21	18,878	7,886	2,304,021
6 months to 1 year	38	156,371	-	51,157	45	14,242	105	2,611	2	0	14	3,730	422	4,712	5	1,298	3,754	1,554,939
1 year to 5 years	14	261,083	-	389,197	24	3,540	3	1,592	-	-	62	29,891	1	-	-	574	7,829	3,252,314
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284	61,854
Total	232	531,008	2	441,453	1,604	157,680	4,896	194,917	4	840	152	130,041	463	579,643	46	22,733	30,100	7,920,743

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmens Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	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	10	2,232	-	-	1	450	4	1,450
31 days to 6 months	157	778,644	589	109,527	4	2,907	1,824	172,289	3,205	623,492	21	2,150	1	-	1	17,575	6	8,500
6 months to 1 year	57	154,821	115	146,737	2	9,797	112	48,302	2,966	579,345	7	410	-	-	1	1,300	2	768
1 year to 5 years	5	324,296	23	26,495	-	13,232	49	21,444	4,579	947,590	10	1,250	-	-	2	9,100	6	43,359
5 years and above	1	2,500	1	22	-	-	-	-	235	43,498	-	-	-	-	-	-	-	-
Total	271	1,326,180	1,486	320,564	7	26,167	5,777	428,926	12,012	2,400,665	48	6,042	1	-	5	28,425	18	54,077

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	56	16,369	-	-	432	35,705	2,198	77,382	1	40	18	4,736	1	-	19	1,084	8,369	637,013
31 days to 6 months	137	78,681	-	1,054	467	38,904	1,023	57,057	2	146	18	5,087	-	-	13	3,837	7,468	1,899,851
6 months to 1 year	32	296,598	-	68,953	70	8,968	33	4,992	1	208	13	10,390	-	-	5	5,234	3,416	1,336,822
1 year to 5 years	3	17,835	-	413,334	20	10,538	4	1,684	-	-	46	25,358	-	-	-	265	4,747	1,855,779
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237	46,020
Total	228	409,484	-	483,342	989	94,115	3,258	141,114	4	393	95	45,571	1	-	37	10,420	24,237	5,775,486

Annexure to Management Report (Continued)

Annexure 1
Details of ageing analysis of claims outstanding (Continued)
Outstanding as on March 31, 2011 (F.Y. 2010-11)

(₹ '000)

Period	Fire		Marine Cargo		Marine Hull		Motor OD		Motor TP		Workmen's Compensation		Public Liability		Product Liability		Other Liabilities	
	No.	Amount	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	-	-	3,021	98,459	717	146,628	-	-	-	-	2	550	-	2,235
31 days to 6 months	65	911,719	199	31,409	4	68,428	1,614	1,116,532	2,769	476,807	10	1,604	-	-	-	-	6	41,687
6 months to 1 year	35	133,172	44	13,439	-	-	99	35,068	1,474	241,898	6	630	-	-	-	-	-	-
1 year to 5 years	13	184,419	6	12,902	-	-	41	17,015	1,966	306,820	-	-	-	-	-	-	1	100
5 years and above	-	-	2	5,022	-	-	-	-	173	18,987	-	-	-	-	-	-	-	-
Total	140	1,461,886	497	87,059	4	68,428	4,775	267,075	7,099	1,191,140	16	2,234	-	-	2	550	7	44,022

(₹ '000)

Period	Engineering		Aviation		Personal Accident		Health		Home		Specialty		Weather		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	56	6,830	-	8,304	274	21,560	3,228	164,486	1	112	31	7,698	8	33,746	89	2,765	7,700	750,235
31 days to 6 months	60	37,657	1	5,687	301	53,489	1,301	47,969	1	8	12	16,381	-	-	114	2,429	6,457	1,811,807
6 months to 1 year	13	17,286	-	80,087	137	19,604	77	9,339	2	16	14	9,046	-	-	3	4,785	1,904	564,372
1 year to 5 years	2	3,291	-	27,703	5	2,701	6	242	-	-	20	4,864	-	-	-	265	2,060	560,323
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175	24,009
Total	131	65,065	1	121,781	717	97,355	4,612	222,036	4	136	77	37,990	8	33,746	206	10,243	18,296	3,710,747

Annexure to Management Report (Continued)

Annexure - 2

Details of Average Claims Settlement Time

Line of Business	F.Y. 2014-15		F.Y. 2013-14		F.Y. 2012-13		F.Y. 2011-12		F.Y. 2010-11	
	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	793	69	541	166	389	191	397	161	345	142
Marine Cargo	21,018	31	17,495	66	14,944	55	5,105	68	3,116	69
Marine Hull	6	508	4	420	5	304	3	419	11	137
Motor OD	117,302	19	105,187	22	97,488	23	87,219	30	74,761	33
Motor TP	5,445	423	6,164	488	4,536	456	3,187	368	1,379	413
Workemens Compensation	46	150	58	159	33	104	16	121	3	262
Public liability	5	198	7	70	3	23	5	136	—	—
Product Liability	2	81	—	—	—	—	—	—	—	—
Other Liabilities	8	363	5	136	11	5	6	27	3	26
Engineering	1,265	39	1,496	69	1,382	69	997	56	824	75
Aviation	—	—	—	—	1	47	1	252	—	—
Personal Accident	5,936	22	7,652	49	6,487	38	4,431	46	2,236	60
Health	109,357	21	186,481	20	88,007	26	54,683	34	128,761	37
Home	56	20	8	164	4	98	2	339	7	176
Specialty	2	295	2	892	2	245	5	82	160	15
Weather	1,975	40	1,687	20	19,670	101	5,841	1	15	6
Others	4,955	8	1,656	29	533	90	2,063	37	1,160	34
Total	268,171		328,443		233,495		163,961		212,781	

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.	<ul style="list-style-type: none"> ▪ 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.
	<ul style="list-style-type: none"> ▪ Incurred But Not Enough Reported (IBNER) 	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.

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
-  Crop 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



Har pal aapke saath

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