HDFC ERGO
GENERAL INSURANCE
Har pal aapke saath

HDFC ERGO General Insurance Company Limited

Registered Office: Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020.
Corporate Office: 6th Floor, Leela Business Park, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059.
Tel. No.: 91-22-6638 3600 ■ Fax No.: 91-22-6638 3699 ■ Website: www.hdfcergo.com

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HDFC ERGO
GENERAL INSURANCE
Har pal aapke saath

POWERED BY TECHNOLOGY
EMPOWERED BY PEOPLE

Annual Report 2012 - 13

HDFC ERGO General Insurance Company Limited

Our Vision

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

Our Values

seed

Sensitivity

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

Excellence

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

Ethics

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

Dynamism

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

Content

Powered by Technology

Living up to its brand promise - “Har pal Aapke Saath”, the Company has focused in equipping its people and processes with appropriate technology solutions. The Company has adopted the philosophy of building business model keeping technology at the center. The integrated technology framework thus evolved ensures that organization has the agility to map its internal processes to provide superior service to its customers. As result of this approach the Company is able to provide customers instant policy anytime anywhere, unified view of their insurance portfolio and personalized experience. The Company's technology framework includes following key features:

- **Point of Sale Solution:** This empowers the intermediaries to issue policies instantly from their own offices thereby providing personalized service to the customer. This process is transparent and simplifies policy issuance, improves service time, quality of the documentation and accuracy of information thus bringing in significant operational efficiencies. The Company has deployed these capabilities to service its rural customer base as well. The Company's sophisticated Rural Point of Sales solution for weather insurance is capable of scanning documents, recording pictures, issue and print policies in the remotest of the villages even if there is no connectivity available.

- **Online/Mobile Sales and Service platform:** Today's customer prefers to research before buying products online. To cater to this segment, the Company has made several products available for purchase online on the Company's website www.hdfcergo.com, where the customer can buy and renew their policy online at their convenience. Company's mobile friendly version of the website helps customer access these services on their handheld devices. Company's B2B integration with its intermediaries provides another option to its customers to engage and buy products from the Company in a self service mode. The Company uses eMails and SMSs as an effective mode of communication with customers for their transactions.

Company launched Insurance Portfolio Organizer (IPO) which is accessible online and as a mobile application. IPO helps customers get a single-window snapshot of all their policies - health, motor, home, travel. Customers can view their policies, request policy copies and place service requests. Application reminds customers for policies due for renewal. Customers can register motor and health claims on their own and track claim status for all products without having to contact customer support. Through this organizer, customers can also access the Company's network of garages, hospitals and branches.

- **Unified CRM Solution:** This platform helps tracking service requests from initiation to fulfillment ensuring no customer communication is lost. Company's customer service is equipped with single customer view technology. This platform provides the life cycle of every customer in the system, including details of policies purchased, claims filed and prior interactions with the Company. This database also provides a platform for analytics with respect to interaction with clients.

- **Claim Servicing:** Company's workflow based technology platform integrated with imaging technologies ensures smooth processing and tracking of customer claims. Using this technology Company processes claims for all lines of business. With the support of Company's in-house Health Claim servicing platform the Health Claims Servicing unit achieved a significant reduction in response time with higher transparency and resulted in direct interaction with customers.

- **Governance, control and operational efficiencies:** High degree of automation has helped the Company to issue 87% of the policies in an automated mode. This low touch functionality is supported with inbuilt system controls to ensure compliance, governance and checks in policy issuance and policy administration process. Company's ERP solutions on an Oracle platform helps improve controls, transparency and corporate governance in financial analysis and reporting. This platform enables integration of financial ERP with other aspects of the Company's business such as premium receipts, claim payments, and other transactions.

The Company has successfully used technology in more direct and tangible ways in its operations. It has enabled better interactions, reduced response time, increased efficiencies and improved accuracy. For enhancing sales and agent's productivity the Company launched sales and agents' portal. This portal offers its sales force and agents complete dashboard of all the policies, customers and business generated to enhance the efficiency of the services at their end. To provide better analytical capabilities, the Company has implemented state of the art Business Intelligence and Actuarial tools which are used for data analysis and statistical modeling.

With the aim of building a technology driven organization, the Company would continue to invest in technology to take its servicing and operational efficiencies to the next level and will continue to exploit new and emerging technologies. Keeping pace with time, the Company would focus on mobile and tablets technologies, budgeting and planning solutions, business analytics in customer, actuarial and fraud management space.

Awards & Recognitions

ISO 9001 : 2008

ISO Certification
for Claim Services, Policy Issuance
and Customer Servicing

iAAA
Rating by ICRA
Highest Claims Paying ability

iAAA Rating
by ICRA

ICAI Awards for
Excellence in Financial Reporting
by
The Institute of Chartered Accountants of India (ICAI)
under the Category IV - Insurance for FY 2011

Best General Insurance Company
in India
by International Alternative
Investment Review 2013

Best Investor Education & Category
Enhancement - Insurance
by UTV Bloomberg -
Financial Leadership Awards 2012

Personal Lines Growth
Leadership Award
at The Indian Insurance Awards 2012

Best Employer Brand Award
IPE BFSI

HR Excellence through Technology Award
at Asia's Best Employer Brand Awards 2012

Message from the Chairman

> FY 2013 marks a turnaround in the business of the Company, which is now on a much stronger ground.

Deepak S. Parekh
Chairman

The global economy, as expected is taking time to recover from the recessionary trend that reared its ugly head in 2008. The journey to put the global economy back on track has been long and arduous. The spillovers of the global financial crisis have been deep and long lasting. Given the mixed outcomes of policy efforts so far, it is difficult to assess when the global economy will recover. While the US is showing some signs of improvement, the Eurozone is clearly not out of the woods. The persistent high unemployment rate in most developed economies remains worrisome.

India too has witnessed a distinct slowdown. After recording an average growth rate of 8.8% during the period FY 2006-2011, India's GDP growth rate slipped to 6.2% in FY 2012 and fell further to an estimated 5% in FY 2013. Much of the reasons for India's slowdown have been self-inflicted. The investment pipeline has dried up as delays in approvals for key infrastructure projects have not been forthcoming. In addition, a spate of irregularities, policy uncertainties, political imbroglios and the government's inability to push the reform agenda has taken a toll on the Indian economy.

The impact of the economic slowdown was clearly visible in the non-life insurance sector. During FY 2013, the industry grew by 18.6% compared to 23.7% in the previous year. From an optimistic perspective, however, penetration levels in the non-life industry is still low, hence the scope to grow and scale up is immense.

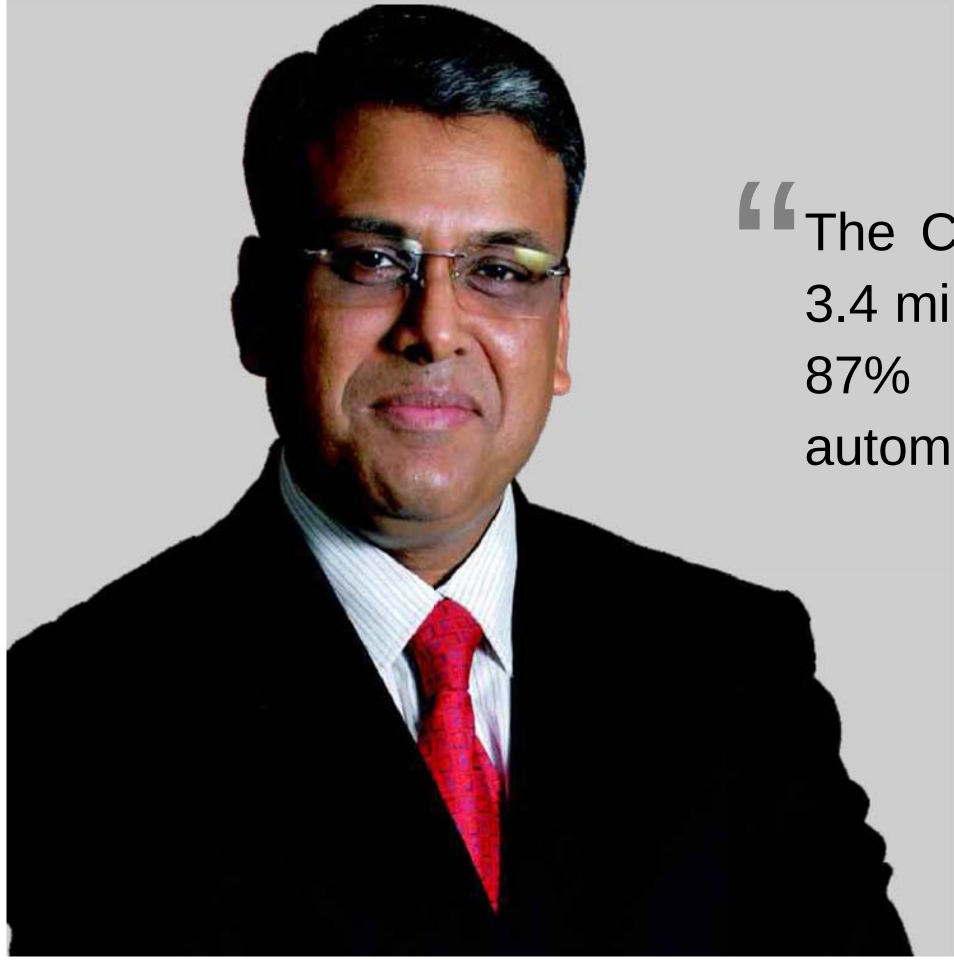
The corporate business has gone through a challenging period on account of the overall slowdown in the economy, the lack of investments in projects and the impact of adjusting to a detariffed regime. In comparison, the retail business has seen significant growth over the past few years. This is an encouraging trend, signifying increasing penetration and spread. The prospects for the industry remain positive, having tided over the impact of detariffing and the Motor Third Party Pool. Going forward, the non-life insurance industry is now expected to attain a stable stage.

HDFC ERGO has continued to grow at a rate higher than the industry. The Company's gross direct premium grew at 33% for FY 2013 whilst maintaining a combined ratio of 91.6% (excluding Indian Motor Third Party Insurance pool losses). The Company has managed to bring in efficiencies in its operations by improving the loss and expense ratios. The loss ratio was maintained at 70.7% and the expense ratio stood at 20.9%. In FY 2013, the Company launched various initiatives which resulted in bringing down these ratios. These initiatives have resulted in improved control on operational processes, which will aid in scaling up the business in the future.

FY 2013 marks a turnaround in the business of the Company, which is now on a much stronger ground. The efforts through the years of steadily building a sound company is now, beginning to bear fruit and the Company is on its way to enter a phase of strong performance. I take this opportunity to thank all the stakeholders for having given their best to steer the business in the right direction and wish them all the best in their endeavours.

Deepak S. Parekh
Chairman

Message from the MD & CEO



> “The Company issued over 3.4 million polices, of which 87% were issued in an automated mode”
>
> **Ritesh Kumar**
> **MD & CEO**

The global crisis may not appear to be as serious an issue today as it was a year back. However, no one has remained unaffected and every country continues to struggle in dealing with the fallouts of the crisis. The severity and the nature of impact being different, each country has had to find its unique way to deal with the situation resulting in varying degree of success or failure. While the things appear better and in control in the US, in Europe, it has been a story of one crisis after another. This has thrown up huge challenges for the emerging markets including India. While their export of goods and services find new barriers, the emerging markets also have to bear the pressure to further open up their markets for import from the developed economies.

India, due to its demographic profile and potential for growth, had a huge advantage in this world order. However, that was not to be and we have seen things peter out in the last 3 years. The GDP, which was growing at more than 8% till a few years back, is struggling to maintain the 5% levels. Most sectors of the economy registered a lower rate of growth as compared to the previous year. Given the uncertain political climate, the outlook remains worrisome for the next year as well.

The growth in the non-life sector has seen reflection of the overall economic environment. The growth of the sector was down by ~5% over last year. Despite these challenges, the non-life industry stillmanaged to grow at 18.6%, which is impressive. What has been more encouraging is the overallperformance of the industry- with the impact of TP Pool and de-tariffing behind; the industry seems to be turning around and showing signs of making profits after a very long time.

In this backdrop, the Company has shown good progress in most areas of its operations. The Company has registered growth rate of 33% (without considering the Retrocessions from the TP Pool and Declined Risk Pool) compared to 18.6% for the industry maintaining its market position of being the 4th largest private general insurance company. The Company has been able to manage a balanced portfolio between all product lines. While retail and corporate businesses remained the main business drivers, to further improve its presence, the Company launched a new business vertical to cater to the small & medium enterprises. Weather based crop insurance, which was started on pilot basis last year, saw a scale up at Rs. 276 crores this year as compared to Rs. 44 crores last year.

This year marked the return to profitability for the Company with a profit after tax of Rs. 154.5 crores for the year as compared to a loss of Rs. 39.7 crore last year. The Company improved its operating margins managing a combined operating ratio (excluding Indian Motor Third Party Insurance pool losses) of 91.6% as compared to 92.6% last year. Both the components of combined ratio namely; loss ratio and expense ratio, have seen improvement over last year. The actual loss ratio may appear high due to inclusion of losses on account of commercial vehicles TP losses, but in comparable terms, the loss ratios have shown an improvement. The improved performance were a result of effective portfolio steering, improved pricing on the third party insurance and efficient handling of its claims. Managing health claims in house improved the loss performance in health claims and also improved cost efficiency. Company’s loss minimization initiatives have also been instrumental in better claim control and recoveries across product segments.

The Company continued its pursuit to leverage information technology to bring cost and process efficiencies. As a result, the Company achieved expense ratio 20.9%, a significant improvement over 25.5% of last year. The Company issued over 3.4 million polices, of which 87% were issued in an automated mode. The Company also managed about 294,000 claims compared to 267,000 claims last year. During the year, the Company added 1 new office and added 155 people taking the total staff strength to 1389.

The year marked successful completion of ten years of operations of the Company since its commencement in September 2002. I take this opportunity to congratulate and thank all who have been part of this journey and have contributed to the performance and growth of the Company in the past decade. I am confident that backed by this strong foundation, the Company would grow into a stronger entity in the years to come.

Ritesh Kumar
MD & CEO

Company Highlights

- GWP grew at 62% CAGR over last 5 years.
- Overall market share grew from 1.1% in 2008-09 to 3.8% in 2012-13.
- 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.
- Achieved a Combined Ratio of 91.6% (excl. IMTPIP).
- Company continued to be compliant on Expense Ratio and Solvency Ratio
- Risk Management framework in place.
- Launched in-house Health Claim Services.
- Set up Risk and Loss Mitigation unit.
- Significantly lower share of grievances (0.7%) and ombudsman cases (1.1%) compared to market share of 3.8%.

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. Ritesh Kumar - MD & CEO

Auditors

G. M. Kapadia & Co.
Chartered Accountants

A. F. Ferguson Associates
Chartered Accountants

Bankers

HDFC Bank Ltd.

Citi Bank N.A.

Senior Management

Mr. Ankur Bahorey

Mr. Karan Chopra

Mr. Tommy Lee Co

Mr. S. Gopalakrishnan

Mr. Mukesh Kumar

Mr. Mehmood Mansoori

Mr. Samir H. Shah

Mr. Sanjiv Sharma

Mr. Anuj Tyagi

Appointed Actuary

Mr. Narayanan Lakshmanan
(upto September 30, 2012)

Mr. Antonio Ferreiro
(w.e.f. October 1, 2012)

Registered Office: Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai – 400 020
Corporate Office: 6th Floor, Leela Business Park, Andheri - Kurla Road, Andheri East, Mumbai – 400 059
Telephone : +91 22 6638 3600 ; Fax : +91 22 6638 3699 ; Website : www.hdfcergo.com

Brief Profile of the Directors

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

Mr. Keki M. Mistry is the Vice Chairman & Chief Executive Officer of Housing Development Finance corporation Limited (HDFC), India's premier housing finance company. He is a fellow of the Institute of Chartered Accountants of India. He has been employed with HDFC since 1981 and was appointed as the Executive Director in 1993. He was appointed as the Deputy Managing Director of HDFC in 1999 and as the Managing Director in 2000. He was re-appointed as the Managing Director, designated as the Vice Chairman and Chief Executive Officer of HDFC for a period of 5 years w.e.f. November 14, 2010.

Ms. Renu Sud Karnad is the Managing Director of HDFC. She is a graduate in law from the University of Mumbai and holds a Master's degree in economics from the University of Delhi. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978 and was appointed as the Executive Director in 2000 and was re-designated as its Joint Managing Director in October 2007 and thereafter appointed as its Managing Director for a period of 5 years with effect from January 1, 2010.

Mr. Andreas Kleiner is Member of the Board of Management, ERGO International AG, Dusseldorf, Germany. He is a Graduate Civil Engineer from University of Stuttgart, Germany. He is a Chartered Insurer from Chartered Insurance Institute, London and has completed Executive MBA on Financial Services Industry (MBA-FSI) from University of St. Gallen (Switzerland), Vlerick Leuven Gent Management School (Belgium) and HEC Montréal (Canada). He has an experience of over 19 years in the insurance industry (in the field of Fire Engineering Underwriting in Senior Executive Management positions such as CEO of Munich Reinsurance Company of Africa Ltd., Johannesburg (2003-2007) and General Manager of Munich Re Singapore Branch, Singapore.

Mr. Mark Lammerskitten is Managing Director India, Turkey and Greece for ERGO International AG. He holds a Business Administration degree of Otto Beisheim Graduate School of Management, Germany. He has over 18 years experience in the Financial Services sector. After 3 years with Deutsche Bank AG, Frankfurt in Corporate and Retail Banking he consulted for Booz Allen & Hamilton Inc. banks, insurance companies and other MNCs worldwide. He has handled various strategic roles in ERGO Insurance Group in Germany for more than 7 years before he moved to HDFC ERGO in 2008 as Head of Corporate Development. He has taken over his current assignment at ERGO International, AG w.e.f. July 01, 2010.

Dr. Jagdish Khattar former officer of Indian Administrative Service (IAS), is an independent director of the Company. He joined the administrative service in 1965 and took voluntary retirement in 1993 to join Maruti Udyog Ltd. as Director - Marketing. He took over as CEO of Maruti Udyog Ltd. in August 1993 till December 2007. While in the administrative service he held various positions including Managing Director of UP State Industrial Corporation; Director, Tea Board of India, London; Chairman, Tea Board, Ministry of Commerce, India; Chairman and Managing Director UP State Cement Corporation and Chairman, UP State Road Transport Corporation. In 2008, He founded Carnation Auto India Private Limited, a pioneer in multi brand auto solution hub and serving as its CMD & CEO.

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 has done Special exam in Tax Law in 1982 and Bar exam at the High Court of Hamburg in 1983. Mr. Steinruecke was the former General Manager of Deutsche Bank, Managing Partner and Speaker of the Board of ABC Privatkunden-Bank, Berlin, Member of the Supervisory Board of ABC Lebensversicherungs and a Member of the Advisory Board of SCHUFA GmbH.

Mr. Ritesh Kumar is the Managing Director and CEO of the Company. He has about 21 years of experience in the Financial Services Industry, of which the first 10 years were in Banking and the last about 11 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.

Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Eleventh Annual Report of your Company together with the audited accounts for the year ended on March 31, 2013.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Gross Written Premium	2,508.1	2,074.4
Net Written Premium	1,471.5	1,163.9
Net Earned Premium	1,242.6	914.4
Other Income/Liabilities written back	1.7	0.8
Net Incurred Claims (Other than Exceptional Losses)	951.0	766.4
Net Commission (Income) / Expenses	(66.0)	(43.6)
Expenses of Management	388.6	290.8
Investment Income – Policyholders	155.0	97.0
General Insurance Result (Before Exceptional Losses)	125.7	(1.4)
Exceptional Motor Pool Losses	-	77.9
General Insurance Result (After Exceptional Losses)	125.7	(79.3)
Investment Income – Shareholders	56.2	39.6
Profit/(Loss) before Tax	181.9	(39.7)
Provision for Tax	27.4	-
Profit/(Loss) after Tax	154.5	(39.7)

PERFORMANCE

The gross written premiums of the Company rose by 21%, from ₹ 2,074.4 crores to ₹ 2,508.1 crores. The Company achieved a Profit before Tax of ₹ 248.3 crores (PY: ₹ 141.9 crores) before considering the losses from the Indian Motor Third Party Insurance Pool (IMTPIP) and the Indian Motor Third Party Declined Risk Insurance Pool (IMTDRIP). Losses from IMTPIP were ₹ 57.5 crores (PY: ₹ 181.6 crores) and from IMTDRIP were ₹ 8.9 crores (PY: NA). The overall profit after tax for the year is ₹ 154.5 crores as against loss of ₹ 39.7crores in the previous year. The net earned premium increased to ₹ 1,242.5 crores from ₹ 914.4 crores in the previous year.

DIVIDEND

Your Directors have not recommended any dividend for the year ended March 31, 2013.

CAPITAL INFUSION

During the year, to ensure the prescribed Solvency Margins at all times, the shareholders of the Company at the extra-ordinary general meeting held on March 1, 2013 approved the issue of 48,00,000 equity shares of ₹ 10 each for cash at a premium of ₹ 52.50 per share on a preferential basis, in accordance with the provisions of Section 81(1A) of the Companies Act, 1956 and Unlisted Public Companies (Preferential Allotment) Rules, 2003. The said issue was fully subscribed by the promoters.

Further, during the year, the Company allotted 7,49,000 equity shares of ₹10 each pursuant to exercise of stock options under Employees Stock Option Plan – 2009 (ESOP-2009).

Consequently, the paid-up equity share capital of the Company has increased from ₹ 523.0 crores as on April 1, 2012 to ₹ 528.6 crores as on March 31, 2013 and the Share Premium account increased from ₹ 252.0 crores as on March 31, 2012 to ₹ 277.2 crores as on March 31, 2013.

EMPLOYEES STOCK OPTION PLAN (ESOP)

During the year, the Company granted 24,30,000 stock options in respect of 24,30,000 equity shares ₹ 10 each at a grant price of ₹ 50 per option under ESOP-2009-Tranche-IV 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 13,32,000 and options exercised aggregated to 7,49,000. Pursuant to the said exercise, the Company received ₹ 74.90 lacs as exercise consideration (excluding tax). Pursuant to exercise of stock options, 7,49,000 equity shares of ₹ 10 each have been allotted to the concerned employees.

The Options lapsed during the year aggregated to 4,74,750 and the Options in force as on March 31, 2013 were 78,25,250.

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

The diluted EPS is ₹ 2.92 against a basic EPS of ₹ 2.95.

AWARDS & RECOGNITIONS

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

ISO 9001:2008 Certification for conformity with internationally established standards for quality systems and assurance in claims processing. The certification was also granted for services related to resolution of customer queries and complaints through call centre and related process.

During the year under review, ICRA has affirmed **"iAAA"** rating to the Company indicating highest claim paying ability. The rating denotes Company's fundamentally strong position and prospects of meeting policyholder obligations is the best.

"Best General Insurance Company in India" by **International Alternative Investment Review (IAIR)**. The award was based on an independent survey considering leadership, innovative services with a dynamic approach and a variety of products.

HR excellence through technology award at Asia's Best Employer Brand Awards 2012 endorsed by the Asian Confederation of Businesses and CMO Asia is a strategic partner. The award recognises excellence for being role models and exemplary leaders.

PARTICULARS OF EMPLOYEES

The total employee strength of the Company as on March 31, 2013 was 1,389 as against 1,234 at the beginning of the year. During the year, 10 employees employed throughout the year were in receipt of remuneration of ₹ 60 lacs or more per annum and there were no employees employed for a part of the year at a remuneration of ₹ 5 lacs or more per month. Under the provisions of the Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the said employees are set out in the annexure to this report. The Directors' Report is being sent to the shareholders of the Company excluding the annexure. Any shareholder interested in obtaining a copy of the annexure may write to the Company Secretary.

PARTICULARS REGARDING FOREIGN EXCHANGE EARNINGS AND OUTGO, CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company incurred an expenditure of ₹ 170.9 crores (PY ₹ 89.7 crores) in foreign exchange during the year under review mainly on account of reinsurance premium.

Earnings in foreign exchange during the year was ₹ 34.9 crores (PY ₹ 33.4 crores). Since the Company does not carry out any manufacturing activity, other particulars relating to conservation of energy and technology absorption stipulated in Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

PUBLIC DEPOSITS

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Bernhard Steinruecke and Mr. Keki M. Mistry, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment. Further, as required under the provisions of Corporate Governance Guidelines (Guidelines) notified by IRDA, the Company and the said Directors respectively, would enter into a Deed of Covenant as per the prescribed format.

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

Further, all the Directors of the Company have confirmed that they comply with the 'fit and proper' criteria prescribed under the said Guidelines and submitted the requisite declarations in the format prescribed therein.

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

AUDITORS

At the tenth Annual General Meeting (AGM) of the Company held on August 14, 2012, Members had appointed Messrs. G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Registration No. of the firm with the ICAI:104767W) and Messrs. A. F. Ferguson Associates, Chartered Accountants, Mumbai (Registration No. of the firm with the ICAI: 102849W), as Joint Statutory Auditors of the Company, to audit the books of accounts of the Company and to hold office as such up to the conclusion of eleventh AGM of the Company.

The Company has received certificates from Messrs. G. M. Kapadia & Co., Chartered Accountants and Messrs. A. F. Ferguson Associates, Chartered Accountants to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Further the said firms have confirmed that their appointment, if made, would be in compliance of the provisions of Guidelines on Appointment of Statutory Auditors by Insurance Companies, issued by IRDA.

The Board recommends the appointment of Messrs. G. M. Kapadia & Co., Chartered Accountants and Messrs. A. F. Ferguson Associates, Chartered Accountants as the joint Statutory Auditors of the Company.

Necessary resolutions for the said appointment is contained in the notice of the eleventh AGM of the Company circulated to the Members. Members are requested to consider their appointment and approve the payment of remuneration.

REPORT OF THE BOARD ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Report of the Board of Directors on Corporate Governance *inter-alia* detailing the status of compliance of the various provisions of the Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority (IRDA) and the Management Discussion and Analysis Report form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 and based on the information provided by the management, your Directors state that:

(i) In the preparation of annual accounts, the applicable accounting standards have been followed;

(ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, Insurance Act, 1938, Insurance Rules, 1939 and IRDA Regulations, Orders, Circulars and Guidelines for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

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

ACKNOWLEDGMENTS

The Board wishes to thank the Insurance Regulatory and Development Authority and other regulatory authorities for their continued support and guidance. The Board wishes to place on record its sincere thanks for the support and co-operation extended by the policyholders, reinsurers and various channel partners.

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

On behalf of the Boards of Directors

MUMBAI
April 30, 2013

DEEPAK S. PAREKH
Chairman

Annexure to Directors' Report

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Corporate governance framework while defining the relationship between shareholders, management, Board of Directors and other stakeholders of a company also influences the operations of a company. At its basic level, corporate governance deals with issues that result from the separation of ownership, management and control. The corporate sector in the last decade has witnessed a paradigm shift not only in terms of size, complexity and sophistication but also in terms of growing expectations from all the stakeholders. The world has moved from “Trust Me” to a “Show me” philosophy. Good corporate governance ensures that the business environment is fair, ethical and transparent and that the companies can be held accountable for their actions. Regardless of the type of venture, only good governance can deliver sustainable business performance and value to all stakeholders. Good corporate governance *inter-alia* aims for sustainable development of all stakeholders; equitable distribution of wealth; compliance of laws in letter and spirit; discharge of social responsibility and adoption and adherence to fair and ethical practices in both good and bad times.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

HDFC ERGO's mission is to become a long term trusted and transparent Company to its Policyholders, Shareholders, Channel Partners, Employees and the community it works and operates in. The Board of Directors fully support and endorse the guidelines on Corporate Governance for the Insurance Sector (the Guidelines) prescribed by the Insurance Regulatory and Development Authority (IRDA). The Company has complied with the mandatory requirements of the Guidelines and certain provisions of the non-mandatory requirements and listed below is the status with regard to the same.

BOARD OF DIRECTORS

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

COMPOSITION

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

Composition of the Board of Directors

Sr. No.	Directors	Category	No. of Directorships held *
1	Mr. Deepak S. Parekh	Chairman (Non-Executive)	8**
2	Mr. Keki M. Mistry	Non-Executive Director	14
3	Ms. Renu Sud Karnad	Non-Executive Director	13
4	Mr. Andreas Kleiner	Non-Executive Director	-
5	Mr. Mark Lammerskitten	Non-Executive Director	-
6	Dr. Jagdish Khattar	Independent Director	2
7	Mr. Bernhard Steinruecke	Independent Director	4
8	Mr. Ritesh Kumar	Managing Director and CEO	-

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

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

RESPONSIBILITIES

The Board of Directors represents the interests of the Company's shareholders in optimizing long-term value by providing the management with guidance and strategic direction on shareholder's behalf. The Board's mandate is to oversee the Company's strategic direction, review financial, operational and investment performance, approve annual business plan, ensure regulatory compliance and safeguard interest of all stakeholders. The Board plays a pivotal role in ensuring good governance and creating value for all stakeholders.

TENURE

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

BOARD MEETINGS AND PROCEDURES

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

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

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

The members of the Board have access to all information of the Company. Member of senior management team and Appointed Actuary 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 brief minutes of each Board meeting are circulated to the Board members within two working days from the date of meeting and the detailed minutes are finalised within thirty days and thereafter recorded in the Minutes Book. In compliance of the provisions of Listing Agreement entered into by the holding company with the Stock Exchanges, the minutes of the Board meetings of the Company, summary of the key decisions taken by the Board and the details of significant transactions or arrangements entered into by the Company, if any, are submitted to the holding company on a regular basis.

During the year under review, the Board met four (4) times on April 24, 2012, August 14, 2012, October 23, 2012 and January 29, 2013. The attendance of the Directors at the said meetings is listed below:

Directors	No.of Meetings held	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Deepak S. Parekh	4	4	80,000
Mr. Keki M. Mistry	4	4	80,000
Ms. Renu Sud Karnad	4	4	80,000
Mr. Andreas Kleiner	4	4	-
Mr. Mark Lammerskitten	4	4	-
Dr. Jagdish Khattar	4	4	80,000
Mr. Bernhard Steinruecke	4	4	80,000
Mr. Ritesh Kumar	4	4	-

The Board also met on April 30, 2013, for approval of audited accounts of the Company for the financial year 2012-13.

COMMITTEES

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

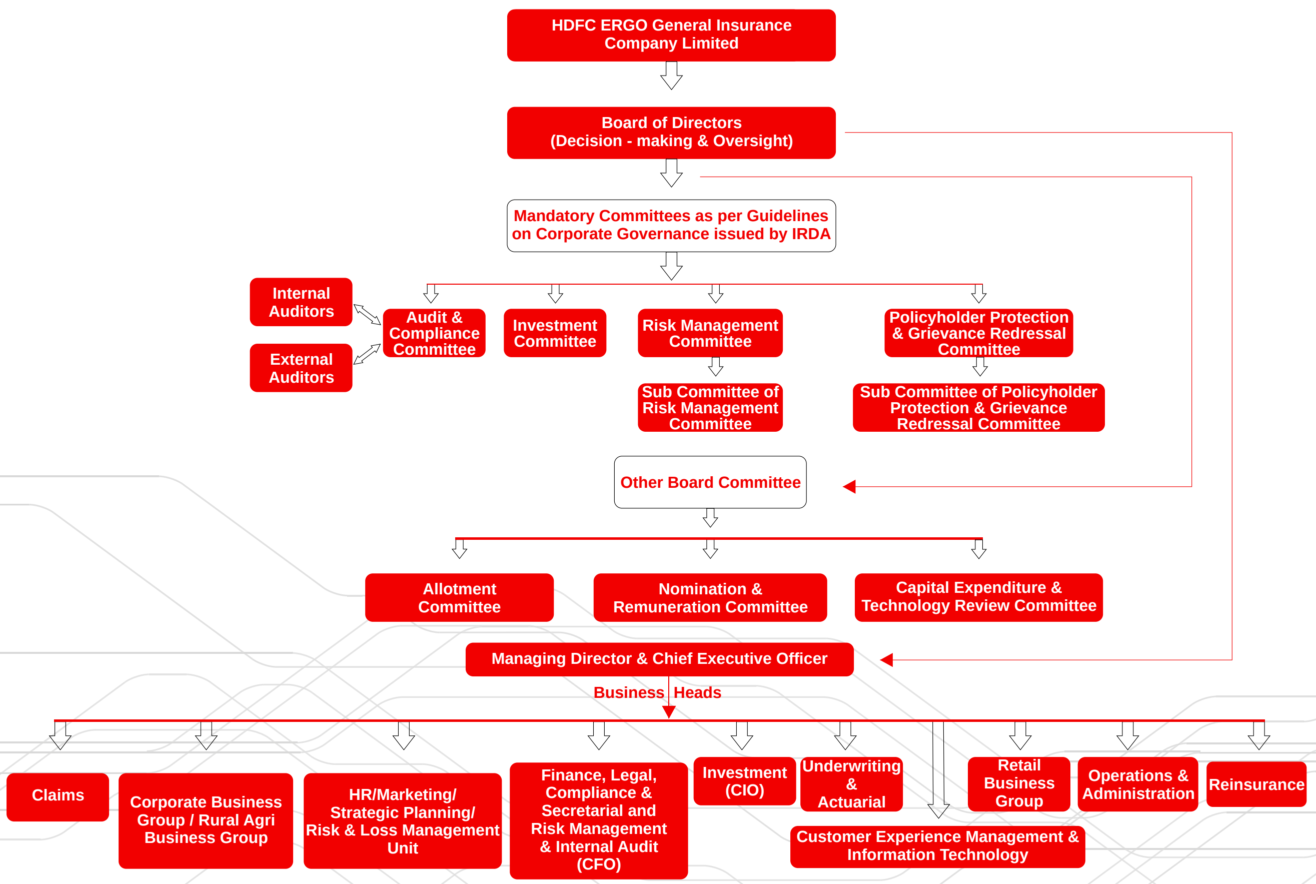
The relationship between the Board, the Committees and the senior management functions as on March 31, 2013 is illustrated below:

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 of the Board comprises five (5) members, all of whom are Non-Executive Directors. The Chairman of the Committee is an Independent Director. All the members of the Committee have strong finance analysis background. The composition of the Committee is in accordance with the provisions of Section 292A of the Companies Act, 1956 and the Guidelines issued by IRDA.

CORPORATE GOVERNANCE STRUCTURE



The Committee inter-alia oversees the financial statements and financial reporting before submission to the Board, internal audit function, compliance function and the work of the statutory auditors. It also reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The Committee gives appropriate directions to the management in areas that need to be strengthened. The Committee invites senior executives, as it considers appropriate to be present at the meetings of the Committee. Member of senior management and auditors are invited to participate in the meetings of the Committee as and when necessary. The Committee recommends to the Board, the appointment or re-appointment of the statutory auditors, internal auditors, concurrent auditors, risk management auditors and their remuneration. The Committee and statutory auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit.

During the year under review, the ACC met four (4) times on April 24, 2012, August 14, 2012, October 23, 2012 and January 29, 2013. The Committee also met on April 30, 2013, for review of audited annual accounts of the Company for the financial year 2012-13 and recommended the same for the approval of the Board.

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

Directors	No. of Meetings held	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Bernhard Steinruecke (Chairman)	4	4	40,000
Mr. Keki M. Mistry	4	4	40,000
Ms. Renu Sud Karnad	4	4	40,000
Mr. Andreas Kleiner	4	4	-
Mr. Mark Lammerskitten	4	4	-

INVESTMENT COMMITTEE (IC)

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

During the year, the Committee was reconstituted pursuant to the expiry of the term of Mr. Narayanan Lakshmanan as the Appointed Actuary of the Company on September 30, 2012 and the appointment of Mr. Antonio Ferreiro as the Appointed Actuary with effect from October 1, 2012.

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

During the year under review, the IC met four (4) times on April 24, 2012, August 14, 2012, October 23, 2012 and January 29, 2013. The IC also met on April 30, 2013.

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

Members	No. of Meetings held during the tenure	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Keki M. Mistry (Chairman)	4	4	40,000
Mr. Mark Lammerskitten	4	4	-
Mr. Ritesh Kumar	4	4	-
Mr. N. Lakshmanan (Appointed Actuary)*	2	2	-
Mr. Antonio Ferreiro (Appointed Actuary)**	2	2	-
Mr. Samir H. Shah (Member of Executive Management, CFO & Company Secretary)	4	4	-
Mr. Abhiranjan Gupta (Chief Investment Officer)	4	4	-

* Upto September 30, 2012

** With effect from October 1, 2012.

RISK MANAGEMENT COMMITTEE (RMC)

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

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

During the year, the RMC has ensured that risk management was further embedded into day-to-day business and enabling processes. Under the guidance of the RMC, the Company institutionalized its Risk Management Framework for identifying, managing, monitoring and periodic reporting on exposure to its immediate risk universe comprising of Insurance risk, Asset risk and Operational risks.

In accordance with the framework, the Company implemented risk assessment tools and practices and integrated processes to reassess identified risks, identify new risks and their impacts across its risk universe on an ongoing basis. This was done to provide an assurance that risk exposures are adequately controlled and identified gaps are effectively taken care of by implementing appropriate risk mitigating measures.

During the year under review, the RMC met three (3) times on August 14, 2012, October 23, 2012 and January 29, 2013. The RMC also met on April 30, 2013.

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

Members	No. of Meetings held	No. of Meetings attended	Sitting Fees Paid (₹)
Mr. Bernhard Steinruecke (Chairman)	3	3	30,000
Ms. Renu Sud Karnad	3	3	30,000
Mr. Andreas Kleiner	3	3	-
Mr. Mark Lammerskitten	3	3	-

The Company also has a sub- committee of the RMC (SC-RMC) comprising of the senior executives of the Company including the Managing Director and CEO. The SC-RMC inter-alia reviews the risks associated with various business processes suggests required control points (mitigations measures) and assists the RMC in fulfilling its objectives of managing various risks associated with the business of the Company.

Policyholder Protection And Grievance Redressal Committee – (PPGRC)

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

The Committee reviews the process being followed by the Company in redressal of Policyholder grievances and the grievance redressal mechanism of the Company and suggests mechanism for speedy redressal of complaints / grievances from Policyholders. The Committee regularly submits its report to the Board inter alia with regard to complaints / grievances received and resolved, mechanism in place / process being followed for resolution of the complaints / grievances and its observations on the efficacy of the existing mechanism. The Complaints and Grievance Redressal Policy of the Company is available on the website of the Company. The key objective of the Policy is to provide for a mechanism to speedily redress the grievance and complaints of the Policyholders to their satisfaction in accordance with the applicable laws. A designated email id viz. **grievance@hdfcergo.com** was created for enabling Policyholders to submit their grievance / complaint and its speedy redressal.

During the year, the PPGRC met three (3) times. The meetings were held on August 14, 2012, October 23, 2012 and January 29, 2013. The PPGRC also met on April 30, 2013.

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

Members	No. of Meetings held	No. of Meetings attended	Sitting Fees Paid (₹)
Dr. Jagdish Khattar (Chairman)	3	3	30,000
Mr. Keki M. Mistry	3	3	30,000
Mr. Mark Lammerskitten	3	3	-
Mr. Ritesh Kumar	3	3	-

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

NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

The Committee considers and determines the salary and other terms of the compensation package for the Managing Director and CEO. The annual compensation of the Managing Director and CEO is approved by the Committee, subject to approval of the IRDA. The Committee is also responsible for framing of Employee Stock Option Plan (ESOP), its administration and approving of performance / deferred bonus to employees.

During the year, the Committee approved the grant of 24,30,000 stock options in respect of 24,30,000 equity shares ₹ 10 each at a grant price of ₹ 50 per option under ESOP-2009-Tranche-IV to the eligible employees.

During the year, the Committee met two (2) times on April 24, 2012 and January 29, 2013. The NRC also met on April 30, 2013.

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

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

CAPITAL EXPENDITURE AND TECHNOLOGY REVIEW COMMITTEE (CETRC)

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

The terms of reference of CETRC inter-alia includes review of existing Technology platform of the Company, its adequacy and the need for upgradation and / or change and approval of major capital expenditure proposals.

During the year, the Committee met once on April 24, 2012 and reviewed the key technology initiatives taken up by the Company and initiatives planned for FY13.

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

Members	Whether attended the Meeting	Sitting Fees Paid (₹)
Ms. Renu Sud Karnad	Yes	10,000
Mr. Mark Lammerskitten	Yes	-
Dr. Jagdish Khattar	Yes	10,000
Mr. Ritesh Kumar	Yes	-

ALLOTMENT COMMITTEE

At the meeting held on February 1, 2012, the Board of Directors had constituted an Allotment Committee of Directors. 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, the issue of fresh capital from time to time.

During the year, the Committee approved the allotment of 7,49,000 equity shares of ₹ 10 each, pursuant to exercise of stock options under ESOP- 2009 and 48,00,000 equity shares of ₹ 10 each for cash at a premium of ₹ 52.50 per share on a preferential basis, in accordance with the provisions of Section 81(1A) of the Companies Act, 1956 and Unlisted Public Companies (Preferential Allotment) Rules, 2003, to the promoters of the Company.

The Committee comprises Ms. Renu Sud Karnad and Mr. Andreas Kleiner, Non-Executive Directors, Dr. Jagdish Khattar, Independent Director and Mr. Ritesh Kumar, Managing Director and Chief Executive Officer.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

During the year, subject to the approval of shareholders, the Board approved the payment of Commission of ₹ 3 lacs each for the financial year 2012-13, to Dr. Jagdish Khattar and Mr. Benhard Steinruecke, Independent Directors of the Company. None of the other Non-Executive Directors received any remuneration other than sitting fees, as detailed hereinabove.

RELATED PARTY TRANSACTIONS

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

WHISTLEBLOWER POLICY

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

CODE OF CONDUCT

The Company has framed and adopted a Code of Conduct, which is applicable to all Directors and employees of the Company. All the members of the Board and senior management personnel confirm on an annual basis the adherence to the provisions of the Code of Conduct.

On behalf of the Board of Directors

MUMBAI
April 30, 2013

DEEPAK S. PAREKH
Chairman

Compliance Certificate

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

Mumbai
April 30, 2013

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

MACRO ECONOMIC ENVIRONMENT

The Indian economy moderated further with the growth rate estimated at 5% in 2012-13. Compared to the average growth rate of 7.9% over the decade ending 2012-13, growth rate of 5% for the year is going to be the lowest since 2003-04. While this slowdown largely reflects the global trend, it would be fair to say that we had our own share of issues contributing to the cause.

Continuing uncertainty in the global economy largely fuelled by the Euro crisis coupled with general slowdown in all three sectors of the domestic economy contributed to this deceleration.

All the sectors of the economy registered a lower rate of growth as compared to the previous year. The agriculture sector grew at 1.8% (1.8% lower than previous year), impacted due to deficient rainfall, resulting in decline in production of all crops except pulses in 2012-13.

The industrial growth rate was 3.1% (0.4% lower than the previous year). One of the key reasons for lower growth was the tightening of the monetary policy resulting in slowing down of investments. The industrial sector was particularly affected by the monetary policy.

The services sector, which constitutes 59% of the country's GDP, grew at 6.6 percent (1.6% lower than the previous year), driven by low growth in trade, hospitality and communication sectors.

GENERAL INSURANCE INDUSTRY

Despite slowdown in the economy during FY13, the Indian General Insurance Industry continued to grow at a steady pace, registering 18.6% growth as against 23.7% in the previous year. The total premiums grew from ₹ 54,537 crores to ₹ 64,686 crores. The market share of the private sector companies increased to 46% from 44% in the previous year. The key drivers of the growth have been Motor and Health portfolios. Motor portfolio grew by ~23% (PY: 22.6%) and Health by ~17% (PY: 18%). These two classes constitute 70% of the total non-life business with Motor contributing 46% (PY: 44%) and Health 24% (PY: 24%).

While three more new players entered the fray, the pricing pressures witnessed moderation this year. It is expected that the industry should report much better results compared to previous year. Considering the loss development trends it was expected that there would be adequate pricing correction for the Third Party (TP) business. Though inadequate, the correction still has been more than just the inflation adjustment, which is a welcome step and will further help improving the results of TP business which has been very adverse for the past many years.

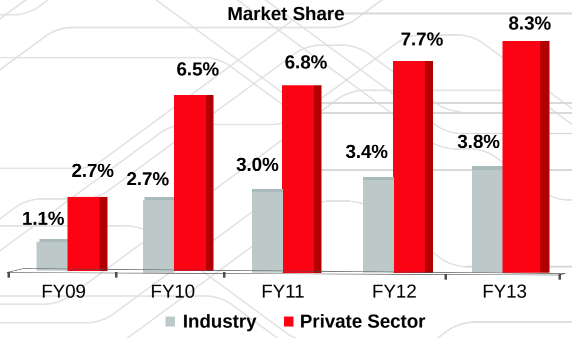
There have been many regulatory initiatives taken during the year. The significant measures were in the areas of Health, Motor, bancassurance, anti-money laundering, fraud monitoring framework and IPO norms

The notifications of regulations on health insurance have been enunciated to ensure standardized terms, definitions and practices across the industry. Attempt has also been made to clearly define operating space for life and non-life businesses. It is expected that that these initiatives will lead to better understanding of the business by all stakeholders and help remove any scope for misinterpretation.

In the commercial third party segment, the loss making third party motor pool was dismantled and replaced by declined risk pool, thereby reducing the size of the pool. The move is expected to help reduce losses for the industry.

An open structural design of bancassurance is proposed, enabling banks to act as brokers and tie-up with multiple insurers to sell their products. The move is expected to help improve penetration, provide more choice to the customers and increased opportunity for the insurers to sell through more banks. However, it may throw a few operational challenges for the processes to synchronize with multiple insurers' systems.

It has been made mandatory for all players to put in place an Anti Fraud Policy with stringent reporting requirements. The policy requires setting up of Fraud Monitoring Department, lay down procedures for due diligence, industry level information exchange platform and coordination with the law enforcement agencies.



PERFORMANCE REVIEW

The Company successfully completed a decade of existence registering better than market growth in business and maintained its market position as 4th largest player in the private sector space in the general insurance industry.

The gross written premiums of the Company (excluding retro ceded premiums from Declined Risk Pool IMTPDRIP) rose by 33% (from ₹ 1,873.6 crores to ₹ 2490.8 crores). The market share of the company grew from 3.4% to 3.8%.

The Company improved its operating efficiencies resulting in improved productivity and cost ratios.

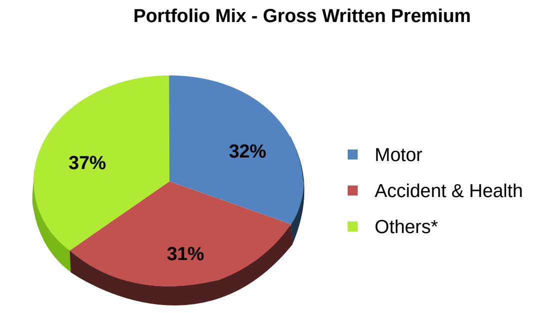
During the year the Company achieved a Profit before Tax of ₹ 248.3 crores (PY: ₹ 141.9 crores) before considering losses from IMTPIP and IMTPDRIP amounting to ₹ 66.4 crores (PY: ₹ 181.6 crores). Profit before Tax including the Pool losses amounted to ₹ 181.9 crores (PY: Loss of ₹ 39.7 crores). The Company achieved Profit after Tax of ₹ 154.5 crores (PY: Loss of ₹ 39.7 crores).

BUSINESS AND OPERATIONAL OVERVIEW

The Company continued its focus to grow in the profitable segments of the business. Due to inadequate pricing and uncertain loss development in the commercial vehicle business, Company adopted a cautious and conservative approach to ensure that the overall profitability was not impacted. In view of the prevailing circumstances the Company continued to maintain a balanced product mix.

The Company maintained highest non motor business accretion in the private sector and 3rd highest accretion in the private sector on an overall basis.

Motor and Health were the main drivers of the business. During the year, the Company also initiated/ramped up a few new business streams namely; Small & Medium Enterprises (SME), Rashtriya Swastha Bima Yojana (RSBY) and Weather based insurance as the future drivers for the business.



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

RETAIL BUSINESS GROUP

The Company's Retail Business Group (RBG) recorded a business growth of 22.7% during FY13 with premiums reaching ₹ 1,433.1 crores (PY: ₹ 1,168.2 crores). The share of RBG's business for FY13 was 57.5% (PY: 62.4%)

The Company's motor business grew by 19.7% from ₹ 671.0 crores in FY12 to ₹ 803.4 crores in FY13. The premiums for non-motor retail products grew 24.1% to ₹ 591.7 crores during FY13 from ₹ 476.8 crores during the previous financial year.

In an endeavour to facilitate agents by giving them access to information pertaining to their business, the Company launched an online platform "Agency Portal".

The sustained focus on portfolio steering culminated in an improvement in the portfolio's loss ratio in comparison to the previous year.

CORPORATE BUSINESS GROUP

The Company's Corporate Business Group (CBG) sustained its approach of being a complete solutions provider and moved away from a transaction-focused approach. The CBG has focused on providing value added solutions to its customers. It has been able to achieve the capacity to undertake large and complex risks in the property and liability segments, which has resulted in the Company emerging as a key player in corporate solutions. The Company has been able to expand its reach across geographies, industries and channels. The broking channel has emerged as one of the key contributors to the corporate business. As a result, the Company achieved satisfactory growth in its corporate portfolio despite challenges in pricing and increased complexity of exposures.

During the year, CBG initiated business in the Small and Medium Enterprises (SME) segment, which has taken off at a satisfactory pace.

The CBG recorded a business growth of 17.6% during FY13 with premiums reaching ₹ 764.8 crores (PY: ₹ 650.2 crores). The share of CBG's business for FY13 was 30.7% (PY: 34.7%)

RURAL AND AGRI BUSINESS GROUP (RABG)

As is universally known, India's agriculture is primarily dependent on the weather, which exposes the farmer to its vagaries and resultant financial risk. To help farmers deal with this risk, the Company has been offering weather insurance index based covers to them, since the year 2011. More than 2.2 million farmers in 9 states (67 districts) are covered.

Over the past couple of years, the Company has successfully built a rural portfolio that has surpassed expectations. This has been possible as a result of focus on product development, market creation, awareness and channel development.

Building on this success, the Company is taking measures to take this service to the next level for which it is implementing pilot projects in Modified National Agriculture Insurance Scheme in close coordination with the central and state governments.

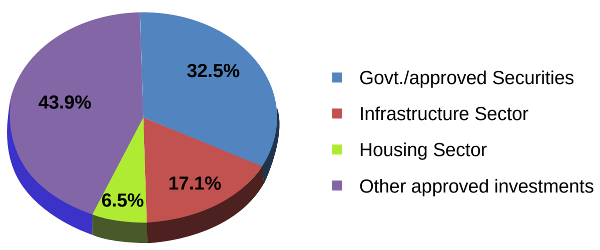
During FY13, premiums from Weather business grew to ₹276.4 crores (PY: ₹44.2 crores). The share of RABG's business for FY13 was 11.8% (PY: 2.9%).

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, 2013, the Investment Assets of the Company stood at ₹ 2,695.7 crores (PY ₹ 1,887.8 crores). 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 ₹ 876.5 crores (32.5%) in Government securities, ₹ 461.8 crores (17.1%) in securities of the Infrastructure sector and ₹ 175.1 crores (6.5%) in the Housing sector. The Company held 92% of its assets in Sovereign and AAA or equivalent rated assets, reflecting high degree of safety. Further, the Company held ₹ 647.8 crores in assets maturing within one year. The total investment income for the year ended March 31, 2013 is at ₹ 211.2 crores

Portfolio Mix - Investments



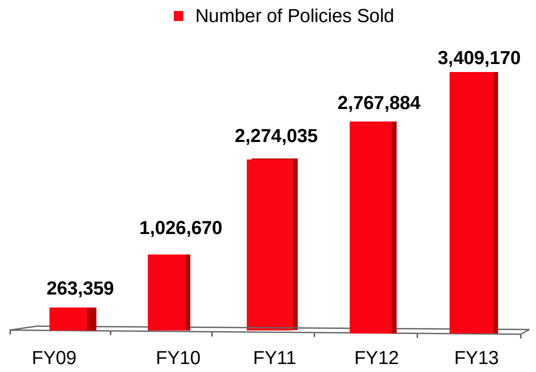
UNDERWRITING

The underwriting division of the Company faced a combination of positive and challenging developments in the year gone by. The year saw an initial euphoria of a market turnaround in the property segment due to the reinsurers taking a tough stance during the April renewals. Though this did not materialize to the extent anticipated, there was some level of stability throughout the year.

The third party motor insurance segment completed first year of the declined pool. Since the revision in the TP pricing was not considered adequate, there was increasing clamour to do away with the pooling system and to de-tariff the segment.

Although pricing in the group health insurance segment remained a challenge, the Company's superior in-house health claims technology platform helped the company maintain its profitability in this segment.

Overall, the Company successfully achieved profitability by staying focused on select segments. With the company having built superior human and technology capabilities, it is poised to reap the benefits of its efforts by remaining profitable in a challenged market place and delivering stronger underwriting results.



CLAIM SERVICE

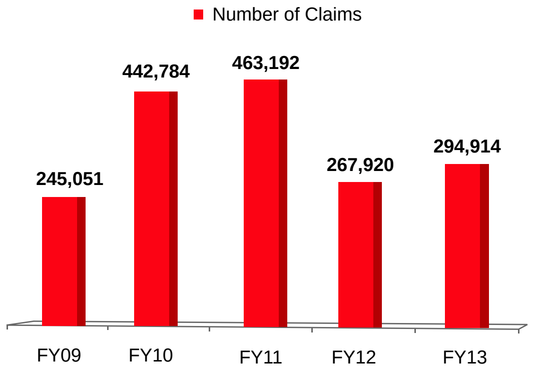
Company's claims service division is committed to setting a benchmark in the general insurance industry and achieving operational excellence through innovative technological solutions.

Leveraging on IT solutions, the claims service division created a user-friendly claims system with in-built validations and controls that play a crucial part in assisting field teams such as external surveyors, in-house surveyors and Third Party Administrators (TPAs). This system has helped streamline essential processes of the claims service division, like its turn-around time, achieving error-free claims processing, managing customer query and complaint resolution time, internal target monitoring, etc. Additionally, with systems like Orbit, QlikView and, support of the Data Warehouse (DWH), the claims service division has been able to monitor claims trends in different lines of business (LOBs) in a faster and more efficient manner.

The claims service division has been able to maintain transparency in the sale of salvaged and recovered cars using online auction tool (Ariba), in addition to realizing better value as compared to the traditional method.

During the course of the year, the Company deployed technology based Health Claims Services for both retail and corporate health claims. The Company's online claims portal enables its clients to track their claims, get a report of their claims, receive claim intimation, log complaints and provide feedback. SMS and email services are also available for retail claims, to keep clients updated on their claims' status.

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



REINSURANCE

The commencement of FY13 was marked by significant challenges for the general insurance industry in the form of shrinkage of reinsurance capacities, hardening of prices and restrictions on scope of cover especially for property and engineering insurance. These changes in the reinsurance landscape were a consequence of a series of major natural catastrophes worldwide in the year 2011 such as floods in Australia, earthquake in Christchurch, New Zealand, sea quake / tsunami followed by Fukushima nuclear plant accident in Japan and floods in Thailand to name a few.

The insured loss burden on insurers and reinsurers on account of natural catastrophes in 2011 worldwide was over $120 Billion thus making it the second most expensive year for global insurers and reinsurers. This was also the year in which “Event loss limits” were imposed by reinsurers on the Indian property/engineering proportional treaties for the first time. Nevertheless, the Company's reinsurance placements for the financial year 2013 were completed within prescribed time limits and at competitive terms.

The Company's reinsurance programme ensures protection against exposure to a large loss affecting a single risk as well as a catastrophe loss event (or a series of losses) affecting multiple risks across portfolios. As per statutory requirements, the Company cedes to General Insurance Corporation of India (GIC) 10% of its business subject to monetary limits prescribed by IRDA.

The Company's Reinsurance programme is placed with reputed international reinsurers besides national reinsurer GIC who led four non-proportional treaties and participate significantly in every other arrangement. Our panel of reinsurers includes six of the world's top ten reinsurers, while the top five reinsurers in the world, between them lead eight of our reinsurance treaties including property, marine cargo/hull, liability, aviation and housing mortgage protection.

INFORMATION TECHNOLOGY

Information Technology (IT) continued to play a vital role in the Company's service efficiencies resulting in high customer satisfaction.

During the year, the IT division maintained its focus on enhancing the process of distribution and servicing. Distribution efficiencies were achieved by integrating with systems of the Company channel partners.

Company made significant progress in its rural weather portfolio by launching the Point of Sales (POS) system which facilitates issuing of the policy instantly. This service is undertaken by facilitating an instant photo of the insured and the land documents, booking the policy and printing the same at the rural location itself. Keeping in mind the dearth of effective communication mediums in rural areas, the system offers this service in offline mode.

The Company developed a well-researched scientific weather pricing tool, which helps to price rural risk offerings effectively.

Recognizing importance of data and analytics for business growth the Company has invested considerably to build sound analytical models for the Company's retail portfolio. The analytics platform works as a self-service business intelligence platform which facilitates analysis, data driven portfolio steering and decision making. The Company will continue investing into analytics to further drive its business.

The Company also strengthened its reserving process through procurement of a reserving tool ResQ.

In the forthcoming fiscal, the Company plans to build a wing-to-wing Quote Management System (QMS) using Rule Engine Technology for commercial lines of business and an intelligent customer portal for its corporate customers.

DISTRIBUTION NETWORK

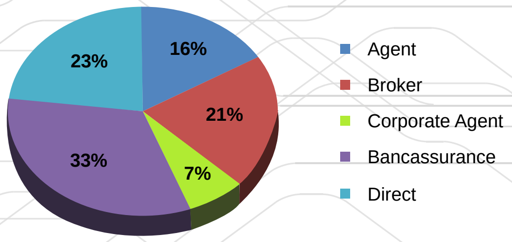
Company's strategy to be a multi geography, multi product and multi distribution channel has ensured development of distribution and business in a very rounded way. The company has built a fairly large distribution network, selling its products. The major ones being, the Bancassurance, Retail & Corporate agents and Brokers.

While the Company has built a strong relationship team for managing the corporate customers, there is also a dedicated Brokers relationship vertical duly supporting this team. The agency development remains priority for the Company to strengthen its distribution. During the year, the Company recruited approximately 750 new agents. To create better focus on the Small & Medium enterprises, the Company has set up separate sales vertical to cater to this segment. In the process, the Company has developed stronger relationship with the Brokers servicing this segment of the customer.

To further augment its distribution reach the Company has taken approval to open additional 50 Branches in the next two years. The process has already started and very soon the Company will have the new branches functioning mostly in new locations.

The Company has been working on refurbishing its website to make it more customer friendly and efficient for transacting online business. Looking at the increasing trends in the online sales, the model is likely to be the next growth driver for the industry.

Channel wise Gross Written Premium



CUSTOMER EXPERIENCE MANAGEMENT

The Customer Experience Management (CEM) division, is responsible for ensuring ultimate customer satisfaction. CEM initiates improvements in service standards of the company by incorporating the feedback of customers.

During the year, the Company maintained its focus on improving its response time and transparency in customer services. It also made concentrated efforts towards educating customers and increasing its proactive communication with them.

As a part of one such initiative, the Company has modified most of its policy related documents, making them simple, comprehensive and supported by Frequently Asked Questions (FAQ).This was undertaken to enhance customer friendliness of the documents. As an exercise in promoting transparency in dealings with customers, the motor and health insurance segments have begun offering detailed break-ups of settlement amounts.

Looking ahead, the CEM division plans to launch a self-service internet portal for its corporate customers, which will bring about similar efficiencies that have been achieved in the retail segment.

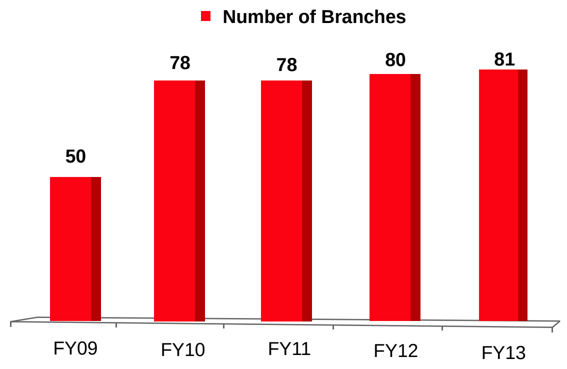
The Company has also offered its customers access to an online customer portal (Insurance Portfolio Organizer) which facilitates tracking service requests, registering motor and health insurance claims and posting queries. Against the backdrop of all these endeavours, the Company was awarded the ISO 9001:2008 certification which endorses the Company’s ability to provide consistent quality customer service.

OPERATIONS AND SERVICE GROUP

During the year, the Company issued on an average 13,500 policies per day with an annual increase of 23% in the overall volumes to 34 lakh policies. The Company also achieved turnaround of issuing around 88% of the policies within 3 days of application and dispatching around 95% of the policies within 3 days of issue. The overall automation achieved with technology support for all policies stood at around 87%.

Technology helped the O&S group achieve reduction in cost and improvement in response time. The group continued moving away from legacy systems to non-linear advanced technology models. Increased use of technology, outsourcing of non core activities and smarter contract management helped reduce cost and further improve customer services.

In order to further build customer confidence in Company's servicing capabilities, the O&S group acquired the ISO 9001:2008 certification, a quality management standard, encompassing all service delivery functions within the group. The standard is based on quality management principles including a strong customer focus, the process approach and continual improvement.



HUMAN RESOURCES

To keep pace with the business growth the Company increased its manpower strength from 1234 in FY12 to 1,389. While the business grew at 33% the Company saw manpower increase of only 12.6%, further improving per employee productivity.

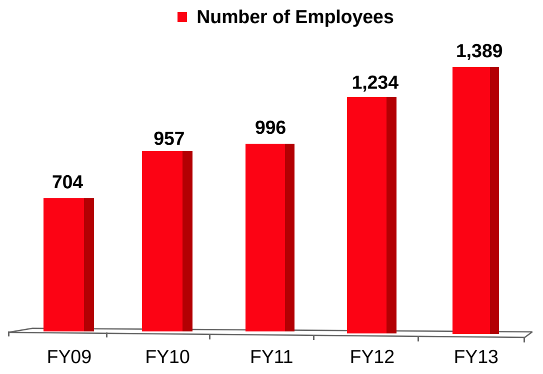
With a view to further improve the performance management, the Company carried out a holistic exercise of planning, monitoring and measuring clearly defined Key Result Areas for each role with crisp indices. This exercise was conducted in collaboration with all the role set members after a due role negotiation process to ensure complete ownership of the KRAs by the groups.

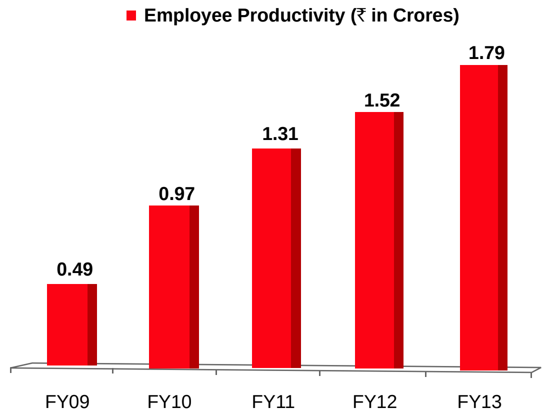
In order to ensure process efficiencies, the Company continued the process of automation in areas of recruitment, HR operations and competency gap measurements. The competency gap analysis are now done electronically through an online application. This, in turn, paved the path to the introduction of competency based learning and development programs.

The e-learning site, continued to serve as a strong learning platform for insurance and product training needs. The Company has started building intermediate level programs and hope to have the full module suite in the coming year.

The online recruitment portal, celebrated its successful first year of functioning, ensuring improved efficiencies with lower turnaround times in the recruitment process and transparent feedback in the hiring process.

An 'Employee Feedback Survey' carried out through a renowned HR Consultancy was the highlight of the year, which revealed a high employee engagement score of 80%.





RISK MANAGEMENT

The Company views risk management as an important competitive advantage for maintaining financial strength. The Company continues to focus on improving the quality of risk management in the interest of both policyholders and shareholders.

During the year, risk management was further embedded into day-to-day business and processes. The Company institutionalized its Risk Management Framework for identifying, assessing, monitoring and periodic reporting on exposure to its risk universe comprising of Insurance risk, Asset risk and Operational risk.

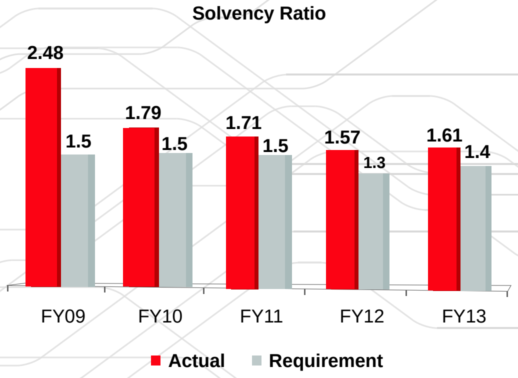
Under the framework, the Company implemented risk assessment tools and practices, and integrated processes to reassess identified risks and identify new risks and their impacts across its risk universe on an ongoing basis. This was done to provide an assurance that risk exposures are adequately controlled and identified gaps are effectively taken care of by implementing appropriate risk mitigating measures.

Internal Audit is an independent function to objectively evaluate and complement and supplement the Risk management framework. Internal Audit provides independent assurance on the efficacy of risk management practices and on operational compliance on a concurrent basis. Inputs of the internal audit function are systemically imbibed to further strengthen the Company's Risk Management practices.

SOLVENCY

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

As on March 31, 2013, the Company has a solvency ratio of 1.61 as against the minimum regulatory requirement of 1.50 (which has been relaxed to 1.40 considering the impact of motor pool losses for FY08 to FY12).



FUTURE OUTLOOK

The macroeconomic environment in FY14 is expected to remain challenging and the pressures on growth will continue to persist. The Government is faced with a challenge of bringing the economy on a sustainable growth path while ensuring fiscal prudence in the coming year.

However, taking cue from the initiatives taken by the Finance Minister during the last few months, it appears that the Government is determined to get the growth back on track. It is expected that in the coming financial year, growth will pick up. With a few positive trends in the recent past namely; reduction in inflation and the global prices of crude, the revival may just be round the corner.

The Finance Minister has clearly expressed dissatisfaction with the stagnant penetration level in insurance and is taking keen interest to ensure removal of all bottlenecks for speedy growth of the sector. Increased focus on infrastructure development and inclusive growth is likely to have positive impact on the general insurance industry. Challenges in past few years on account of detariffing, intense competition and losses on account of IMTPIP are showing signs of moderation and the industry is moving towards a state of comparative stability. Reinsurance market is expected to remain stable in view of no major catastrophes in last one year.

Given the comparative stable industry outlook, the Company shall endeavor to improve in all aspects of business to retain the culture of excellence and achieving sustainable results. The Company shall continue to grow in the profitable segments of the business with a long term objective of maintaining/consolidating market positioning.

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

Independent Auditors’ Report

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, 2013, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the Balance Sheet, the related Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account of the Company in accordance with accounting principles generally accepted in India, including the provisions of the Insurance Act, 1938 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the “IRDA Financial Statements Regulations”), orders/directions issued by the Insurance Regulatory and Development Authority (the “IRDA”) in this regard, read with Section 211(3C) of the Companies Act, 1956, to the extent applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations and the Companies Act, 1956 to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to the Insurance Companies:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

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, 2013;

iii) in the case of the Profit and Loss Account, of the profit for the year ended March 31, 2013; and

iv) in the case of the Receipts and Payments Account, of the receipts and payments for the year ended March 31, 2013.

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, 2013 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 30, 2013 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDA Financial Statements Regulations

2) As required by the IRDA Financial Statements Regulations, read with Section 227(3) of the Companies Act, 1956, we report that:

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

   (b) in our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company, so far as appears from our examination of those books;

   (c) as the Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches of the Company;

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

   (e) the Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and the Rules framed thereunder to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDA in this regard;

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

   (g) the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and the Rules framed thereunder and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard; and

   (h) on the basis of written representations received from the Directors of the Company, as on March 31, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For G. M. KAPADIA & CO.	For A. F. FERGUSON ASSOCIATES
Chartered Accountants	Chartered Accountants
Firm Registration No.:104767W	Firm Registration No.:102849W
Rajen R. Ashar	Rupen K. Bhatt
Partner	Partner
Membership No.: 048243	Membership No.: 046930

Mumbai,
April 30, 2013

Independent Auditors' Certificate

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, 2013, we certify that:

1) We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2013, 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 Insurance Regulatory and Development Authority (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, 2013, by actual inspection or on the basis of certificates/confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;

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

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

This certificate is issued to comply with 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, and is not intended to be used or distributed for any other purpose.

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

Rajen R. Ashar
Partner
Membership No.: 048243

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

Rupen K. Bhatt
Partner
Membership No.: 046930

Mumbai,
April 30, 2013

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

Balance Sheet as at March 31, 2013

Particulars	Schedule		As at March 31, 2013 (₹ '000)		As at March 31, 2012 (₹ '000)
SOURCES OF FUNDS					
SHARE CAPITAL	5		5,285,490		5,230,000
RESERVES AND SURPLUS	6		2,772,000		2,520,000
FAIR VALUE CHANGE ACCOUNT			(5,074)		(2,707)
BORROWINGS	7		1,692		3,129
TOTAL			8,054,108		7,750,422
APPLICATION OF FUNDS					
INVESTMENTS	8		26,956,987		18,877,613
LOANS	9		-		-
FIXED ASSETS	10		1,112,214		997,103
CURRENT ASSETS					
Cash and Bank Balances	11	1,791,773		1,968,106	
Advances and Other Assets	12	2,785,066		1,966,075	
Sub-Total (A)			4,576,839		3,934,181
CURRENT LIABILITIES	13	16,088,308		11,391,876	
PROVISIONS	14	9,391,405		7,099,305	
Sub-Total (B)			25,479,713		18,491,181
NET CURRENT ASSETS/ (LIABILITIES) (C) = (A-B)			(20,902,874)		(14,557,000)
MISCELLANEOUS EXPENDITURE	15		-		-
(to the extent not written off or adjusted)					
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT			887,781		2,432,706
TOTAL			8,054,108		7,750,422

NOTES TO ACCOUNTS 16

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

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

Mumbai
April 30, 2013

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

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

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

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

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

Profit & Loss Account for the year ended March 31, 2013

Particulars	Schedule	For the year ended March 31, 2013 (₹ '000)	For the year ended March 31, 2012 (₹ '000)
OPERATING PROFIT / (LOSS)			
Fire Insurance		274,162	166,170
Marine Insurance		(64,464)	(126,366)
Miscellaneous Insurance		1,062,387	(823,222)
		1,272,085	(783,418)
INCOME FROM INVESTMENTS			
Interest, Dividend and Rent – Gross		531,524	369,806
Profit on sale of investments		19,468	30,212
Less: Loss on sale of investments		-	-
Accretion/(Amortisation) of Debt Securities		11,242	(4,168)
		562,234	395,850
OTHER INCOME		-	-
TOTAL (A)		1,834,319	(387,568)
PROVISIONS (OTHER THAN TAXATION)			
For dimunition in the value of investments		-	-
For doubtful debts		-	-
Others		-	-
		-	-
OTHER EXPENSES			
Expenses other than those related to insurance business			
Employee's remuneration and welfare benefits (Refer note 10 of Schedule 16)		14,185	9,321
Bad debts written off		-	-
Wealth Tax & Others		942	69
TOTAL (B)		15,127	9,390
PROFIT / (LOSS) BEFORE TAX		1,819,192	(396,958)
Provision for Taxation			
- Current Tax - Minimum Alternate Tax (MAT)		274,267	-
- Deferred Tax (Refer note 14 of Schedule 16)		-	-
		274,267	-
PROFIT / (LOSS) AFTER TAX		1,544,925	(396,958)
APPROPRIATIONS			
Interim dividends paid during the year		-	-
Proposed final dividend		-	-
Dividend distribution tax		-	-
Transfer to any Reserves or Other Accounts		-	-
Balance of Loss brought forward from previous year		(2,432,706)	(2,035,748)
BALANCE CARRIED FORWARD TO BALANCE SHEET		(887,781)	(2,432,706)
EARNINGS PER SHARE (Basic) (in ₹)		2.95	(0.79)
EARNINGS PER SHARE (Diluted) (in ₹)		2.92	(0.79)
(Face Value ₹10 per share) (Refer note 24 of Schedule 16)			
NOTES TO ACCOUNTS	16		

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

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

Mumbai
April 30, 2013

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

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

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

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

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

Receipts and Payments Account for the year ended March 31, 2013

Particulars	For the year ended March 31, 2013 (₹ '000)	For the year ended March 31, 2012 (₹ '000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	28,565,066	23,037,641
Payments to the re-insurers, net of commission and claims	(4,535,318)	(4,218,787)
Payments to co-insurers, net of claims recovery	256,829	(511,437)
Payments of claims	(9,565,234)	(7,358,089)
Payments of commission and brokerage	(1,950,145)	(1,496,013)
Payments of other operating expenses	(4,919,846)	(3,100,937)
Deposits, advances and staff loans	(67,838)	(2,547)
Income taxes paid (Net)	(277,345)	(6,868)
Service tax paid	(1,440,375)	(1,115,819)
Net cash flow from operating activities	6,065,794	5,227,144
Cash flows from investing activities		
Purchase of fixed assets	(229,709)	(247,866)
Proceeds from sale of fixed assets	60	1,159
Purchase of investments	(19,964,337)	(18,062,013)
Sale of investments	11,883,573	11,640,406
Application Money for investments	(52,996)	-
Rent / Interest / Dividend received	1,701,499	727,593
Investments in money market instruments and in liquid mutual funds (Net)	114,386	172,653
Net cash used in investing activities	(6,547,524)	(5,768,068)
Cash flows from financing activities		
Proceeds from issuance of share capital & share premium	307,490	1,480,000
Proceeds from borrowing	-	-
Repayments of borrowing	(1,437)	(2,957)
Interest paid	(456)	(639)
Net cash flow from financing activities	305,597	1,476,404
Effect of foreign exchange rates on cash and cash equivalents (Net)	(200)	169
Net increase in cash and cash equivalents	(176,333)	935,649
Cash and cash equivalents at the beginning of the year	1,968,106	1,032,457
Cash and cash equivalents at the end of the year	1,791,773	1,968,106
Book overdraft at the end of the year	-	-
Net increase in cash and cash equivalents	(176,333)	935,649

Refer Schedule 11 for components of cash and cash equivalents

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

Mumbai
April 30, 2013

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

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

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

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

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

Revenue Account for the year ended March 31, 2013

(₹ '000)

	Particulars	Schedule	FIRE INSURANCE		MARINE INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
			Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
1	Premiums Earned (Net)	1	380,710	270,752	247,048	150,195	11,797,980	8,723,779	12,425,738	9,144,726
2	Profit on Sale / Redemption of Investments (Net)		2,936	4,006	906	1,168	49,824	68,830	53,666	74,004
3	Accretion/(Amortisation) of Debt Securities		1,695	(553)	523	(161)	28,771	(9,495)	30,989	(10,209)
4	Others :									
	Investment Income from Pool (Motor and Terrorism)		8,160	4,740	-	-	-	1,073	8,160	5,813
	Miscellenous Income/Liabilities written back		295	85	199	51	8,504	2,445	8,998	2,581
5	Interest, Dividend and Rent – Gross		80,163	49,036	24,729	14,289	1,360,300	842,501	1,465,192	905,826
	TOTAL (A)		473,959	328,066	273,405	165,542	13,245,379	9,629,133	13,992,743	10,122,741
1	Claims Incurred (Net)	2	127,275	161,990	268,140	245,798	9,115,083	7,256,470	9,510,498	7,664,258
2	Commission (Net)	3	(107,725)	(152,319)	(12,575)	(11,487)	(539,904)	(272,121)	(660,204)	(435,927)
3	Operating Expenses Related to Insurance Business	4	180,247	152,225	82,304	57,597	3,607,813	2,688,577	3,870,364	2,898,399
4	Premium Deficiency		-	-	-	-	-	-	-	-
	TOTAL (B)		199,797	161,896	337,869	291,908	12,182,992	9,672,926	12,720,658	10,126,730
	Operating Profit/(Loss) (A-B) before exceptional item		274,162	166,170	(64,464)	(126,366)	1,062,387	(43,793)	1,272,085	(3,989)
	Exceptional Item (Refer note 28(a) of Schedule 16)		-	-	-	-	-	779,429	-	779,429
	Operating Profit/(Loss) after exceptional item		274,162	166,170	(64,464)	(126,366)	1,062,387	(823,222)	1,272,085	(783,418)
	APPROPRIATIONS									
	Transfer to Shareholders Account		274,162	166,170	(64,464)	(126,366)	1,062,387	(823,222)	1,272,085	(783,418)
	Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
	Transfer to Other Reserves		-	-	-	-	-	-	-	-
	TOTAL (C)		274,162	166,170	(64,464)	(126,366)	1,062,387	(823,222)	1,272,085	(783,418)

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

In terms of our report attached

G. M. Kapadia & Co.
Chartered Accountants

Rajen R. Ashar
Partner

A. F. Ferguson Associates
Chartered Accountants

Rupen K. Bhatt
Partner

Mumbai
April 30, 2013

For and on behalf of the Board of Directors

Deepak S. Parekh
Chairman

Ritesh Kumar
Managing Director & CEO

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

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

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

Schedules

Annexed to and forming part of the Revenue Account for the year ended March 31, 2013

Schedule - 1

PREMIUM EARNED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2013						For the year ended March 31, 2012					
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Premium from direct business written-net of Service tax	2,991,094	605,325	162,454	767,779	20,773,089	24,531,962	2,675,365	418,718	190,247	608,965	15,110,267	18,394,597
Add : Premium on Re-insurance accepted	210,889	28,687	232	28,919	309,614	549,422	234,978	6,391	440	6,831	2,108,007	2,349,816
Less : Premium on Re-insurance ceded	(2,540,375)	(363,023)	(147,758)	(510,781)	(7,315,166)	(10,366,322)	(2,379,824)	(250,959)	(173,167)	(424,126)	(6,301,656)	(9,105,606)
Net Premium	661,608	270,989	14,928	285,917	13,767,537	14,715,062	530,519	174,150	17,520	191,670	10,916,618	11,638,807
Add/(Less) : Adjustment for changes in reserve for unexpired risks	(280,898)	(42,561)	3,692	(38,869)	(1,969,557)	(2,289,324)	(259,767)	(38,026)	(3,449)	(41,475)	(2,192,839)	(2,494,081)
Total Premium Earned (Net)	380,710	228,428	18,620	247,048	11,797,980	12,425,738	270,752	136,124	14,071	150,195	8,723,779	9,144,726

* Miscellaneous Premium Breakup for the year ended March 31, 2013

(₹ '000)

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

** Miscellaneous Premium Breakup for the year ended March 31, 2012

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compens-ation	Public Liability	Product Liability	Engin-eering	Aviation	Personal Accident	Health Insurance	Others					Total Miscella-neous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Premium from direct business written-net of Service tax	4,405,826	2,304,553	-	6,710,379	54,603	15,623	23,720	651,627	226,485	1,871,942	4,114,975	450,048	6,011	456,716	441,773	86,365	15,110,267
Add : Premium on Re-insurance accepted	-	-	2,008,003	2,008,003	-	5,163	-	63,265	8,811	500	-	4,539	-	15,491	-	2,235	2,108,007
Less : Premium on Re-insurance ceded	(468,559)	(1,590,375)	-	(2,058,934)	(6,475)	(15,660)	(20,909)	(576,133)	(258,163)	(227,771)	(1,866,724)	(400,661)	(1,038)	(422,175)	(397,596)	(49,417)	(6,301,656)
Net Premium	3,937,267	714,178	2,008,003	6,659,448	48,128	5,126	2,811	138,759	(22,867)	1,644,671	2,248,251	53,926	4,973	50,032	44,177	39,183	10,916,618
Add/(Less) : Adjustment for changes in reserve for unexpired risks	(669,642)	(152,852)	(477,795)	(1,300,289)	(18,188)	74	(54)	(24,557)	(8,552)	(543,835)	(286,131)	(10,223)	(2,514)	(7,459)	(4,050)	12,939	(2,192,839)
Total Premium Earned (Net)	3,267,625	561,326	1,530,208	5,359,159	29,940	5,200	2,757	114,202	(31,419)	1,100,836	1,962,120	43,703	2,459	42,573	40,127	52,122	8,723,779

Schedule - 2

CLAIMS INCURRED (NET)

(₹ '000)

Particulars	For the year ended March 31, 2013						For the year ended March 31, 2012					
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Claims paid direct	719,044	526,430	41,208	567,638	7,607,493	8,894,175	1,168,068	315,110	55,055	370,165	5,437,357	6,975,590
Add: Claims on Re-insurance accepted	287,005	9,343	-	9,343	479,231	775,579	34,813	-	-	-	442,201	477,014
Less: Claims on Re-insurance ceded	(878,607)	(327,087)	(35,468)	(362,555)	(1,499,273)	(2,740,435)	(1,098,249)	(148,704)	(53,572)	(202,276)	(1,370,556)	(2,671,081)
Net Claims paid	127,442	208,686	5,740	214,426	6,587,451	6,929,319	104,632	166,406	1,483	167,889	4,509,002	4,781,523
Add: Claims Outstanding at the end of the year (Refer note 28(a) of Schedule 16)	190,882	176,326	9,330	185,656	9,905,651	1,0282,189	191,049	120,887	11,055	131,942	6,598,590	6,921,581
Less: Claims Outstanding at the beginning of the year (Refer note 28(a) of Schedule 16)	(191,049)	(120,887)	(11,055)	(131,942)	(7,378,019)	(7,701,010)	(133,691)	(48,845)	(5,188)	(54,033)	(3,851,122)	(4,038,846)
Total Claims Incurred (Net)	127,275	264,125	4,015	268,140	9,115,083	9,510,498	161,990	238,448	7,350	245,798	7,256,470	7,664,258

* Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2013

(₹ '000)

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

** Miscellaneous Claims Incurred (Net) Breakup for the year ended March 31, 2012

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compens-ation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					Total Miscell-anous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Claims paid direct	2,342,985	613,013	-	2,955,998	1,929	105	-	230,182	82,675	422,394	1,564,597	1,324	14	22,021	89,870	66,248	5,437,357
Add: Claims on Re-insurance accepted	-	-	436,228	436,228	-	-	-	3,347	2,626	-	-	-	-	-	-	-	442,201
Less: Claims on Re-insurance ceded	(234,836)	(440,631)	-	(675,467)	(1,166)	(7)	-	(164,084)	(82,634)	(42,505)	(290,214)	(1,291)	(1)	(21,407)	(84,004)	(7,776)	(1,370,556)
Net Claims paid	2,108,149	172,382	436,228	2,716,759	763	98	-	69,445	2,667	379,889	1,274,383	33	13	614	5,866	58,472	4,509,002
Add: Claims Outstanding at the end of the year (Refer note 28(a) of Schedule 16)	423,321	1,073,208	4,450,060	5,946,589	8,150	780	3,621	60,206	2,092	203,861	301,850	14,427	600	16,244	17,666	22,504	6,598,590
Less: Claims Outstanding at the beginning of the year (Refer note 28(a) of Schedule 16)	(327,913)	(695,988)	(2,328,313)	(3,352,214)	(1,449)	(484)	(421)	(47,008)	(565)	(158,699)	(251,196)	(8,149)	(320)	(11,110)	(1,687)	(17,820)	(3,851,122)
Total Claims Incurred (Net)	2,203,557	549,602	2,557,975	5,311,134	7,464	394	3,200	82,643	4,194	425,051	1,325,037	6,311	293	5,748	21,845	63,156	7,256,470

Schedule - 3
COMMISSION (NET)

(₹ '000)

Particulars	For the year ended March 31, 2013						For the year ended March 31, 2012					
	Fire	Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Commission paid direct	179,075	53,747	7,555	61,302	1,665,250	1,905,627	176,131	44,787	9,010	53,797	1,308,096	1,538,024
Add : Commission paid on Re-insurance accepted	6,945	1,482	-	1,482	12,281	20,708	11,073	985	45	1,030	11,372	23,475
Less : Commission received on Re-insurance ceded	(293,745)	(57,609)	(17,750)	(75,359)	(2,217,435)	(2,586,539)	(339,523)	(49,553)	(16,761)	(66,314)	(1,591,589)	(1,997,426)
Net commission paid / (received)	(107,725)	(2,380)	(10,195)	(12,575)	(539,904)	(660,204)	(152,319)	(3,781)	(7,706)	(11,487)	(272,121)	(435,927)

* Miscellaneous Commission Breakup for the year ended March 31, 2013

(₹ '000)

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

** Miscellaneous Commission Breakup for the year ended March 31, 2012

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compens-ation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					Total Miscell-anous
	Motor-OD	Motor-TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Commission paid direct	344,809	-	-	344,809	5,073	1,711	3,300	47,843	6,617	261,478	526,862	41,336	779	55,737	-	12,551	1,308,096
Add : Commission paid on Re-insurance accepted	-	-	-	-	-	735	-	7,679	427	-	-	1,018	-	1,491	-	22	11,372
Less : Commission received on Re-insurance ceded	(92,663)	-	-	(92,663)	(1,386)	(3,634)	(2,078)	(135,790)	(4,063)	(53,172)	(1,051,122)	(60,050)	(131)	(86,991)	(96,298)	(4,211)	(1,591,589)
Net commission paid / (received)	252,146	-	-	252,146	3,687	(1,188)	1,222	(80,268)	2,981	208,306	(524,260)	(17,696)	648	(29,763)	(96,298)	8,362	(272,121)

Schedule - 3 A
COMMISSION PAID - DIRECT

(₹ '000)

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Agents	3,109	1,945	249,773	254,827	2,777	1,271	154,009	158,057
Brokers	75,947	32,684	329,965	438,596	50,859	35,115	252,437	338,411
Corporate Agency	100,019	26,673	1,085,512	1,212,204	122,495	17,411	901,650	1,041,556
Referral	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	179,075	61,302	1,665,250	1,905,627	176,131	53,797	1,308,096	1,538,024

Schedule - 4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ '000)

Particulars	Fire	For the year ended March 31, 2013					For The Year ended March 31, 2012					
		Marine			*Miscellaneous	Total	Fire	Marine			**Miscellaneous	Total
		Marine Cargo	Marine Hull	Marine Total				Marine Cargo	Marine Hull	Marine Total		
Employees' remuneration and welfare benefits	79,875	26,294	3,915	30,209	1,116,642	1,226,726	66,990	16,971	3,871	20,842	882,680	970,512
Travel, conveyance and vehicle running expenses	8,291	2,275	414	2,689	91,210	102,190	6,928	1,396	422	1,818	66,474	75,220
Training expenses	2,355	1,060	102	1,162	57,031	60,548	1,122	336	54	390	21,190	22,702
Rents, rates and taxes	11,160	6,959	567	7,526	322,450	341,136	7,914	4,139	428	4,567	219,639	232,120
Repairs	3,257	803	100	903	63,494	67,654	2,508	545	99	644	44,141	47,293
Printing and stationery	3,204	1,350	129	1,479	74,414	79,097	2,611	1,038	127	1,165	61,203	64,979
Communication	2,940	1,242	135	1,377	62,965	67,282	2,492	819	125	944	48,599	52,035
Legal and professional charges	25,786	12,423	1,107	13,530	654,413	693,729	23,277	9,743	1,097	10,840	591,385	625,502
Auditors' fees, expenses etc												
(a) as auditors	108	67	5	72	3,189	3,369	102	53	6	59	2,839	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	51	32	3	35	1,514	1,600	27	14	1	15	758	800
Advertisement and publicity	12,922	6,812	651	7,463	314,505	334,890	10,394	3,510	505	4,015	212,841	227,250
Interest and Bank Charges	4,579	2,756	225	2,981	264,760	272,320	6,635	3,429	354	3,783	183,700	194,118
Others :												
Electricity expenses	1,755	1,095	89	1,184	50,718	53,657	1,165	610	63	673	32,339	34,177
Office Expenses	1,136	553	48	601	29,964	31,701	791	349	40	389	19,552	20,732
Miscellaneous expenses	10,321	2,680	633	3,313	45,040	58,674	10,589	1,839	828	2,667	23,744	37,000
Service Charges	-	-	-	-	89,124	89,124	-	-	-	-	46,537	46,537
Information Technology Expenses	5,832	3,222	266	3,488	174,606	183,926	3,758	1,936	203	2,139	102,834	108,731
Postage & courier	2,834	1,567	134	1,701	80,804	85,339	2,035	874	107	981	47,998	51,014
Loss on sale of assets (net)	32	20	2	22	925	979	15	8	1	9	408	432
Depreciation	3,809	2,375	194	2,569	110,045	116,423	2,872	1,502	155	1,657	79,716	84,245
Total Operating Expenses	180,247	73,585	8,719	82,304	3,607,813	3,870,364	152,225	49,111	8,486	57,597	2,688,577	2,898,399

Schedule - 4

* Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2013

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compens-ation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					Total Miscell-anous
	Motor OD	Motor TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Employees' remuneration and welfare benefits	414,899	156,253	-	571,152	5,559	944	1,039	23,491	4,773	157,223	270,998	13,018	847	14,110	47,877	5,611	1,116,642
Travel, conveyance and vehicle running expenses	30,461	12,095	-	42,556	419	81	115	2,247	614	12,087	21,759	1,290	65	1,388	7,974	615	91,210
Training expenses	21,585	7,769	-	29,354	271	39	23	805	43	7,846	12,725	402	42	443	4,676	362	57,031
Rents, rates and taxes	131,803	44,215	-	176,018	1,850	249	119	4,613	-	46,258	74,360	2,425	242	2,707	12,011	1,598	322,450
Repairs	22,323	9,311	-	31,634	191	32	25	847	99	8,685	14,201	354	51	378	6,586	411	63,494
Printing and stationery	29,197	10,755	-	39,952	346	50	30	1,064	55	10,687	17,336	512	59	562	3,401	360	74,414
Communication	23,388	8,419	-	31,807	304	45	33	971	92	8,551	14,048	506	46	555	5,587	420	62,965
Legal and professional charges	258,410	92,306	1,184	351,900	3,243	453	245	9,182	275	93,243	150,565	4,533	504	5,009	31,932	3,329	654,413
Auditors' fees, expenses etc																	
(a) as auditors	1,268	425	-	1,693	18	2	1	44	-	445	715	23	2	26	201	19	3,189
(b) as advisor or in any other capacity, in respect of :																	
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	602	202	-	804	8	1	1	21	-	211	340	11	1	12	95	9	1,514
Advertisement and publicity	123,708	42,290	-	165,998	1,732	243	149	4,825	258	44,037	71,720	2,582	231	2,861	18,076	1,793	314,505
Interest and Bank Charges	53,092	17,962	130,417	201,471	733	99	47	1,846	-	18,722	30,045	960	98	1,071	8,864	804	264,760
Others :																	
Electricity expenses	20,731	6,955	-	27,686	291	39	19	726	-	7,276	11,696	381	38	426	1,889	251	50,718
Office Expenses	11,594	4,134	-	15,728	145	20	11	406	9	4,182	6,734	199	23	221	2,109	177	29,964
Miscellaneous expenses	10,902	4,161	-	15,063	365	90	183	2,732	1,101	5,152	12,712	1,837	22	1,973	3,423	387	45,040
Service Charges	53,512	-	-	53,512	-	-	-	-	-	21,414	14,198	-	-	-	-	-	89,124
Information Technology Expenses	63,996	22,040	-	86,036	855	116	56	2,218	11	22,814	36,512	1,129	120	1,257	22,058	1,424	174,606
Postage & courier	30,355	10,408	-	40,763	412	56	29	1,082	17	10,800	17,358	559	57	622	8,453	596	80,804
Loss on sale of assets (net)	378	127	-	505	5	1	-	13	-	133	213	7	1	8	34	5	925
Depreciation	44,982	15,089	-	60,071	631	85	41	1,574	-	15,787	25,377	828	83	924	4,099	545	110,045
Total Operating Expenses	1,347,186	464,916	131,601	1,943,703	17,378	2,645	2,166	58,707	7,347	495,553	803,612	31,556	2,532	34,553	189,345	18,716	3,607,813

Schedule - 4

** Miscellaneous Operating expenses related to Insurance business Breakup for the year ended March 31, 2012

(₹ '000)

Particulars	Miscellaneous																
	Motor				Workmens Compens-ation	Public Liability	Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others					Total Miscell-anous
	Motor OD	Motor TP	Motor/ Declined Risk Pool	Motor Total								Other Liability	Home	Speciality	Weather	Others	
Employees' remuneration and welfare benefits	354,333	95,298	-	449,631	3,210	737	558	19,977	3,408	126,362	236,130	10,055	327	10,220	15,495	6,570	882,680
Travel, conveyance and vehicle running expenses	23,829	7,526	-	31,355	235	63	57	1,871	446	8,950	17,152	1,050	24	1,079	3,332	860	66,474
Training expenses	8,914	2,358	-	11,272	71	15	9	362	31	3,111	5,656	150	8	150	222	133	21,190
Rents, rates and taxes	99,363	17,069	-	116,432	910	158	84	3,411	-	33,475	59,665	1,329	75	1,295	1,220	1,585	219,639
Repairs	17,742	6,019	-	23,761	116	27	15	709	72	6,333	11,545	272	19	274	727	271	44,141
Printing and stationery	26,629	5,768	-	32,397	226	42	23	964	33	9,133	16,364	377	22	371	780	471	61,203
Communication	20,605	4,972	-	25,577	173	34	20	836	66	7,156	12,958	352	18	351	695	363	48,599
Legal and professional charges	255,319	54,698	10,066	320,083	2,150	394	204	8,850	156	87,230	156,015	3,338	211	3,271	5376	4,107	591,385
Auditors' fees, expenses etc																	
(a) as auditors	1,284	221	-	1,505	12	2	1	44	-	433	771	17	-	17	16	21	2,839
(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	342	59	-	401	3	1	-	12	-	115	206	5	-	4	4	7	758
Advertisement and publicity	91,509	22,302	-	113,811	751	148	84	3,552	233	31,620	57,314	1,442	80	1,434	1,159	1,213	212,841
Interest and Bank Charges	82,514	14,250	-	96,764	754	131	69	2,831	-	27,866	49,549	1,101	62	1,073	1,989	1,511	183,700
Others :																	
Electricity expenses	14,631	2,513	-	17,144	134	23	12	502	-	4,929	8,786	196	11	191	180	231	32,339
Office Expenses	8,654	1,713	-	10,367	76	14	7	309	7	2,946	5,274	122	7	120	162	141	19,552
Miscellaneous expenses	3,826	1,409	-	5,235	216	78	105	2,738	1,016	2,371	7,599	1,964	4	2,041	294	83	23,744
Service Charges	28,845	-	-	28,845	-	-	-	-	-	10,519	7,173	-	-	-	-	-	46,537
Information Technology Expenses	46,341	7,989	-	54,330	425	74	40	1,603	5	15,634	27,854	628	35	613	807	786	102,834
Postage & courier	21,209	4,181	-	25,390	189	35	19	784	28	7,225	12,971	318	17	313	369	340	47,998
Loss on sale of assets (net)	185	32	-	217	2	-	-	6	-	62	111	2	-	2	2	4	408
Depreciation	36,064	6,195	-	42,259	330	57	30	1,238	-	12,150	21,655	482	27	470	443	575	79,716
Total Operating Expenses	1,142,138	254,572	10,066	1,406,776	9,983	2,033	1,337	50,599	5,501	397,620	714,748	23,200	947	23,289	33,272	19,272	2,688,577

Schedule - 5

SHARE CAPITAL

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '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		
528,549,000 Equity Shares of ₹ 10/- each (Previous Year: 523,000,000 Equity Shares of ₹10/- each)	5,285,490	5,230,000
Subscribed Capital		
528,549,000 Equity Shares of ₹ 10/- each (Previous Year: 523,000,000 Equity Shares of ₹10/- each)	5,285,490	5,230,000
Called-up Capital		
528,549,000 Equity Shares of ₹ 10/- each (Previous Year: 523,000,000 Equity Shares of ₹ 10/- each)	5,285,490	5,230,000
Less: Calls unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid up)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses	-	-
Total	5,285,490	5,230,000

Of the above, 390,640,750 (Previous year 387,020,000) Equity Shares of ₹10/- each are held by Housing Development Finance Corporation Limited, the Holding Company.

Schedule - 5A

SHARE CAPITAL

PATTERN OF SHAREHOLDING
[As certified by the Management]

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters:				
Indian: Housing Development Finance Corporation Limited	390,640,750	73.91%	387,020,000	74.00%
Foreign: ERGO International AG	137,228,000	25.96%	135,980,000	26.00%
Others: Employees	680,250	0.13%	-	-
Total	528,549,000	100.00%	523,000,000	100.00%

Schedule - 6

RESERVES AND SURPLUS

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
Capital Reserve	-	-
Capital Redemption Reserve	-	-
Share Premium	2,772,000	2,520,000
General Reserves	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for buy-back	-	-
Contingency Reserve for Unexpired Risk	-	-
Catastrophe Reserve	-	-
Other Reserves	-	-
Balance of Profit in Profit and Loss Account	-	-
Total	2,772,000	2,520,000

Schedule - 7

BORROWINGS

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
Debentures / Bonds	-	-
Banks	-	-
Financial Institutions	-	-
Others:		
OAIS Auto Financial Services Limited (Refer note 4 and 13 of Schedule 16)	1,692	3,129
Total	1,692	3,129

Schedule - 8

INVESTMENTS (Refer note 9 of Schedule 16)

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury bills	6,801,565	3,806,825
Other Approved Securities	731,957	278,187
Other Investment:		
Shares		
- Equity	109,059	70,720
- Preference	-	-
Mutual Funds	-	-

Schedule - 8 (Continued)

INVESTMENTS (Refer note 9 of Schedule 16)

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
LONG TERM INVESTMENTS		
Derivative Instruments	-	-
Debentures / Bonds	6,536,176	4,665,367
Other Securities (Bank Deposits)	2,162,500	600,000
Subsidiaries	-	-
Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector Bonds	3,916,671	3,072,480
Other than Approved Investments		
- Equity Share	24,454	21,486
- Preference Shares	196,693	-
Sub-total (A)	20,479,075	12,515,065
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury bills	1,231,243	1,871,045
Other Approved Securities	-	-
Other Investment:		
Shares		
- Equity	-	-
- Preference	-	-
Mutual Funds	-	-
Derivative Instruments	-	-
Debentures / Bonds	1,592,548	250,574
Other Securities (Commercial Papers & Certificate of Deposits)	2,952,575	3,990,477
Subsidiaries	-	-
Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector Bonds	701,546	200,937
Other than Approved Investments		
- Mutual Fund	-	49,515
Sub-total (B)	6,477,912	6,362,548
Total (A+B)	26,956,987	18,877,613

Note:

a) Aggregate value of the investments other than Equity Shares and Mutual Fund		(₹ '000)	(₹ '000)
Long term investments	- Book Value	20,345,562	12,422,859
	Market Value	20,497,668	12,211,159
Short term investments	- Book Value	6,447,912	6,313,033
	Market Value	6,484,703	6,306,092

b) Aggregate cost of Investments in Debentures issued by Housing Development Finance Corporation Limited (Holding Company) for the year ended March 31, 2013 was ₹ 1,048,998 thousand (Previous year ₹ 550,000 thousand).

Schedule - 9

LOANS

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
Unsecured	-	-
Total	-	-
BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financials Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
Total	-	-
MATURITY-WISE CLASSIFICATION		
(a) Short-term	-	-
(b) Long-Term	-	-
Total	-	-

Schedule – 10

FIXED ASSETS

(₹ '000)

Particulars	Cost / Gross Block				Depreciation / Amortisation				Net Block	
	Opening	Additions	Deductions	Closing	Upto Last Year	For The Year	On Sales / Adjustments	To Date	As at Year end	Previous Year
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Computer Software	358,847	136,335	-	495,182	158,333	50,186	-	208,519	286,663	200,514
Leasehold Property	25,011	7,469	-	32,480	13,715	5,330	–	19,045	13,435	11,296
Building	575,856	-	-	575,856	15,326	9,386	-	24,712	551,144	560,530
Furniture and Fittings	9,710	970	201	10,479	4,140	925	62	5,003	5,476	5,570
Information Technology Equipment	305,954	47,751	11,627	342,078	152,286	38,780	10,857	180,209	161,869	153,668
Vehicles	9,868	47,657	-	57,525	1,024	8,037	-	9,061	48,464	8,844
Office Equipment	47,762	3,774	188	51,348	10,723	2,510	58	13,175	38,173	37,039
Others - Leased Vehicles	6,347	-	-	6,347	3,781	1,269	-	5,050	1,297	2,566
Total	1,339,355	243,956	12,016	1,571,295	359,328	116,423	10,977	464,774	1,106,521	980,027
Capital Work-in-progress (Refer Note 5 of schedule 16)	17,076	5,130	16,513	5,693	-	-	-	-	5,693	17,076
Grand Total	1,356,431	249,086	28,529	1,576,988	359,328	116,423	10,977	464,774	1,112,214	997,103
Previous Year	1,112,150	258,259	13,978	1,356,431	279,477	84,245	4,394	359,328	997,103	-

Schedule - 11

CASH AND BANK BALANCES Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
Cash (including cheques, drafts and stamps)	1,248,472	733,586
Bank balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	80,000	450,000
(bb) Others	-	-
(b) Current Accounts	463,301	784,520
(c) Others	-	-
Money at Call and Short Notice		
(a) With Banks	-	-
(b) With Other Institutions	-	-
Others	-	-
Total	1,791,773	1,968,106

Schedule - 12

ADVANCES AND OTHER ASSETS Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
ADVANCES		
Reserve deposits with ceding companies	-	-
Application money for investments	52,996	-
Prepayments	126,078	111,544
Advance to Directors / Officers	-	-
Advance tax paid and taxes deducted at source (net of provision for taxation)	17,759	15,023
Others:		
Advances to employees	1,031	1,554
Advances to suppliers	51,704	27,595
Advances payment for Service Tax	39,179	25,873
Sub-total (A)	288,747	181,589
OTHER ASSETS		
Income accrued on investments	860,506	565,288
Outstanding Premiums	774,502	93,208
Agents' Balances	-	-
Foreign Agents' Balances	-	-
Due from other entities carrying on insurance business (including reinsurers)	788,490	1,065,632
Due from subsidiaries / holding company	-	14
Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938)	-	-
Others:		
Deposits for premises	71,901	59,189
Stock of Salvaged Cars	920	1,155
Sub-total (B)	2,496,319	1,784,486
Total (A+B)	2,785,066	1,966,075

Schedule - 13

CURRENT LIABILITIES Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
Agents' Balances	142,982	165,860
Balances due to other insurance companies	3,495,646	2,905,721
Deposits held on re-insurance ceded	-	-
Premiums received in advance	1,770,118	928,109
Unallocated Premium	740,021	554,976
Unclaimed amount of Policy holders (Refer note 29 of Schedule 16)	109,463	58,879
Sundry creditors	1,232,664	832,448
Due to subsidiaries/holding company	-	-
Claims outstanding (Refer note 23(b) and 28(a) of Schedule 16)	8,571,829	5,916,710
Due to Officers/Directors	540	-
Others:		
Service tax liability	-	-
Taxes deducted at source	24,381	28,838
Other statutory dues	664	335
Total	16,088,308	11,391,876

Schedule - 14

PROVISIONS Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
Reserve for Unexpired Risk	9,366,222	7,076,898
For taxation (Net of advance taxes paid)	-	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Others:		
Provision for Employee benefits	25,183	22,407
Total	9,391,405	7,099,305

Schedule - 15

MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)

Particulars	As at March 31, 2013 (₹ '000)	As at March 31, 2012 (₹ '000)
Discount Allowed in issue of shares / debentures	-	-
Others:		
Pre-operative expenses:		
Opening balance	-	-
Incurred during the year	-	-
Less : Amortisation during the year	-	-
Total	-	-

Schedule – 16

Notes to Accounts for the Financial Year Ended March 31, 2013

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, 2013, HDFC Limited holds 73.91% and ERGO International AG holds 25.96% of paid up capital of the Company respectively. The Company is registered with the Insurance Regulatory and Development Authority ("IRDA") and continues to be in the business of underwriting general insurance policies and has launched general insurance products in Motor, Home, Accident & Health, Weather, Commercial and Specialty business lines.

The IRDA has renewed the Company's Certificate of Registration to sell general insurance products in India for the year 2013-14 vide its Certificate of Renewal of Registration dated February 8, 2013. The renewed registration is with effect from April 1, 2013 and is valid up to March 31, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Use of estimates

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

(c) Revenue Recognition

Premium Income

Premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Installment cases are recorded on installment 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 holding/maturity period on a constant yield to maturity basis.

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

The net realised gains or losses on the debt securities are the difference between the net sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of listed equity shares/mutual fund units, the profit or loss on actual sale of investment includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account". The difference between the acquisition price and the maturity value of treasury bills is recognised as income in the revenue 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 proportion of net premium written relating to the period of insurance subsequent to the balance sheet date, calculated on the basis of 1/365th method, or as required 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.

(g) **Premium deficiency**

Premium deficiency is recognised if the sum of expected claim costs, related expenses and maintenance cost exceeds related reserve for unexpired risk. Premium Deficiency is calculated at business segment level.

(h) **Claims incurred**

Claims incurred comprises of claims paid (net of salvage 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 circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of business.

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

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

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

(i) **Salvage Recoveries**

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

(j) **Acquisition Costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

(k) **Fixed Assets and Depreciation**

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

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

The depreciation rates used are as under:

Nature of Asset	Depreciation rate used	Depreciation rate as per Schedule XIV
Computer Software	16.21%	16.21%
Building	1.63%	1.63%
Furniture and Fittings	6.33%	6.33%
Information Technology Equipment	16.21%	16.21%
Vehicles	20.00%	9.50%
Salvaged Vehicles Capitalised	25.00%	9.50%
Office Equipment	4.75%	4.75%

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

Impairment of assets

The carrying values of assets forming part of any cash generating units at balance sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

(l) **Finance Leases**

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

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

(m) Operating Leases

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

(n) Foreign Currency Transactions

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

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

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

(o) Investments

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

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Accounts and in the Profit and Loss Account over the period of maturity/holding. All mutual fund investments are valued at net asset value as at balance sheet date.

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

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

(p) Employee Benefits

(i) Long term benefits

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

(ii) Defined-contribution plans

These are plans in which the Company pays 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.

(iii) Defined benefit plans

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

(iv) Short term benefits

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

(v) Other long term benefits

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

(q) Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income-tax 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). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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

(r) Terrorism pool

In accordance with the requirements of IRDA, the Company, together with other insurance companies, participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ("GIC"). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ("TAC") are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

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

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

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

As per the directions of the IRDA, the Company has collectively, mandatorily and automatically participated in pooling arrangement to share in all Motor Third Party insurance business underwritten in respect of commercial vehicles. The pooling arrangement was made effective in respect of insurances and renewals commencing on or after April 1, 2007. GIC is the administrator of the pooling arrangement. It acts under the guidance of the General Insurance Council ("Council"). The pooling amongst all the insurers is achieved through a multi-lateral reinsurance arrangement between the underwriting insurer and all other registered insurers carrying on general insurance/reinsurance business. Under the arrangement, GIC's participation shall be to the extent of the statutory cessions from the pool. All the business remaining after deducting such cessions to GIC, is shared amongst members in the same proportion as the total gross direct premium in India of the insurer in respect of all classes of general insurance business for a financial year bears to the total market gross direct premium in India in respect of all classes of general insurance business of all member insurers for that financial year (market share). Operating expenses of the pool incurred by GIC are borne by the members in proportion of their respective market share. The Company accounts for share in the income and expenditure based on the statement of account received from the pool.

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

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

The Indian Motor Third Party Declined Risk Insurance Pool (IMTPDRIP) is 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.

As directed by the 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, the Company has to cede to the extent of 70% of the declined risk premium to the IMTPDRIP. 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 the 100% of the premium retro ceded from IMTPDRIP in the year of retrocession.

(u) Contributions to Solatium Fund

In accordance with the requirements of IRDA circular dated March 18, 2003 and based on the decision made by the General Insurance Council in its meeting held on May 6, 2005, the Company provides for contribution to Solatium Fund established by the Central Government as a percentage of gross written premium for all motor policies written during the year till year ended March 31, 2010. Further General Insurance Council in its meeting held on April 1, 2010 recommended the contribution should be a percentage of gross written third party premiums including premium ceded to IMTPIP (Indian Motor Third Party Insurance Pool).

(v) Segment Reporting

Allocation of Investment income:

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

Operating Expenses relating to Insurance Business:

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

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

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

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

(w) Earnings Per Share ("EPS")

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average 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.

(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.

3. CONTINGENT LIABILITIES

(₹ '000)

Sr. No.	Particulars	As at March 31, 2013	As at March 31, 2012
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	Nil
6.	Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

4. ENCUMBRANCES ON ASSETS

The assets of the Company are free from encumbrances, other than leased vehicles, 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 ₹ 5,693 thousand (Previous year ₹ 17,076 thousand)] is ₹ 19,042 thousand (Previous year ₹ 39,299 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, 2013	For the year ended March 31, 2012
Outside India	281,470	160,225

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, 2013	As at March 31, 2012
More than six months	4,869,106	3,238,622
Others	3,051,637	2,536,864

7. PREMIUM

(a) All premiums net of reinsurance are written and received in India.
(b) Premium income recognized on "Varying Risk Pattern" is ₹ Nil thousand (Previous year ₹ Nil thousand).

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, 2013

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

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

For the year ended on March 31, 2012

Particulars	Basis	Gross Premium (₹ '000)	Retention (₹ '000)	Ceded (₹ '000)	Retention %	Ceded %
Fire	Total sum insured	2,910,343	588,924	2,321,419	20	80
Marine Cargo	Value at Risk	425,109	185,141	239,968	44	56
Marine Hull	Total sum insured	190,687	18,626	172,061	10	90
Miscellaneous						
- Motor	Total sum insured	8,718,382	6,685,510	2,032,872	77	23
- Workmens Compensation	Value at Risk	54,603	48,128	6,475	88	12
- Public/Product Liability	Value at Risk	44,506	7,937	36,569	18	82
- Engineering	Total sum insured	714,892	162,911	551,981	23	77
- Aviation	Value at Risk	235,296	17,136	218,160	7	93
- Personal Accident	Value at Risk	1,872,442	1,684,168	188,274	90	10
- Health Insurance	Value at Risk	4,114,975	2,252,331	1,862,644	55	45
- Other Liability	Value at Risk	926,794	103,958	822,836	11	89
- Others	Value at Risk	536,384	93,990	442,394	18	82

The above excludes Excess of Loss cover reinsurance premium of ₹ 209,953 thousand for the year ended on March 31, 2012.

9. INVESTMENTS

There are no contracts outstanding in relation to purchases where deliveries are pending except for Preference shares of L&T Finance Holdings Limited aggregating to ₹ 44,504 thousand (Previous year ₹ Nil thousand) 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

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

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

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

Mutual Funds – ₹ Nil thousand (Previous year ₹ 49,500 thousand)

Equity Shares – ₹ 138,587 thousand (Previous year ₹ 94,928 thousand)

(₹ '000)

Particulars	As at March 31, 2013	As at March 31, 2012
Aggregate market value of the Investments other than Mutual Fund and Equity	26,982,371	18,517,251
Aggregate amortized cost of the Investments other than Mutual fund and Equity	26,823,474	18,735,892

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

(₹ '000)

Particulars	As at March 31, 2013	As at March 31, 2012
8.19% Government of India Securities (Maturity January 16, 2020)	48,592	-
7.99% Government of India Securities (Maturity July 9, 2017)	10,095	10,113
6.85% Government of India Securities (Maturity April 5, 2012)	-	50,001
8.33% Government of India Securities (Maturity June 7, 2036)	19,536	19,529
5.59% Government of India Securities (Maturity June 4, 2016)	46,184	45,176
TOTAL	124,407	124,819

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

10. MANAGERIAL REMUNERATION

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

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

(₹ '000)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Salary, perquisites and bonus	28,255	23,546
Contribution to Provident Fund	930	775
Total	29,185	24,321

Out of the above ₹ 15,000 thousand (Previous year ₹ 15,000 thousand) remuneration has been charged to Revenue Accounts and balance has been transferred to Profit and Loss Account. Expenses towards gratuity funding and leave encashment provision are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

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

Business Sector	For the year ended March 31, 2013		For the year ended March 31, 2012	
	GDPI (₹ '000)	% of GDPI	GDPI (₹'000)	% of GDPI
Rural	3,860,899	16	1,668,351	9
Urban	20,671,063	84	16,726,246	91
Total	24,531,962	100	18,394,597	100

Social Sector	For the year ended March 31, 2013	For the year ended March 31, 2012
Number of lives	119,036	339,654
GDPI (₹ '000)	10,173	24,993

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, 2013	As at March 31, 2012
Total commitment towards minimum lease payments	1,860	3,650
Present Value of minimum lease payments	1,692	3,129
Minimum Lease payments		
Not later than one year (Present value ₹1,076 thousand as on 31-03-2013) (Previous year ₹1,522 thousand)	1,219	1,790
Later than one year but not later than five years (Present value ₹616 thousand as on 31-03-2013) (Previous year ₹1,607 thousand)	641	1,860

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, 2013	As at March 31, 2012
Not later than one year	229,353	153,758
Later than one year but not later than Five Years	273,736	191,353
Later than Five Years	-	-

The aggregate operating lease rental, charged to the Revenue Accounts in the current year is ₹ 237,528 thousand (Previous year ₹ 178,153 thousand).

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

14. TAXATION

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

The component of the deferred tax is as under:

(₹ '000)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred Tax Assets:		
Section 43B of Income Tax Act, 1961	943	5,241
Unabsorbed Depreciation	135,694	92,611
Total	136,637	97,852
Deferred Tax Liabilities:		
Depreciation	136,637	97,852
Total	136,637	97,852
Deferred Tax (Net)	Nil	Nil

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 2,430,000 options (Previous year 1,070,000 options) were granted at an exercise price of ₹ 50 per option (Previous year ₹ 50 per option). The options will vest over a period of two to four years from the date of grant as given below and are exercisable over a period of five years from the respective dates of vesting. Accordingly, during the year 780,750 options (Previous year 617,250 options) were vested out of Tranche I and 419,500 options (Previous year Nil options) were vested out of Tranche II.

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 ₹ 23,862 thousand (Previous year ₹ 11,330 thousand) and profit after tax would have been lower by ₹ 19,088 thousand (Previous year loss after tax would have been higher by ₹ 11,330 thousand). Consequently, the Company's basic and diluted earnings per share would have been ₹ 2.91 and ₹ 2.89 respectively (Previous year ₹ (0.82) and ₹ (0.82) respectively)

Movement in the options under ESOP 2009

(No. of Options)

Particulars	Tranche IV		Tranche III		Tranche II		Tranche I	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Outstanding at the beginning of the year	-	-	1,070,000	-	2,864,000	2,924,000	2,469,000	2,484,000
Granted during the year	2,430,000	-	-	1,070,000	-	-	-	-
Exercise during the year	-	-	-	-	296,500	-	452,500	-
Lapsed during the year	110,000	-	83,000	-	50,000	60,000	15,750	15,000
Outstanding at the end of the year	2,320,000	-	987,000	1,070,000	2,517,500	2,864,000	2,000,750	2,469,000
Unvested at the end of the year	2,320,000	-	987,000	1,070,000	2,098,000	2,864,000	1,220,000	1,851,750
Vested at the end of the year	-	-	-	-	419,500	-	780,750	617,250
Weighted average price per option (₹)	50	-	50	50	10	10	10	10

Fair Value Methodology

The fair value of options on date of grant has been estimated using Black-Scholes model. The key assumptions used in Black-Scholes model for calculating fair value under ESOP 2009 Tranche I, Tranche II, Tranche III and Tranche IV as on the date of grant viz. February 10, 2010, May 25, 2010, July 25, 2011 and April 24, 2012 are as follows:

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

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

	Particulars	Fair Value Method	
		As at March 31, 2013	As at March 31, 2012
A	Net Profit After Tax (₹ ' 000)	1,525,837	(408,288)
B	Less Preference dividend	-	-
C	Weighted Average number of Equity Shares of ₹10/- each (Basic) (in ₹ '000)	523,756	499,850
D	Weighted Average number of Equity Shares of ₹10/- each (Diluted) (in ₹ '000)	528,212	499,850
E	Basic Earnings per Share (₹)	2.91	(0.82)
F	Diluted Earnings per Share (₹)	2.89	(0.82)

Information in respect of Option outstanding:

Particulars	Tranche IV		Tranche III		Tranche II		Tranche I	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Exercise Price (₹)	50	-	50	50	10	10	10	10
No. of Options	2,320,000	-	987,000	1,070,000	2,517,500	2,864,000	2,000,750	2,469,000
Weighted Average remaining life	88 Months	-	79 months	91 months	65 months	77 months	62 months	74 months

16. SEGMENT REPORTING

The statement on segment reporting is included in Annexure 1.

17. ACCOUNTING RATIOS

The statement on accounting ratios is provided in Annexure 2.

18. EMPLOYEE BENEFITS

a) Defined Contribution Plan

(₹ '000)

Expenses on defined contribution plan	For the year ended March 31, 2013	For the year ended March 31, 2012
Contribution to Staff Provident fund	34,590	27,629
Contribution to Superannuation fund	926	1,045
TOTAL	35,516	28,674

b) Defined Benefit Plan - Gratuity :

Disclosures as per AS-15 (Revised) "Employee Benefits" for the year ended on March 31, 2013:

(₹ '000)

	Particulars	As at March 31, 2013	As at March 31, 2012
I.	Assumptions		
	Discount Rate	8.25%	8.50%
	Rate of increase in Compensation levels	6.75%	7.00%
	Rate of Return on Plan Assets p.a.	8.00%	8.25%
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)	29,576	19,966
	Shortfall/(Excess) in opening liability determined as per actuarial valuation (C)	Nil	Nil
	Opening net Liability as per actuarial valuation (A)+(B)+(C)	29,756	19,966
	Interest Cost for the year	2,514	1,597
	Service Cost for the year	11,920	9,151
	Benefits paid during the year	(585)	(400)
	Actuarial (gain) / loss on obligations	659	(738)
	Plan Benefit Obligation at the end of the year	44,084	29,576
III.	Tables of Fair value of Plan Assets		
	Fair Value of plan Assets at the beginning of the year	29,576	19,940
	Expected Return on Plan Assets for the year	2,366	1,645
	Contributions during the year	12,486	8,513
	Benefits Paid during the year	(585)	(400)
	Actuarial Gain / (loss) on Plan Assets	241	(122)
	Fair Value of Plan Assets at the end of the year	44,084	29,576
IV.	The Amounts to be recognised in balance Sheet		
	Present Value of Obligation	44,084	29,576
	Fair value of plan assets	44,084	29,576
	Liability Recognised in Balance Sheet	NIL	NIL
V.	Amounts to be recognised in the Revenue Accounts (Net Periodic Cost)		
	Current Service Cost	11,920	9,151
	Interest Cost	2,514	1,597
	Expected Return on Plan assets	(2,366)	(1,645)
	Net actuarial gain / (loss) recognised in the year	418	(616)
	Actuarial Determined charge for the year (A)	12,486	8,487
	Shortfall / (Excess) (B)	Nil	Nil
	Total Charge as per books (A+B)	12,486	8,487
	(expense is disclosed in the line item - Employees' remuneration & welfare benefit)		
VI.	Movements in the liability recognised in the balance sheet		
	Net Liability as per books (A)	Nil	26
	Shortfall / (Excess) in opening liability determined as per actuarial valuation (B)	Nil	Nil
	Opening net liability(A+B)	Nil	26
	Expense as above	12,486	8,487
	Contribution paid	(12,486)	(8,513)
	Closing net Liability	NIL	NIL

(₹ '000)

	Particulars	As at March 31, 2013	As at March 31, 2012
VII.	Actual Return on Plan Assets		
	Expected return on plan assets	2,366	1,645
	Actuarial Gain /(Loss) on Plan Assets	241	(122)
	Actual return on Plan assets	2,607	1,523

Experience adjustments

(₹ '000)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Defined Benefit Obligation	44,084	29,576	19,966	13,120	6,358
Plan assets	44,084	29,576	19,940	13,120	6,358
Surplus / (Deficit)	-	-	(26)	-	-
Experience Adjustment on Plan Liabilities	(1,627)	34	2,307	(351)	(542)
Experience Adjustment on Plan Assets	241	(122)	(470)	(52)	(274)

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 2013-14, amounts to ₹ 12,012 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
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

Investing Party and its group companies
ERGO International AG
Munich Re

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

(b) Details of Transactions:

(₹ '000)

Particulars	Holding Company		Fellow subsidiaries		Investing Party and its group companies		Key Management Personnel (including relatives)	
	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
INCOME								
Interest, Dividend and Rent - Gross	79,639	38,194	-	-	-	-	-	-
Premium from direct business written - net of service tax	46,972	38,239	18,098	16,014	-	-	28	52
Commission received on Reinsurance ceded	-	-	-	-	287	20,383	-	-
TOTAL	126,611	76,433	18,098	16,014	287	20,383	28	52
EXPENSES								
Rent, rates and taxes	49,443	3,571	-	-	-	-	-	-
Electricity expenses	137	152	-	-	-	-	-	-
Claims paid direct	1,272	627	3,223	869	-	-	-	-
Commission paid	67	42	1,91,286	181,665	-	-	-	-
Premium on Reinsurance ceded	-	-	-	-	26,477	79,299	-	-
Legal and Professional charges	-	-	-	1,479	-	-	-	-
Employees' remuneration and welfare benefits	-	-	7,020	6,374	-	-	29,185	24,321
Claim on Reinsurance ceded	-	-	-	-	-	(544)	-	-
Others	373	-	381	-	944	-	-	-
TOTAL	51,292	4,392	201,910	190,387	27,421	78,755	29,185	24,321
ASSETS								
Investments	10,48,998	550,000	-	-	-	-	-	-
Income accrued on investment	47,193	17,903	-	-	-	-	-	-
Due from subsidiary/holding company	-	14	-	-	-	-	-	-
Others	-	-	-	-	-	210	-	-
TOTAL	10,96,191	567,917	-	-	-	210	-	-
LIABILITIES								
Transactions during the year:								
- Share Capital	35,520	273,800	-	-	12,480	96,200	100	-
- Share Premium	1,86,480	1,095,200	-	-	65,520	384,800	-	-
Premium received in Advance and Unallocated premium	4,795	5,116	556	743	-	-	-	10
Agents' Balances	55	-	17,550	21,909	-	-	-	-
Others	-	-	381	-	-	-	-	-
TOTAL	226,850	1,374,116	18,487	22,652	78,000	481,000	100	10

Transactions included in (b) above which are in excess of 10% of the total related transactions of the same type are given below for the Financial Year 2012-2013 :

(₹ '000)

Particulars	HDFC Limited	HDFC Standard Life Insurance Company Limited	HDFC Asset Management Company Limited	HDFC Sales Private Limited	Credila Financial Services Private Limited	Munich Re	ERGO International AG
INCOME							
Interest, Dividend and Rent-Gross	79,639	-	-	-	-	-	-
Premium from direct business written-net of service tax	46,972	2,861	6,950	5,153	450	-	-
Commission received on Reinsurance ceded	-	-	-	-	-	287	-
TOTAL	126,611	2,861	6,950	5,153	450	287	-
EXPENSES							
Rent, rates & taxes	49,443	-	-	-	-	-	-
Electricity expenses	137	-	-	-	-	-	-
Claims paid direct	1,272	2,119	-	521	583	-	-
Commission paid	67	-	-	191,286	-	-	-
Premium on Reinsurance ceded	-	-	-	-	-	26,477	-
Legal and Professional charges	-	-	-	-	-	-	-
Employees' remuneration and welfare benefits	-	7,020	-	-	-	-	-
Others	373	-	-	-	-	944	-
TOTAL	51,292	9,139	-	1,91,807	583	27,421	-
ASSETS							
Investments	1,048,998	-	-	-	-	-	-
Income accrued on investments	47,193	-	-	-	-	-	-
TOTAL	1,096,191	-	-	-	-	-	-
LIABILITIES							
Transactions during the year:							
- Share Capital	35,520	-	-	-	-	-	12,480
- Share Premium	186,480	-	-	-	-	-	65,520
Premiums received in Advance and Unallocated premium	4,795	59	-	227	16	-	-
Agents' Balances	55	-	-	17,550	-	-	-
Others	-	-	-	-	-	-	-
TOTAL	226,850	59	-	17,777	16	-	78,000

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 2011-2012 :

(₹ '000)

Particulars	HDFC Limited	HDFC Standard Life Insurance Company Limited	HDFC Asset Management Company Limited	HDFC Sales Private Limited	Munich Re	ERGO International AG
INCOME						
Interest, dividend and Rent - Gross	38,194	-	-	-	-	-
Premium from direct business written - net of services tax	38,239	3,473	5,500	5,978	-	-
Commission received on Reinsurance ceded	-	-	-	-	20,383	-
TOTAL	76,433	3,473	5,500	5,978	20,383	-
EXPENSES						
Rent, rates and taxes	3,571	-	-	-	-	-
Electricity expenses	152	769	-	100	-	-
Claims paid direct	627	-	-	-	-	-
Commission paid direct	42	-	-	181,665	-	-
Premium on Reinsurance Ceded	-	-	-	-	79,299	-
Claims on Reinsurance Ceded	-	-	-	-	(544)	-
Employees' remuneration and welfare benefits	-	6,374	270	1,209	-	-
TOTAL	4,392	7,143	270	182,974	78,755	-
ASSETS						
Income accrued on investments	17,903	-	-	-	-	-
Due from subsidiaries/holding company	14	-	-	-	-	-
Investments	550,000	-	-	-	-	-
Others	-	-	-	-	210	-
TOTAL	567,917	-	-	-	210	-
LIABILITIES						
Transactions during the year:						
- Share Capital	273,800	-	-	-	-	96,200
- Share Premium	1,095,200	-	-	-	-	384,800
Premium received in Advance and Unallocated premium	5,116	133	-	584	-	-
Agents' Balance	-	-	-	21,909	-	-
TOTAL	1,374,116	133	-	22,493	-	481,000

20. LOAN RESTRUCTURING

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

21. SUMMARY OF FINANCIAL STATEMENTS

The summary of financial statements is provided in Annexure 3.

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

(a) During the year foreign exchange Gain (Net) earned by the Company is ₹ 11,909 thousand (Previous year ₹ 6,980 thousand).

(b) The year end foreign currency exposure is ₹ Nil thousand (Previous year ₹ Nil thousand).

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, 2012 and for the three quarters ended June 30, 2012, September 30, 2012 and December 31, 2012, 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 ₹ 2,639 thousand (Previous year ₹ 2,304 thousand) on an accrual basis (see accounting policy in paragraph 2(u) above) and disclosed under Current Liabilities.

(c) CONTRIBUTIONS TO ENVIRONMENT RELIEF FUND

During the year, an amount of ₹ 2,855 thousand (Previous year ₹ 2,629 thousand) was collected towards Environment Relief Fund for public liability policies and an amount of ₹ 2,976 thousand (Previous year ₹ 2,513 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 ₹ 364 thousand (Previous year ₹ 485 thousand) is included under Sundry Creditors in Schedule 13.

24. EARNINGS PER SHARE (EPS)

	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
1)	Net Profit / (Loss) After Tax for the year (₹ '000)	1,544,925	(396,958)
2)	Weighted Average No. of Equity Shares for Basic (₹ '000)	523,756	499,850
3)	Weighted Average No. of Equity Shares or Diluted (₹ '000)	528,212	499,850
4)	Basic Earnings per Share (₹)	2.95	(0.79)
5)	Diluted Earnings per Share (₹)	2.92	(0.79)
6)	Nominal Value Per Share (₹)	10.00	10.00

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

25. According to the information available with the Company there are no dues payable to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2013.

26. Professional fees include payments made for various outsourced services amounting to ₹ 199,657 thousand (Previous year ₹ 141,888 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 regulatory guidelines, there is no premium deficiency on an overall basis in Miscellaneous segment; However, there is premium deficiency in respect of reportable sub-segment within Miscellaneous segment which contributes 10% or more to the premium underwritten disclosed as per the requirement of circular no. F&A/CIR/017/MAY-04 dated May 18, 2004.

(₹ '000)

Particulars	As at March 31, 2013	As at March 31, 2012
Motor TP (other than IMTPIP and IMTPDRIP)	419,144	16,795

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/MPI/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

Based on the audited financial statements received from the pool manager for the year ended March 31, 2012, the Company's share of loss for the year ended March 31, 2013 on the premium earned during the year amounts to ₹ 574,993 thousand (Previous year ₹ 1,816,189 thousand).

The above loss includes additional IMTPIP liabilities related to previous underwriting years 2007-08 to 2010-11 amounting to ₹ Nil thousand (Previous year ₹ 779,429 thousand). Such losses being exceptional in nature have been disclosed separately under the head "Exceptional Item" under the Miscellaneous segment in the Revenue Accounts (Form B-RA).

Further, as directed vide Order number IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, the Company has classified the liability of ₹ 1,710,357 thousand (Previous year ₹ 1,784,229 thousand), arising out of clean cut settlement of IMTPIP, as Balance due to other insurance companies from claims outstanding.

During the year as a part of clean cut settlement the Company has paid ₹ 127,433 thousand (Previous year ₹ 93,008 thousand). The balance amount will be paid as per the schedule up to June 30, 2014.

(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.

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

Schedule - 16 (Continued)

Notes to Accounts for the Financial Year Ended March 31, 2013

30. PENALTIES LEVIED BY VARIOUS GOVERNMENT AUTHORITIES DURING FINANCIAL YEAR 2012-13

(₹ '000)

Sr. No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Service Tax Authorities	N.A. (N.A)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3	Income Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Any other Tax Authorities	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	N.A. (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)
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)

For and on behalf of the Board of Directors

Deepak S. Parekh Chairman	Directors Keki M. Mistry Renu Sud Karnad
Ritesh Kumar Managing Director & CEO	Andreas Kleiner Mark Lammerskitten
Samir H. Shah Member of Executive Management, CFO & Company Secretary	Independent Directors Jagdish Khattar Bernhard Steinruecke

Mumbai
April 30, 2013

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2013

Annexure 1

Segmental Breakup of the Balance Sheet as at March 31, 2013

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	190,882	185,656	8,195,291	-	8,571,829
(refer note 2 (h) and 28(a) and 28(b) of schedule 16)	(191,049)	(131,942)	(5,593,719)	-	(5,916,710)
Reserve for Unexpired Risk	900,316	151,009	8,314,897	-	9,366,222
	(619,418)	(112,140)	(6,345,340)	-	(7,076,898)
Investments	1,087,957	336,278	18,356,802	7,175,950	26,956,987
	(723,870)	(214,480)	(12,466,643)	(5,472,620)	(18,877,613)

(Previous year's figures are in brackets)

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2013

Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor - OD	Motor - TP	Motor/ Declined Risk Pool	Workmens Compen-sation	Public Liability	Product Liability	Other Liabilities	Engi-neering	Aviation	Personal Accident	Health	Home	Speci-ality*	Weather	Others	Total
Premium earned (Net) (Schedule - A)	380,710	228,428	18,620	6,953,861	4,326,196	1,451,258	1,176,407	60,713	8,158	3,921	79,589	156,227	32,969	1,518,323	2,440,723	7,938	88,853	394,247	52,458	12,425,738
Profit on Sale of Investments	2,936	822	84	35,692	8,990	26,702	-	131	12	20	141	533	25	6,892	5,494	20	192	496	176	53,666
Interest Rent and Dividend (Net of Amortisation)	81,858	22,919	2,333	995,081	250,634	744,447	-	3,639	332	551	3,934	14,860	709	192,139	153,177	555	5,357	13,828	4,909	1,496,181
Investment Income from Pool (Motor & Terrorism)	8,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,160
Other Income	295	184	15	4,642	3,476	1,166	-	49	7	3	64	122	-	1,220	1,961	6	71	317	42	8,998
Total Segmental Revenue	473,959	252,353	21,052	7,989,276	4,589,296	2,223,573	1,176,407	64,532	8,509	4,495	83,728	171,742	33,703	1,718,574	2,601,355	8,519	94,473	408,888	57,585	13,992,743
Claims incurred (Net) (Schedule - B)	127,275	264,125	4,015	6,313,475	2,751,756	1,852,925	1,708,794	21,593	2,049	2,223	(2,120)	137,103	4,482	685,328	1,570,622	1,954	8,603	341,222	28,549	9,510,498
Commission (Net) (Schedule - C)	(107,725)	(2,380)	(10,195)	378,216	417,695	(39,479)	-	6,325	992	5,680	8,760	(99,191)	615	280,591	(529,370)	1,342	(5,205)	(573,071)	(15,588)	(660,204)
Operating Expenses Related To Insurance Business (Schedule - D)	180,247	73,585	8,719	1,943,703	1,347,186	464,916	131,601	17,378	2,645	2,166	31,556	58,707	7,347	495,553	803,612	2,532	34,553	189,345	18,716	3,870,364
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	199,797	335,330	2,539	8,635,394	4,516,637	2,278,362	1,840,395	45,296	5,686	10,069	38,196	96,619	12,444	1,461,472	1,844,864	5,828	37,951	(42,504)	31,677	12,720,658
Segmental Profit / (Loss) (before exceptional item)	274,162	(82,977)	18,513	(646,118)	72,659	(54,789)	(663,988)	19,236	2,823	(5,574)	45,532	75,123	21,259	257,102	756,491	2,691	56,522	451,392	25,908	1,272,085
Exceptional Item (Refer Note no. 28(a) of Schedule 16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segmental Profit / (Loss) (after exceptional item)	274,162	(82,977)	18,513	(646,118)	72,659	(54,789)	(663,988)	19,236	2,823	(5,574)	45,532	75,123	21,259	257,102	756,491	2,691	56,522	451,392	25,908	1,272,085

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

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2013

SCHEDULE - A to Annexure 1

(₹ '000)

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

SCHEDULE - B to Annexure 1

(₹ '000)

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

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2013

SCHEDULE - C to Annexure 1

(₹ '000)

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

SCHEDULE - D to Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor -OD	Motor -TP	Motor/ Declined Risk Pool	Workmens Compen- sation	Public Liability	Product Liability	Other Liabilities	Engi- neering	Aviation	Personal Accident	Health	Home	Speci- ality	Weather	Others	Total
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees' remuneration and welfare benefits (Refer note 10 of Schedule 16)	79,875	26,294	3,915	571,152	414,899	156,253	-	5,559	944	1,039	13,018	23,491	4,773	157,223	270,998	847	14,110	47,877	5,611	1,226,726
Travel, conveyance and vehicle running expenses	8,291	2,275	414	42,556	30,461	12,095	-	419	81	115	1,290	2,247	614	12,087	21,759	65	1,388	7,974	615	102,190
Training expenses	2,355	1,060	102	29,354	21,585	7,769	-	271	39	23	402	805	43	7,846	12,725	42	443	4,676	362	60,548
Rents, rates and taxes	11,160	6,959	567	176,018	131,803	44,215	-	1,850	249	119	2,425	4,613	-	46,258	74,360	242	2,707	12,011	1,598	341,136
Repairs	3,257	803	100	31,634	22,323	9,311	-	191	32	25	354	847	99	8,685	14,201	51	378	6,586	411	67,654
Printing and stationery	3,204	1,350	129	39,952	29,197	10,755	-	346	50	30	512	1,064	55	10,687	17,336	59	562	3,401	360	79,097
Communication	2,940	1,242	135	31,807	23,388	8,419	-	304	45	33	506	971	92	8,551	14,048	46	555	5,587	420	67,282
Legal and professional charges	25,786	12,423	1,107	351,900	258,410	92,306	1,184	3,243	453	245	4,533	9,182	275	93,243	150,565	504	5,009	31,932	3,329	693,729
Auditors' fees, expenses etc																				
(a) as auditors	108	67	5	1,693	1,268	425	-	18	2	1	23	44	-	445	715	2	26	201	19	3,369
(b) as advisor or in any other capacity, in respect of :																				
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) in any other capacity	51	32	3	804	602	202	-	8	1	1	11	21	-	211	340	1	12	95	9	1,600
Advertisement and publicity	12,922	6,812	651	165,998	123,708	42,290	-	1,732	243	149	2,582	4,825	258	44,037	71,720	231	2,861	18,076	1,793	334,890
Interest and Bank Charges	4,579	2,756	225	201,471	53,092	17,962	130,417	733	99	47	960	1,846	-	18,722	30,045	98	1,071	8,864	804	272,320
Others :-																				
Electricity expenses	1,755	1,095	89	27,686	20,731	6,955	-	291	39	19	381	726	-	7,276	11,696	38	426	1,889	251	53,657
Office Expenses	1,136	553	48	15,728	11,594	4,134	-	145	20	11	199	406	9	4,182	6,734	23	221	2,109	177	31,701
Miscellaneous expenses	10,321	2,680	633	15,063	10,902	4,161	-	365	90	183	1,837	2,732	1,101	5,152	12,712	22	1,973	3,423	387	58,674
Service Charges	-	-	-	53,512	53,512	-	-	-	-	-	-	-	-	21,414	14,198	-	-	-	-	89,124
Information Technology Expenses	5,832	3,222	266	86,036	63,996	22,040	-	855	116	56	1,129	2,218	11	22,814	36,512	120	1,257	22,058	1,424	183,926
Postage & courier	2,834	1,567	134	40,763	30,355	10,408	-	412	56	29	559	1,082	17	10,800	17,358	57	622	8,453	596	85,339
Loss on sale of assets (net)	32	20	2	505	378	127	-	5	1	-	7	13	-	133	213	1	8	34	5	979
Depreciation	3,809	2,375	194	60,071	44,982	15,089	-	631	85	41	828	1,574	-	15,787	25,377	83	924	4,099	545	116,423
Total Operating Expenses	180,247	73,585	8,719	1,943,703	1,347,186	464,916	131,601	17,378	2,645	2,166	31,556	58,707	7,347	495,553	803,612	2,532	34,553	189,345	18,716	3,870,364

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2012

Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor -OD	Motor -TP	Motor Pool	Workmens Compen- sation	Public Liability	Product Liability	Other Liabilities	Engi- neering	Aviation	Personal Accident	Health	Home	Speci- ality*	Weather	Others	Total
Premium earned (Net) (Schedule - A)	270,752	136,124	14,071	5,359,157	3,267,625	561,326	1,530,208	29,940	5,200	2,757	43,703	114,202	(31,419)	1,100,836	1,962,120	2,459	42,573	40,127	52,123	9,144,726
Profit on Sale of Investments	4,006	1,011	157	50,097	13,683	36,414	-	106	14	22	199	785	37	9,468	7,436	16	219	74	357	74,004
Interest Rent and Dividend (Net of Amortisation)	48,483	12,233	1,895	606,288	165,595	440,693	-	1,284	173	263	2,413	9,505	447	114,579	89,991	197	2,650	896	4,320	895,617
Investment Income from Pool (Motor & Terrorism)	4,740	-	-	1,073	-	-	1,073	-	-	-	-	-	-	-	-	-	-	-	-	5,813
Other Income	85	46	5	1,296	1,106	190	-	10	2	1	15	38	-	373	664	1	14	14	16	2,581
Total Segmental Revenue	328,066	149,414	16,128	6,017,911	3,448,009	1,038,623	1,531,281	31,340	5,389	3,043	46,330	124,530	(30,935)	1,225,256	2,060,211	2 ,673	45,456	41,111	56,816	10,122,741
Claims incurred (Net) (Schedule - B)	161,990	238,448	7,350	5,311,133	2,203,557	549,602	2,557,975	7,464	394	3,200	6,311	82,643	4,194	425,051	1,325,037	293	5,748	21,845	63,157	7,664,258
Commission (Net) (Schedule - C)	(152,319)	(3,781)	(7,706)	252,146	252,146	-	-	3,687	(1,188)	1,222	(17,696)	(80,268)	2,981	208,306	(524,260)	648	(29,763)	(96,298)	8,362	(435,927)
Operating Expenses Related To Insurance Business (Schedule - D)	152,225	49,111	8,486	1,406,776	1,142,137	254,572	10,066	9,983	2,033	1,337	23,200	50,599	5,501	397,620	714,748	946	23,289	33,272	19,280	2,898,399
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenditure	161,896	283,778	8,130	6,970,055	3,597,840	804,174	2,568,041	21,134	1,239	5,759	11,815	52,974	12,676	1,030,977	1,515,525	1,887	(726)	(41,181)	90,799	10,126,730
Segmental Profit / (Loss) (before exceptional item)	166,170	(134,364)	7,998	(952,144)	(149,831)	234,449	(1,036,760)	10,206	4,150	(2,716)	34,515	71,556	(43,611)	194,279	544,686	786	46,182	82,292	(33,983)	(3,989)
Exceptional Item (Refer Note no. 28(a) of Schedule 16)	-	-	-	779,429	-	-	779,429	-	-	-	-	-	-	-	-	-	-	-	-	779,429
Segmental Profit / (Loss) (after exceptional item)	166,170	(134,364)	7,998	(1,731,573)	(149,831)	234,449	(1,816,189)	10,206	4,150	(2,716)	34,515	71,556	(43,611)	194,279	544,686	786	46,182	82,292	(33,983)	(783,418)

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

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2012

SCHEDULE - A to Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor -OD	Motor -TP	Motor Pool	Workmens Compen-sation	Public Liability	Product Liability	Other Liabilities	Engi-neering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
PREMIUM EARNED [NET]																				
(Refer note 7 and 8 of Schedule 16)																				
Premium from direct business written	2,675,365	418,718	190,247	6,710,379	4,405,826	2,304,553	-	54,603	15,623	23,720	450,048	651,627	226,485	1,871,942	4,114,975	6,011	456,716	441,773	86,365	18,394,597
Add : Premium on Re-insurance accepted	2,34,978	6,391	440	2,008,003	-	-	2,008,003	-	5,163	-	4,539	63,265	8,811	500	-	-	15,491	-	2,235	2,349,816
Less : Premium on Re-insurance ceded	(2,379,824)	(250,959)	(173,167)	(2,058,934)	(468,559)	(1,590,375)	-	(6,475)	(15,660)	(20,909)	(400,661)	(576,133)	(258,163)	(227,771)	(1,866,724)	(1,038)	(422,175)	(397,596)	(49,417)	(9,105,606)
Net Premium	530,519	174,150	17,520	6,659,448	3,937,267	714,178	2,008,003	48,128	5,126	2,811	53,926	138,759	(22,867)	1,644,671	2,248,251	4,973	50,032	44,177	39,183	11,638,807
Add/(Less) : Adjustment for changes in reserve for unexpired risks	(259,767)	(38,026)	(3,449)	(1,300,289)	(669,642)	(152,852)	(477,795)	(18,188)	74	(54)	(10,223)	(24,557)	(8,552)	(543,835)	(286,131)	(2,514)	(7,459)	(4,050)	12,939	(2,494,081)
Total Premium earned	270,752	136,124	14,071	5,359,159	3,267,625	561,326	1,530,208	29,940	5,200	2,757	43,703	114,202	(31,419)	1,100,836	1,962,120	2,459	42,573	40,127	52,122	9,144,726

SCHEDULE - B to Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor -OD	Motor -TP	Motor Pool	Workmens Compen-sation	Public Liability	Product Liability	Other Liabilities	Engi-neering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
CLAIMS INCURRED [NET] (Refer note 6 of Schedule 16)																				
Claims paid direct	1,168,068	315,110	55,055	2,955,998	2,342,985	613,013	-	1,929	105	-	1,324	230,182	82,675	422,394	1,564,597	14	22,021	89,870	66,248	6,975,590
Add: Claims on Re-insurance accepted	34,813	-	-	436,228	-	-	436,228	-	-	-	-	3,347	2,626	-	-	-	-	-	-	477,014
Less :Claims on Re-insurance ceded	(1,098,249)	(148,704)	(53,572)	(675,467)	(234,836)	(440,631)	-	(1,166)	(7)	-	(1,291)	(164,084)	(82,634)	(42,505)	(290,214)	(1)	(21,407)	(84,004)	(7,776)	(2,671,081)
Net Claims paid	104,632	166,406	1,483	2,716,759	2,108,149	172,382	436,228	763	98	-	33	69,445	2,667	379,889	1,274,383	13	614	5,866	58,472	4,781,523
Add: Claims Outstanding at the end of the year	191,049	120,887	11,055	5,946,589	423,321	1,073,208	4,450,060	8,150	780	3,621	14,427	60,206	2,092	203,861	301,850	600	16,244	17,666	22,504	6,921,581
Less: Claims Outstanding at the beginning of the year	133,691	48,845	5,188	3,352,214	327,913	695,988	2,328,313	1,449	484	421	8,149	47,008	565	158,699	251,196	320	11,110	1,687	17,820	4,038,846
Total Claims incurred	161,990	238,448	7,350	5,311,134	2,203,557	549,602	2,557,975	7,464	394	3,200	6,311	82,643	4,194	425,051	1,325,037	293	5,748	21,845	63,156	7,664,258

Schedule - 16 (Continued)

Segment Reporting for the Year Ended March 31, 2012

SCHEDULE - C to Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor -OD	Motor -TP	Motor Pool	Workmens Compen-sation	Public Liability	Product Liability	Other Liabilities	Engi-neering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
COMMISSION PAID [NET] Commission paid direct	176,131	44,787	9,010	3 44,809	344,809	-	-	5,073	1,711	3,300	41,336	47,843	6,617	261,478	526,862	779	55,737	-	12,551	1,538,024
Add : Commission paid on Re-insurance accepted	11,073	985	45	-	-	-	-	-	735	-	1,018	7,679	427	-	-	-	1,491	-	22	23,475
Less : Commission received on Re-insurance ceded	(339,523)	(49,553)	(16,761)	(92,663)	(92,663)	-	-	(1,386)	(3,634)	(2,078)	(60,050)	(135,790)	(4,063)	(53,172)	(1,051,122)	(131)	(86,991)	(96,298)	(4,211)	(1,997,426)
Net commission paid / (received)	(152,319)	(3,781)	(7,706)	252,146	252,146	-	-	3,687	(1,188)	1,222	(17,696)	(80,268)	2,981	208,306	(524,260)	648	(29,763)	(96,298)	8,362	(435,927)

SCHEDULE - D to Annexure 1

(₹ '000)

Particulars	Fire	Marine - Cargo	Marine - Hull	Motor	Motor -OD	Motor -TP	Motor Pool	Workmens Compen-sation	Public Liability	Product Liability	Other Liabilities	Engi-neering	Aviation	Personal Accident	Health	Home	Speci-ality	Weather	Others	Total
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS																				
Employees' remuneration and welfare benefits (Refer note 10 of Schedule 16)	66,990	16,971	3,871	449,631	354,333	95,298	-	3,210	737	558	10,055	19,977	3,408	126,362	236,130	327	10,220	15,495	6,570	970,512
Travel, conveyance and vehicle running expenses	6,928	1,396	422	31,355	23,829	7,526	-	235	63	57	1,050	1,871	446	8,950	17,152	24	1,079	3,332	860	75,220
Training expenses	1,122	336	54	11,272	8,914	2,358	-	71	15	9	150	362	31	3,111	5,656	8	150	222	133	22,702
Rents, rates and taxes	7,914	4,139	428	116,432	99,363	17,069	-	910	158	84	1,329	3,411	-	33,475	59,665	75	1,295	1,220	1,585	232,120
Repairs	2,508	545	99	23,761	17,742	6,019	-	116	27	15	272	709	72	6,333	11,545	19	274	727	271	47,293
Printing and stationery	2,611	1,038	127	32,397	26,629	5,768	-	226	42	23	377	964	33	9,133	16,364	22	371	780	471	64,979
Communication	2,492	819	125	25,577	20,605	4,972	-	173	34	20	352	836	66	7,156	12,958	18	351	695	363	52,035
Legal and professional charges	23,277	9,743	1,097	320,083	255,319	54,698	10,066	2,150	394	204	3,338	8,850	156	87,230	156,015	211	3,271	5,376	4,107	625,502
Auditors' fees, expenses etc																				
(a) as auditors	102	53	6	1,505	1,284	221	-	12	2	1	17	44	-	433	771	-	17	16	21	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	27	14	1	401	342	59	-	3	1	-	5	12	-	115	206	-	4	4	7	800
Advertisement and publicity	10,394	3,510	505	113,811	91,509	22,302	-	751	148	84	1,442	3,552	233	31,620	57,314	80	1,434	1,159	1,213	227,250
Interest and Bank Charges	6,635	3,429	354	96,764	82,514	14,250	-	754	131	69	1,101	2,831	-	27,866	49,549	62	1,073	1,989	1,511	194,118
Others :-																				
Electricity expenses	1,165	610	63	17,144	14,631	2,513	-	134	23	12	196	502	-	4,929	8,786	11	191	180	231	34,177
Office Expenses	791	349	40	10,367	8,654	1,713	-	76	14	7	122	309	7	2,946	5,274	7	120	162	141	20,732
Miscellaneous expenses	10,589	1,839	828	5,235	3,826	1,409	-	216	78	105	1,964	2,738	1,016	2,371	7,599	4	2,041	294	83	37,000
Service Charges	-	-	-	28,845	28,845	-	-	-	-	-	-	-	-	10,519	7,173	-	-	-	-	46,537
Information Technology Expenses	3,758	1,936	203	54,330	46,341	7,989	-	425	74	40	628	1,603	5	15,634	27,854	35	613	807	786	108,731
Postage & courier	2,035	874	107	25,390	21,209	4,181	-	189	35	19	318	784	28	7,225	12,971	17	313	369	340	51,014
Loss on sale of assets (net)	15	8	1	217	185	32	-	2	-	-	2	6	-	62	111	-	2	2	4	432
Depreciation	2,872	1,502	155	42,259	36,064	6,195	-	330	57	30	482	1,238	-	12,150	21,655	27	470	443	575	84,245
Total Operating Expenses	152,225	49,111	8,486	1,406,776	1,142,138	254,572	10,066	9,983	2,033	1,337	23,200	50,599	5,501	397,620	714,748	947	23,289	33,272	19,272	2,898,399

Schedule - 16 (Continued)

Ratios for Non-Life Companies

Annexure 2
Ratios for Non-Life Companies

Sr. No.	Performance Ratio	As on March 31, 2013				As on March 31, 2012			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Gross premium growth rate	11.80%	26.08%	37.48%	33.37%	48.49%	25.78%	43.73%	43.72%
	Gross Premium for Current Year - Gross Premium for Previous Year / Gross Premium for Previous Year								
2	Gross Premium to shareholders' fund ratio	NA	NA	NA	342.40%	NA	NA	NA	346.12%
	Gross Premium for Current Year / (Paid up Capital plus Free Reserves)								
3	Growth rate of shareholders' funds	NA	NA	NA	34.81%	NA	NA	NA	25.40%
	Shareholders' funds as at the current balance sheet date - Shareholders' funds at the previous balance sheet date / Shareholders' funds at the previous balance sheet date								
4	Net retention ratio	22.12%	37.24%	66.28%	59.98%	19.83%	31.47%	72.25%	63.27%
	Net Premium / Gross Premium								
5	Net commission ratio	-16.28%	-4.40%	-3.92%	-4.49%	-28.71%	-5.99%	-2.49%	-3.75%
	Net Commission / Net Premium								
6	Expenses of Management to gross direct Premium ratio	12.01%	18.70%	25.38%	23.54%	12.27%	18.29%	26.45%	24.12%
	Operating Expenses + Gross Commission/ Gross Premium								
7	Combined ratio	16.27%	53.63%	69.26%	62.31%	18.33%	58.66%	79.63%	70.02%
	Net incurred Claim, Gross Commission plus Operating Expense / Gross Premium								
8	Technical reserves to net Premium ratio	164.93%	117.75%	132.30%	133.48%	149.25%	127.42%	125.85%	126.94%
	Reserve for Unexpired Risks plus Deficiency Reserve plus Reserve for Outstanding Claims / Net Premium								
9	Underwriting balance ratio	27.34%	-31.76%	-2.80%	-2.00%	20.52%	-73.94%	-15.83%	-15.13%
	Underwriting Profit / Net Premium								
10	Operating profit ratio	41.44%	-22.55%	7.72%	8.64%	31.32%	-65.93%	-7.54%	-6.73%
	Underwriting Profit plus Investment Income / Net Premium								
11	Liquid assets to liabilities ratio	NA	NA	NA	42.10%	NA	NA	NA	56.39%
	Liquid Assets of the Insurer / Policyholders' Liabilities								
12	Net earnings ratio	NA	NA	NA	10.50%	NA	NA	NA	-3.41%
	Profit after Tax / Net Premium								
13	Return on net worth	NA	NA	NA	21.56%	NA	NA	NA	-7.47%
	Profit After Tax / Net Worth								
14	Reinsurance ratio	77.88%	62.76%	33.72%	40.02%	80.17%	68.53%	27.75%	36.73%
	Risk Reinsured (Premium on Reinsurance Ceded) / Gross Premium								

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

Schedule - 16 (Continued)

Summary of Financial Statements

Annexure 3

Sr. No.	Particulars	2012-13 (₹ '000)	2011-12 (₹ '000)	2010-11 (₹ '000)	2009-10 (₹ '000)	2008-09 (₹ '000)
	OPERATING RESULTS					
1	Gross Written Premium	25,081,384	20,744,413	14,078,204	10,046,157	3,740,281
2	Net Premium Income	14,715,062	11,638,807	7,751,407	5,886,820	1,947,673
3	Income from Investments (net)	1,549,847	969,621	507,815	252,595	141,741
4	Other Income (includes provision written back)	17,158	8,394	45,642	78,477	36,502
5	Total Income	16,282,067	12,616,822	8,304,864	6,217,892	2,125,916
6	Commission (net)	(660,204)	(435,927)	(386,446)	(374,330)	(203,403)
7	Operating Expenses	3,870,364	2,898,399	2,292,036	1,827,807	1,075,057
8	Claims, increase in Unexpired Risk Reserve and other outgoes	11,799,822	10,937,768	7,010,790	5,844,897	1,596,360
9	Operating Profit / (Loss)	1,272,085	(783,418)	(611,516)	(1,080,482)	(342,098)
	NON-OPERATING RESULTS					
10	Total Income under shareholder's account	547,107	386,460	247,241	136,313	95,481
11	Profit / (Loss) before tax	1,819,192	(396,958)	(364,275)	(944,606)	(252,144)
12	Provision for tax - Minimum Alternate Tax (MAT)	274,267	-	-	(1,582)	5,325
13	Profit / (Loss) after tax	1,544,925	(396,958)	(364,275)	(943,024)	(257,469)
	MISCELLANEOUS					
14	Policyholders' Account :					
	Total Funds	-	-	-	-	-
	Total Investments	-	-	-	-	-
	Yield on Investments	-	-	-	-	-
15	Shareholders' Account :					
	Total Funds	7,169,709	5,317,294	4,234,252	2,478,527	1,271,551
	Total Investments	26,956,987	18,877,613	12,236,121	6,236,769	2,729,062
	Yield on Investments	8.7%	8.7%	7.8%	8.1%	9.5%
16	Paid up equity capital	5,285,490	5,230,000	4,860,000	4,150,000	2,000,000
17	Net worth	7,169,709	5,317,294	4,234,252	2,478,527	1,271,551
18	Total Assets	7,169,709	5,317,294	4,234,252	2,478,527	1,271,551
19	Yield on Total Investments	8.7%	8.7%	7.8%	8.1%	9.5%
20	Earnings per Share (₹)	2.95	(0.79)	(0.78)	(3.01)	(1.52)
21	Book Value per Share (₹)	13.56	10.17	8.71	5.97	6.36
22	Total Dividend	-	-	-	-	-
23	Dividend per Share (₹)	-	-	-	-	-

Schedule - 16 (Continued)

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

Annexure 4

(₹ '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	7,279 (7,347)	396 (1,138)	282 (995)	308 (1,501)	1,318 (1,426)	1,262 (1,601)	1,426 (677)	1,601 (9)	686 (Nil)
Cheques issued but not encashed by the policyholder/ insured									
– Premium	15,870 (9,304)	- -	2,259 (1,137)	3,303 (2,392)	2,608 (1,148)	2,140 (714)	1,083 (948)	634 (1,085)	3,843 (1,880)
– Claims	86,314 (55,889)	- -	19,123 (12,524)	18,126 (12,600)	7,520 (11,446)	11,572 (5,566)	10,773 (4,893)	5,419 (3,016)	13,781 (5,824)
Total	109,463 (72,540)	396 (1,138)	21,664 (14,656)	21,737 (16,493)	11,446 (14,040)	14,974 (7,881)	13,282 (6,518)	7,654 (4,110)	18,310 (7,704)

Note: Above excludes an amount of ₹ 510,303 thousand (Previous year ₹ 307,878 thousand of which Premium of ₹ 1,137 and claim of ₹ 12,524 is grouped under category 4-6 months) 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 (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 the Management submits the following Report:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact general insurance business, which has been renewed up to March 31, 2014.

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, 2013 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", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

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

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

8. The Company does not have operations outside India.

9. 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 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, 2013:

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	51,292
		GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	Chairman	12,253
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Chairman	9,139
		MAHINDRA & MAHINDRA LIMITED	Director	2,312
		THE INDIAN HOTELS COMPANY LIMITED	Director	2,421
		EXIDE INDUSTRIES LIMITED	Alternate Director	83
		ZODIAC CLOTHING CO. LTD.	Alternate Director	45

Management Report (continued)

Sr. No.	Name of the Director	Entity in which Director is interested	Interested as	Payment during the year (₹ '000)
2	Mr. KEKI M. MISTRY	HDFC LIMITED	Vice Chairman and CEO	51,292
		HDFC BANK LIMITED	Director	1,249,807
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	9,139
		NEXT GEN PUBLISHING LIMITED	Director	1,595
		GREATSHIP (INDIA) LIMITED	Director	12
		SUN PHARMACEUTICALS INDUSTRIES LIMITED	Director	674
		TORRENT POWER LIMITED	Director	868
3	Ms. RENU SUD KARNAD	HDFC LIMITED	Director	51,292
		HDFC BANK LIMITED	Director	1,249,807
		HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	Director	9,139
		WNS GLOBAL SERVICES PRIVATE LIMITED	Director	666
		BOSCH LIMITED	Director	1,890
		AKZO NOBEL INDIA LIMITED	Director	38
		EIH LIMITED	Director	234
		CREDILA FINANCIAL SERVICES PRIVATE LIMITED	Director	583
4	Dr. JAGDISH KHATTAR	STEEL AUTHORITY OF INDIA LIMITED	Director	15
		CARNATION AUTO INDIA PVT.LIMITED	Chairman & MD	512
		HINDALCO INDUSTRIES LIMITED	Director in casual Vacancy	28,627
5	Mr. BERNHARD STEINRUECKE	APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED	Director	308,978
		ZODIAC CLOTHING CO. LTD.	Director	45
		INDO -GERMAN CHAMBER OF COMMERCE	Director General	1,799

Management Report (continued)

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

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

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

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

12. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDA. The Company has carried out periodic review of the investment portfolio.
    There are no non-performing assets as at the end of the financial year.

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

    i. The financial statements have been prepared in accordance with applicable accounting standards, the regulations stipulated by the IRDA and the provisions of the Insurance Act, 1938 and the Companies Act, 1956 and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.

    ii. The Company has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the operating profit for the year ended on that date.

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

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

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

On behalf of the Board of Directors

Deepak S. Parekh
Chairman

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

Independent Directors
Jagdish Khattar
Bernhard Steinruecke

Ritesh Kumar
Managing Director & CEO

Mumbai,
April 30, 2013

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

Annexure 1

Outstanding Ageing Analysis as on 31.03.2013 (FY 2012-13)

(₹ '000)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	37	33,936	928	41,580	1	15	3,624	206,648	819	197,393	3,770	107,527	1,168	160,516	10,347	747,615
31 days to 6 months	84	307,295	754	85,445	1	6,435	1,674	187,352	3 ,538	823,674	867	58,311	968	835,509	7,886	2,304,021
6 months to 1 year	62	487,624	75	51,785	1	1,010	152	68,263	2 ,792	702,445	105	2,611	567	241,201	3,754	1,554,939
1 year to 5 years	16	346,014	14	148,938	1	21,833	62	36,790	7,580	1,862,256	2	31	154	836,451	7,829	3,252,314
5 years and above	-	-	1	22	-	-	-	-	283	61,832	-	-	-	-	284	61,854
Total	199	1,174,870	1,772	327,771	4	29,293	5,512	499,054	15,012	3,647,599	4,744	168,480	2,857	2,073,677	30,100	7,920743

Outstanding Ageing Analysis as on 31.03.2012 (FY 2011-12)

(₹ '000)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	51	65,919	758	37,783	1	231	3,792	186,891	1 ,027	206,740	2 ,037	68,476	703	70,973	8,369	637,013
31days to 6 months	157	778,644	589	109,527	4	2,907	1,824	172,289	3 ,205	623,492	963	46,267	726	166,725	7,468	1,899,851
6 months to 1 year	57	154,821	115	146,737	2	9,797	112	48,302	2 ,966	579,345	9	136	155	397,684	3,416	1,336,822
1 year to 5 years	5	324,296	23	26,495	0	13,232	49	21,444	4 ,579	947,590	2	122	89	522,600	4,747	1,855,779
5 years and above	1	2,500	1	22	0	0	-	-	235	43,498	-	-	-	-	237	46,020
Total	271	1,326,180	1,486	320,564	7	26,167	5,777	428,926	12,012	2,400,665	3 ,011	115,001	1 ,673	1,157,982	24,237	5 ,775,486

Outstanding Ageing Analysis as on 31.03.2011 (FY 2010-11)

(₹ '000)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	27	232,576	246	24,287	0	0	3,021	98,459	717	146,628	3,083	161,800	606	86,485	7,700	750,235
31days to 6 months	65	911,719	199	31,409	4	68,428	1,614	116,532	2,769	476,807	1,143	41,867	663	165,044	6,457	1,811,807
6 months to 1 year	35	133,172	44	13,439	0	0	99	35,068	1,474	241,898	68	3,296	184	137,498	1,904	564,372
1 year to 5 years	13	184,419	6	12,902	0	0	41	17,015	1,966	306,820	6	242	28	38,925	2,060	560,323
5 years and above	-	-	2	5,022	0	0	-	-	173	18,987	-	-	-	-	175	24,009
Total	140	1,461,886	497	87,059	4	68,428	4,775	267,075	7,099	1,191,140	4,300	207,206	1,481	427,952	18,296	3,710,747

Outstanding Ageing Analysis as on 31.03.2010 (FY 2009-10)

(₹ '000)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	23	145,124	101	11,433	1	180,056	1,709	44,694	194	28,356	4,869	253,313	349	28,305	7,246	691,280
31days to 6 months	31	221,403	94	25,961	1	1,010	745	52,070	806	126,504	1,693	55,858	389	103,096	3,759	585,903
6 months to 1 year	15	18,105	35	4,256	0	-	28	10,280	479	71,544	88	1,648	101	23,345	746	129,179
1 year to 5 years	3	19,242	4	7,252	0	-	25	2,119	892	131,180	-	-	23	20,003	947	179,796
5 years and above	-	-	-	-	0	-	-	-	50	7,287	-	-	-	-	50	7,287
Total	72	403,875	234	48,902	2	181,066	2,507	109,163	2,421	364,871	6,650	310,819	862	174,749	12,748	1,593,445

Outstanding Ageing Analysis as on 31.03.2009 (FY 2008-09)

(₹ '000)

Period	Fire		Marine		Marine - others		Motor OD		Motor TP		Health		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
0-30 days	5	28,497	19	2,587	-	-	959	24,486	102	8,981	559	20,030	206	20,935	1,850	105,517
31days to 6 months	6	34,862	48	3,223	-	-	390	28,461	280	27,137	52	22,119	411	41,695	1,187	157,498
6 months to 1 year	5	4,312	47	4,523	-	-	69	13,526	372	34,585	2	86	144	13,246	639	70,278
1 year to 5 years	2	5,991	38	5,312	-	-	21	11,859	815	113,718	9	136	48	5,525	933	142,541
5 years and above	-	-	-	-	-	-	6	13	1	5,217	-	-	-	-	7	5,230
Total	18	73,662	152	15,645	-	-	1,445	78,345	1,570	189,639	622	42,372	809	81,402	4,616	481,065

Annexure 2

Average Claim Settlement Time

Line of Business	FY 2012-13		FY 2011-12		FY 2010-11		FY 2009-10		FY 2008-09	
	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	389	191	397	161	345	142	114	152	28	183
Marine (Cargo)	14,944	55	5,105	68	3,116	69	628	123	123	148
Marine (Hull)	5	304	3	419	11	137	-	-	-	-
Motor OD	97,488	23	87,219	30	74,761	33	54,236	31	41,590	28
Workmens compensation	33	104	1 6	121	3	262	3	109	-	-
Public liability	3	23	5	136	-	-	1	191	-	-
Product Liability	-	-	-	-	-	-	-	-	-	-
Speciality / Other Liability	13	42	11	52	163	16	87	39	1	75
Engineering	1,382	69	997	56	824	75	707	105	112	79
Personal Accident	6,487	38	4,431	46	2,236	60	1,546	51	1,198	27
Health	80,174	26	51,079	32	127,841	37	151,821	25	28,442	6
Travel Insurance	7,833	30	3,604	54	920	78	2,042	85	629	63
Home	4	98	2	339	7	176	7	189	1	111
Weather Insurance	19,670	100	5,841	1	15	6	-	-	-	-
Others	534	90	2,064	37	1,160	34	433	127	367	150
Total	228,959		160,774		211,402		211,625		72,491	

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

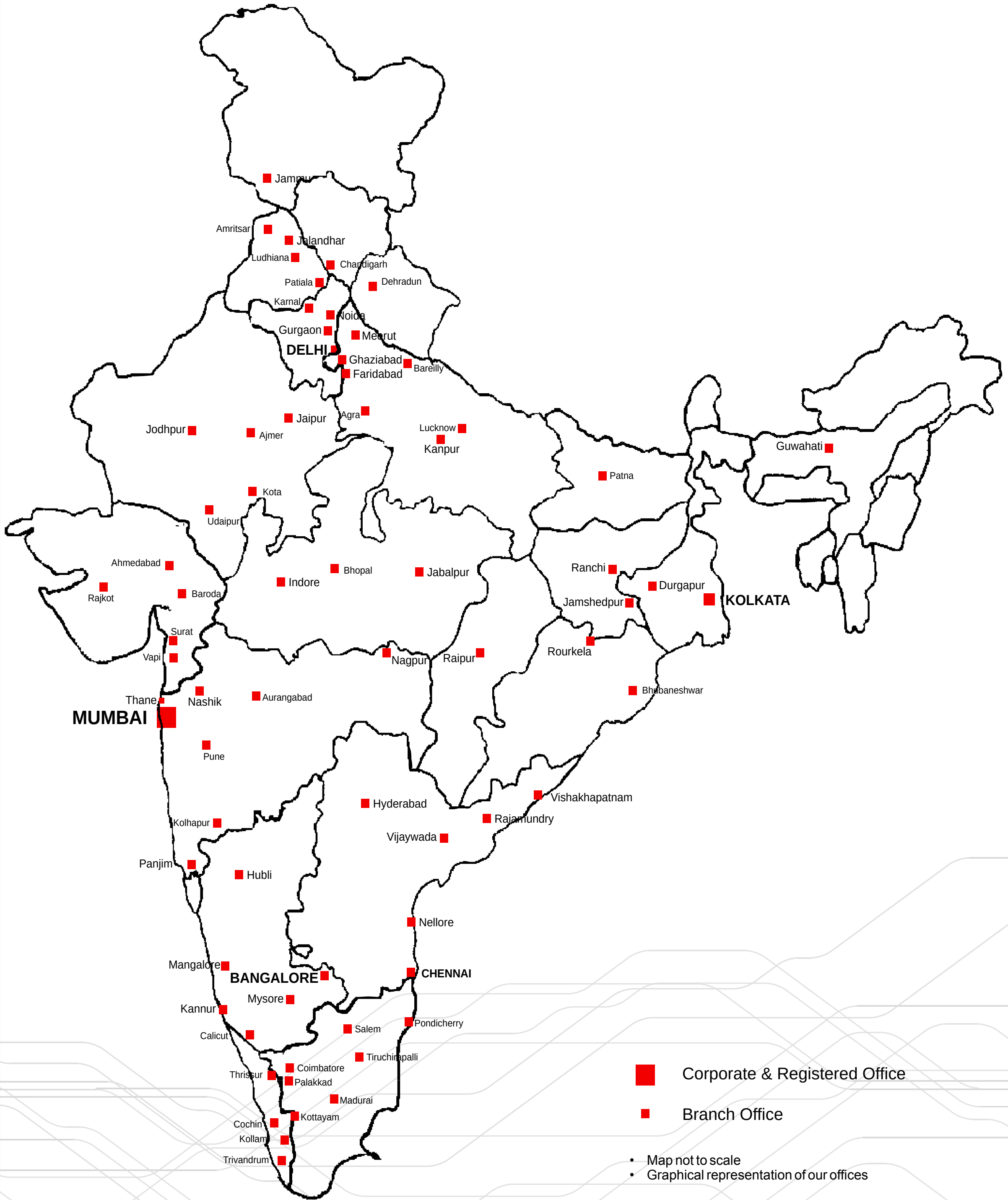
Glossary

Sr No.	Terms	Description
1	Accretion	Incremental growth over a period of time.
2	Actuary	A qualified professional who applies probability and other statistical theories to insurance. His work covers rates, reserves and other valuations, while also conducting statistical studies, making reports and advising on solvency.
3	Appropriations	Money set aside for specific purpose.
4	Bad debts written off	Accounts receivable that will likely remain uncollectible and will be written off.
5	Book Value Per Share	This is computed as networth divided by number of outstanding shares.
6	Claim	The amount payable under a contract of insurance or reinsurance arising from a loss relating to an insured risk.
7	Claim Disposal Ratio	Proportion of number of claims settled to total number of claims reported.
8	Co-insurance	Sharing of the same risk by multiple insurance companies.
9	Combined Ratio	Incurred claims ratio plus expense ratio (defined here under).
10	Commission paid	Amount paid to intermediaries for acquiring business.
11	Deferred Tax Asset	An asset that is used to represent lower amount of tax that a company will have to pay in a later tax period.
12	Deferred tax liability	A tax liability that a company owes and does not pay at the current point, although it will be responsible for paying it in a later tax period.
13	EPS	Earning Per Share (EPS) is arrived at by dividing Net Profit After Tax by the weighted average number of shares.
14	Expense ratio	Expense ratio is a proportion of the sum of all expenses (acquisition & operating) and net commission received on reinsurance to net written premium expressed as a percentage.
15	Fair Value Change Account	It represents unrealized gains or losses at the end of the period with respect to listed equity securities, derivative instruments and Mutual Fund investments.
16	Gross Written Premium (GWP)	Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.
17	• Incurred But Not Reported (IBNR) • Incurred But Not Enough Reported (IBNER)	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. 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.

Branch Network

HDFC ERGO's Network - 81 Branches



🟥 Corporate & Registered Office

▪ Branch Office

- Map not to scale
- Graphical representation of our offices

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

Our Products

Retail Products

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

Rural Product

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

Commercial Products

Liability Insurance

Casualty Lines

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

Financial Lines

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

Property Insurance

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

Accident and Health Insurance

- Group Travel
- Group Mediclaim
- Group Personal Accident