



Insuring Good Health



— GENERAL INSURANCE —

WE KEEP YOU GOING

Annual Report 2009 - 2010



We value your health



Innovation

Instant online policy issuance and flexible renewal of health insurance

Trust

ICICI Lombard Healthcare: in-house claims and wellness facility

Responsiveness

Access to cashless healthcare at over 4,000 hospitals across India



Sensitivity

Over 5 million Below Poverty Line families covered under rural health insurance

Integrity

Comprehensive health insurance policy for the family with no sub-limits



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Message from the Chairperson



Countries the world over are gradually emerging from one of the most serious economic challenges to beset global markets and economies in recent times. The start of 2010 saw a renewed mood of confidence and tempered optimism across international corporations and financial institutions as the sharp recessionary pains gradually ebb away.

The Indian economy demonstrated a remarkable resilience and autonomy in the face of the global crisis and is now set to benefit from the upturn. Our GDP growth continues to be strong, financial institutions are well-capitalized and the corporate sector is reporting improved financial performance. The banking system which is the heart of any financial system has held its own despite global pulls and pressures. Our economic policies continue to be conservative and sensible and India continues to sustain its position as a preferred destination for foreign capital. There is a positive impetus on both consumption and investment underpinned by a strong domestic consumer base and a young workforce. India offers one of the highest growth potentials in the world and is on its way to becoming the third largest economy globally.

The ICICI Group continues to be driven by its vision of reaching out to and fulfilling the financial needs of businesses and households across the country through its range of products and services. We have been continuously investing in infrastructure and human capital to facilitate the efficient and speedy delivery of financial services. We believe we are uniquely positioned to capitalize on emerging opportunities while continuing to deliver superior value to our customers.

General insurance is one such opportunity poised at an inflexion point. Insurance plays a critical role in the growth and development of an economy by effectively pooling and transferring risk from retail and corporate consumers. The potential for India's general insurance industry is highlighted when one compares its size at 0.7% of the country's GDP vis-à-vis that of developed markets that are between 2% to 5% of GDP.

Fiscal 2010 was the third year that the Indian general insurance industry has been operating in the de-tariffed environment of flexible pricing. As the industry matures, competition is expected to intensify along with a proliferation of differentiated products and service offerings. Companies that have been investing in robust risk management systems, cost-effective distribution, brand building and customer-centric service architecture will be better positioned going forward. ICICI Lombard, driven by its governing objective of profitable growth, has been strengthening these core business functions and continues to retain its leadership position in the private sector.

The Insurance Regulatory and Development Authority (IRDA) plays a significant role in the orderly development of the insurance industry and continues to make a sustained contribution towards promoting transparency and judicious business practices. During the fiscal, IRDA issued guidelines on good governance practices for maintenance of solvency, sound long-term investment policy, assumption of underwriting risks on a prudential

basis and protection of policyholder interest. Amendments were issued by IRDA on the composition of board of directors, policyholder protection committee and mandatory rules for conduct of meetings and detailed guidelines on reporting. This emphasis on overall risk management and focus on the policy holder is a welcome step by the regulator to ensure healthy development of the industry.

Rising healthcare costs, nuclear families and early onset of lifestyle diseases are compelling individuals to realize the importance of a comprehensive and adequate health insurance plan. The Indian health insurance market grew at over 25% CAGR for the last 7 years with premiums crossing Rs.70 billion in 2009-2010. The contribution of health insurance to the overall general insurance premiums increased to 20%, up from 12% a few years back. ICICI Lombard is one of the largest players in this segment with a significant presence across all lines of health insurance including retail, corporate and government. We continue to drive insurance penetration across rural India, partnering with Central and State governments to provide health insurance to Below Poverty Line (BPL) and less privileged families. Health care is an emotional subject for any individual and ICICI Lombard realized early on the importance of ensuring quality of customer experience during the health claims process. We took a decision in 2008 to move our integrated health claims processing and wellness services unit (ICICI Lombard Healthcare) in-house. This gave us better control on quality of our service delivery with a resultant positive impact on customer satisfaction scores.

Business strategies require constant fine tuning in the context of a continuously evolving market environment. We sharpened our product-market strategies across segments and enhanced our retail distribution footprint across channels including agency, brokers, bancassurance, telesales, internet and alliances. The corporate solutions group focused on knowledge-based products such as aviation, liability and credit insurance thereby giving us a differentiated position in the market. Investments were made to strengthen our technology-led service architecture across our call centers, websites and branches to ensure faster response time to service requests. We believe that continuous enhancement of our customer value proposition helps us stay relevant and competitive while growing our franchise.

The ICICI Group takes great pride in the quality of people it continues to attract and retain. Employees across the group companies share a unique DNA that gives us an 'intrapreneurial' edge and fosters a culture of transparent, value-driven meritocracy. We continue to invest in training and development enabling us to build robust managerial skills and competencies while inculcating a true customer-centric orientation and keeping abreast of emerging trends.

We are confident of realizing the objectives that we have set for ourselves and look forward to the continued support of our stakeholders.

Chanda D. Kochhar
Chairperson

Board of Directors

Board

Chanda D. Kochhar

Chairperson

R. Athappan

Director

Sandeep Bakhshi

Director

B.V. Bhargava

Director

Dileep Choksi

Director

James F. Dowd

Director (upto July 1, 2009)

N.S. Kannan

Director

S. Mukherji

Director

Chandran Ratnaswami

Director

M.K. Sharma

Director

H. N. Sinor

Director

Bhargav Dasgupta

Managing Director & CEO

Board Governance Committee

M.K. Sharma

Chairman (w.e.f. April 19, 2010)

Chanda D. Kochhar

Chairperson (Upto April 19, 2010)

Sandeep Bakhshi

(w.e.f. July 21, 2009)

Chandran Ratnaswami

H. N. Sinor

Investment Committee

Chandran Ratnaswami

Chairman

Sandeep Bakhshi

(w.e.f. July 21, 2009)

N.S. Kannan

(w.e.f. July 21, 2009)

Bhargav Dasgupta

S. Gopalakrishnan

Rakesh Jain

Liyaquat Khan

Appointed Actuary

Audit Committee

Dileep Choksi

Chairman (w.e.f. October 27, 2009)

S. Mukherji

Chairman (Upto October 27, 2009)

R. Athappan

H. N. Sinor

Bhargav Dasgupta (upto March 30, 2010)

James Dowd (Upto July 1, 2009)

Risk Management Committee

(Constituted on October 27, 2009)

S. Mukherji

Chairman

R. Athappan

H. N. Sinor

Bhargav Dasgupta

Policyholder Protection Committee

(Constituted on October 27, 2009)

M.K. Sharma

Chairman

S. Mukherji

Chandran Ratnaswami

Bhargav Dasgupta

Auditors

N. M. Raiji & Co.

Chartered Accountants

PKF Sridhar & Santhanam

Chartered Accountants

Message from the Chairman, Fairfax Asia



Fairfax Financial Holdings Limited has been a committed shareholder of ICICI Lombard General Insurance Company for over 7 years now and it gives me great pleasure, once again to share our observations on our longstanding and fruitful partnership in India.

As interested observers of insurance markets and insurance companies around the globe, we have been watching with keen interest the transformation of the Indian general insurance industry. The historic and longstanding fixed tariff rating system has been disbanded which has given a new impetus to the evolution of a vibrant and competitive market environment keenly attuned to the needs of the insuring public. ICICI Lombard's management team has handled this crucial transition from the strict tariff regime to a free market environment with remarkable tact and vision, identifying specific areas for honing technical skills and developing capabilities necessarily required in the new regime while consolidating the company's leadership position in the market. As shareholders we find this quality of nimbleness and dexterity deeply comforting and it reaffirms our commitment to and faith in the company and the bigger picture of India as a growth story.

The investment markets the world over are seemingly continuing to recover from the global financial crisis but the Property & Casualty insurance pricing environment, particularly in the U.S. and other major markets the world over, continues to be soft. Worldwide experience suggests that the dismantling of tariff – like the one India has seen recently – is typically followed by a sudden downward and then a more sustained upward movement of prices. This coupled with its low insurance penetration level, steady economic growth and ever expanding middle class make India an attractive investment destination.

The Healthcare industry in India is growing fast in line with trends worldwide and as the variety, sophistication and cost of healthcare increase fast, so does the relevance and opportunities for health insurance. We note with satisfaction that ICICI Lombard is one of the leading players in the health insurance segment in India. The company lays equal focus on all lines of business, including retail, corporate and government schemes and we look forward to the company maintaining its pole position in this area.

ICICI Lombard with its deeply embedded customer-centric orientation, quality-focused underwriting practices, depth of distribution and excellent managerial talent is uniquely positioned to derive benefit from the much anticipated growth and steady expansion of the Indian economy in the short to medium term.

We reaffirm our support to ICICI Lombard and remain fully committed to working together on this journey of virtuous value-creation for consumers, employees, shareholders and the society at large as a responsible corporate citizen.

Ramaswamy Athappan
Chairman,
Fairfax Asia

Message from the Managing Director & CEO



Fiscal 2010 witnessed an upturn in the Indian economic environment with the return of positive sentiment in domestic consumption and business investment. This had its effect on the general insurance sector as well - the gross written premium of the industry grew by more than 13% in 2009-2010, up from a 9% growth in the previous year. This is about twice the country's GDP growth, very much in line with international benchmarks where the growth of general insurance is seen to be two to three times the growth in GDP. The increased estimates of India's GDP growth going forward thus augurs well for the industry.

The general insurance sector in India also entered its third year of detariffing this fiscal. International experience indicates that the impact of detariffing usually lasts for three to four years and premium rates start to find rational levels from the fourth year onwards. At the same time, continual entry of new private players in the liberalized Indian market and the resultant competition has led to a steady increase in customer-centric insurance solutions offering the customer wider choice and higher bargaining power. The imperative for insurers in such an environment is to continue to offer differentiated products and services while driving operational excellence and cost efficiencies. In this context, ICICI Lombard focused on strengthening its core business operations and concentrated on five key areas namely, robust risk-based underwriting practices, a customer-centric approach to all processes, smart cost management, cost-effective distribution and a hassle-free claims experience.

The foundation of a sustainable insurance business is its strong underwriting and actuarial competence. We continue to invest in our business intelligence and risk management abilities. Being in our eighth year of operations also gives us access to substantial historical data for developing more robust rating methodologies. This helped us grow our presence in knowledge-based lines of business such as aviation, liability, credit and weather insurance and we are now amongst the top three in the industry in these segments. For instance, our number of years of experience in index-based weather insurance enabled us to become the first private sector general insurer to be given the mandate by a number of State governments for implementing weather-based crop insurance for loanee farmers.

Customer centricity is essential in building a long-term franchise and ICICI Lombard implemented various research projects in fiscal 2010 to measure customer satisfaction and understand customer perception of our products and services. We identified the Net Promoter Score (NPS) as a relevant measure of customer advocacy and strength of our customer relationships. This score reflects the net likelihood of a customer recommending ICICI Lombard to a friend or colleague. The initial results have been positive with the NPS research findings being directly fed back to the customer facing teams to enable appropriate process improvement. Our strong commitment to customer satisfaction was also reflected in our recognition with the 'Customer and Brand Loyalty award in the General Insurance Sector' at the 3rd Loyalty awards, 2010. In addition, ICICI Lombard Auto Insurance was rated highest in customer satisfaction by JD Power Asia Pacific in India among 11 auto insurance providers.

In a soft rate environment it becomes critical to keep a tight control on costs given the operational complexity of general insurance processes. ICICI Lombard continues to have one of the lowest expense ratios in the industry and our relentless focus on cost optimization led to a 18% reduction in operating expenses for the year under review. Our Six Sigma program entered its fourth year and continued to drive process improvement leading to quality at a lower cost. A large number of ideas that led to cost savings were generated from employees through a focus on innovation and idea generation. Technology leverage drove operational efficiencies helping us reduce cost and improve response times.

One of the critical success factors for a general insurance company is the ability to reach out to a wider customer base cost effectively. We continued to optimize our distribution footprint and focused on sales productivity with a 97% improvement in premium per employee in the retail sales team. We also concentrated on building the internet as a cost-efficient channel of distribution offering the customer convenient access to our products and services anytime and from anywhere. The experience in developed insurance markets indicates that electronic channels have a significant role to play as markets evolve. We expect to see a similar trend in India which is estimated to have over 50 million internet users above the age of 15 years making it amongst the top 10 countries in the world in terms of online users. We see customers in India increasingly choosing the internet for both buying as well as servicing insurance policies. In line with this trend we offer end-to-end transactions on our website www.icicilombard.com including instant policy purchase, renewal and claims tracking. Support is offered 24x7 through a toll free phone number as well as online chat and we see a consistently positive shift towards usage of these channels.

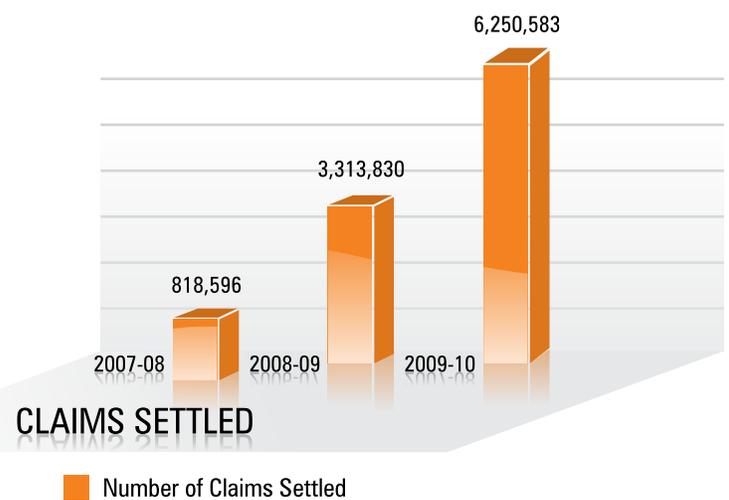
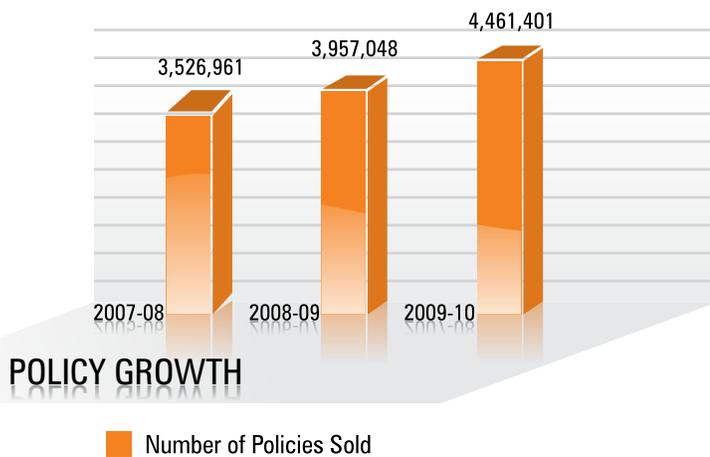
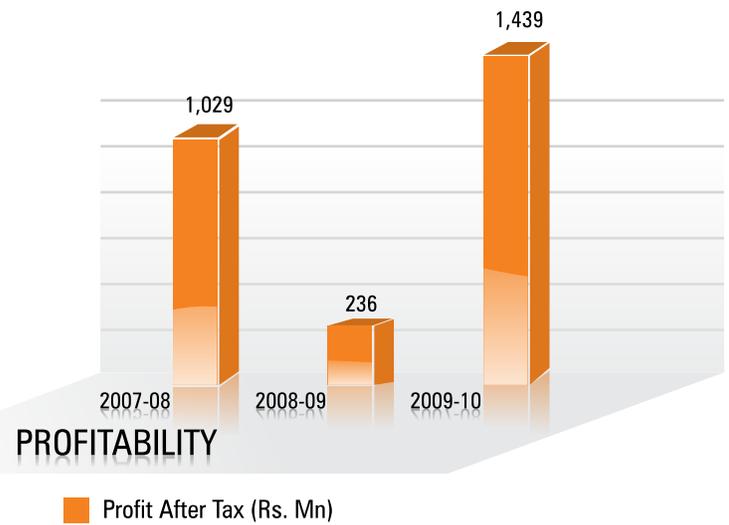
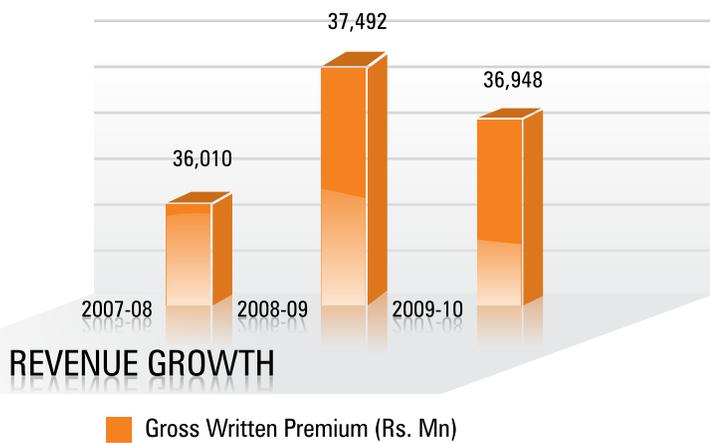
Our customers are essentially buying into our commitment to pay claims at the time of need. This is reflected in our claim disposal ratio at 96% which is one of the highest in the industry. Given the importance of controlling the customer experience at the time of claim, we had in-sourced our health claims and wellness platform as ICICI Lombard Healthcare in 2008. In fiscal 2010, ICICI Lombard offered the facility of cashless access in over 4,000 network hospitals to around 2 million lives and settled nearly 150,000 claims. In-house settlement of health claims is also driven by our focus on the health insurance segment which accounts for 30% of our premiums as against an industry average of 20%. ICICI Lombard is one of the largest players in the health insurance space in India, with a presence across retail, corporate and government schemes. Our product suite – designed to ensure comprehensive cover for all members of the family – encompasses hospitalization, personal accident, critical illness and overseas health insurance. We are also committed to driving health insurance penetration in rural India. ICICI Lombard provides health insurance solutions through a number of government supported welfare initiatives in the rural areas of the country and has extended cover to over 45 million lives under different mass health insurance schemes.

People are our biggest asset and ICICI Lombard continues to focus on attracting and nurturing superior talent. We sincerely believe that a high performance organization is one that is able to create an environment that inspires employees to contribute their best within an open and collaborative organizational culture that instills a deep sense of ownership and passion for achievement while nurturing innovation and integrity. This along with our scaleable business model, superior service standards and domain expertise makes us confident of retaining our leadership position as the industry deepens and matures.

We look forward to the continued support of our stakeholders as we strengthen our business and work towards our vision of becoming the most value creating and admired risk solutions company in India.

Bhargav Dasgupta
Managing Director & CEO

Financial Graphs



General Insurance Sector Overview

As the world economy improves through fiscal 2010, the Indian economy also showed the first signs of an upturn with many corporate houses reporting improved performance. The Union Budget showed fiscal discipline and buoyed the hopeful mood with a number of supply side reforms. The budget also has been pro-growth with measures taken to prop up both consumption and investments and the government seems to be committed to adhering to its roadmap for growth in line with recommendations of the 13th Finance Commission.

Fiscal 2011 will be the fourth year in a row that the Indian general insurance industry has been operating in a de-tariffed environment of flexible pricing. This is a critical year for the industry as international experience shows that recovery typically commences from the fourth year onwards from detariffing.

During 2009-2010, the gross written premium (GWP) of the general insurance industry grew from Rs. 306.4 billion to Rs. 347.5 billion on a year-on-year basis, registering a growth of 13.4% over the previous year. ICICI Lombard led the private players with a market share of 23.2% in the private sector and an overall market share of 9.5%. The industry also witnessed entry of new private sector companies taking the total number of general insurance players to 22.

Motor and health insurance continued to contribute the largest share of the general insurance market followed by the corporate segment. The motor insurance segment grew to Rs. 151.3 billion powered by new car and two-wheeler sales in the year. Motor was the vehicle of growth and drove much of the top line for new private companies though the prevalent soft market trend impacted premium rates and subsequently bottom lines. Health insurance grew to Rs. 83.1 billion as a result of increased retail penetration. Property segment

comprising fire and engineering registered GWP of Rs 56.2 billion in 2009-2010.

A detariffed environment leads to the emergence of new product options for customers, differentiation of product and service offerings, customer segmentation and creation of targeted products for segments. As the market matures, many general insurance companies may consider public listing once they complete the mandatory ten years of operations. Insurance Regulatory and Development Authority (IRDA) issued a number of directives on issues like corporate governance, public disclosure, health plus life combi products, investment risk management and strengthening the role of appointed actuaries.

Prominent Regulatory Developments during fiscal 2010

Health plus life combi products - In December 2009, Insurance regulator IRDA allowed insurance companies to offer combined health and life insurance products. Under its revised policy, life and general insurance firms can jointly offer 'Health plus Life Combi Product', subject to the guidelines it has framed. The decision is expected to enhance the penetration of personal lines of insurance with a wider choice to policyholders.

Insurance Information Bureau - In October 2009, Insurance regulator IRDA set up the Insurance Information Bureau for dissemination of reliable and accurate data. The ten member bureau is headed by IRDA Chairman with representatives from the industry and academia. The Bureau will function as the advisory body for IRDA by providing necessary inputs for policy research and development activities. It will also function as a single point official reference for the entire data requirement on the insurance sector.

Corporate Governance Guidelines - Guidelines were issued by the regulator on good governance practices for maintenance of solvency, sound long term investment policy, assumption of underwriting risks on a prudential basis and protecting the interests of policyholders. Guidelines were issued by IRDA on the composition of board of directors, constitution of mandatory committees such as risk management, policyholder protection committee and rules for conduct of meeting and detailed guidelines for reporting to IRDA.

Public Disclosure - In January 2010, IRDA issued guidelines for insurance companies, which required them to publish balance sheets, profit & loss accounts, revenue accounts and key analytical ratios on a quarterly, half-yearly and yearly basis. With many insurance companies planning IPOs, these disclosures will help the investors in understanding the financial performance, profile, financial position, risk exposure and management of insurance companies.

ORGANISATION STRUCTURE

ICICI Lombard's operating structure is designed from a customer viewpoint. ICICI Lombard has four segments: Corporate Solutions Group, Financial Inclusion Solutions Group, Retail and Shared Services.

The Corporate Solutions Group concentrates on large conglomerates, small and medium enterprises, state and central governments and government-owned enterprises. Its product portfolio comprises fire, marine, engineering, liability solutions, employee group insurance schemes and large-scale health and personal accident covers. The Financial Inclusion Solutions Group segment provides insurance solutions to rural customers with weather, cattle, health and personal accident covers as its key product segments. The

Retail segment caters to individual customers using various channels encompassing agents, brokers, bancassurance, tele-sales, direct alliances, worksites and Internet. Its product portfolio consists of health, home, motor, travel and personal accident. The Shared Services segment pursues opportunities to better serve the business verticals. This group consists of underwriting, customer service, technology, operations, reinsurance, broking, finance and accounts, human resources, legal, marketing, administration and fraud control.

CORPORATE SOLUTIONS GROUP

The Corporate Solutions Group (CSG) focuses on the general insurance needs of corporate houses in the private as well as government sectors.

Following on from 2008-2009 which saw significant reduction in premium income owing to the discount regime prevailing in the post-detariffed environment, 2009-2010 saw a healthy bottom line surge buoyed by a quality corporate book, despite the prevalent soft pricing environment. This was achieved through a conscious strategy to enhance the portfolio especially in the health segment and focus on quality businesses with a conservative risk profile.

"The quality of services being offered by an Insurance company comes to the fore during challenging times in terms of risk coverage and claims. ICICI Lombard's capability to work closely with customers and offer covers for the risks that are unique on account of one-off transaction needs, differentiates it from its competitors. The cooperation, efficiency and speed of delivery shown by the ICICI Lombard officials to settle our claims has been quite commendable. It has always been a pleasure working with ICICI Lombard and we look forward to a long-term strategic partnership."

Mr. S Paramasivan,
Executive Director, Finance & Commercial, Afcons Infrastructure



INNOVATION

**Instant online policy issuance and flexible
renewal of health insurance**



ICICI Lombard's e-commerce platform offers instant health insurance cover. Customers are provided with an instant 80D tax certificate enabling them to claim tax deduction. An added advantage is that no health check up is required up to the age of 55 years. Flexibility is also offered during renewal to change the tenure of the health policy, sum insured and add or remove insured members.

During the year, CSG focused on growing a quality portfolio, strengthening existing relationships and fine-tuning a technology-backed effective risk management system that relied on an in-depth understanding of risk. ICICI Lombard continued to pursue a dual policy of innovative product design and enhanced service standards to deliver better value and customized solutions to its corporate clients.

Add-on covers were introduced to offer customized risk solutions across product categories of fire, engineering, motor and health insurance.

There was a renewed focus to improve turnaround time (TAT) and make the entire policy issuance and claim process a speedy and seamless experience for customers. Technology played a pivotal role in automating routine policy transactions like premium payments, renewals, processing documentation, printing and customization. In-depth analysis of industry-based claim data and incisive understanding of differing risk profiles, using the latest technical tools enables ICICI Lombard to offer risk-based pricing to its clients. Focused customer service is offered to cooperative banks through a separate group which insures the assets financed by them while keeping in mind their sensitivity to costs.

“We retained ICICI Lombard as our risk advisor, as we have full faith and confidence in their ability to deliver when it counts. Their professional thoroughness along with their prompt and efficient service even in the face of challenging situations ensures us a good night’s sleep.”

Girindra Vasudeo,
Director - Finance, SI Group-India Ltd

ICICI Lombard Healthcare, the company’s in-house integrated health claims processing and wellness services solution unit also handles group health policies of corporate clients enabling the company to commit and adhere to improved quality and service standards.

CSG continues to believe that the boom in the Small and Medium Enterprise (SME) sector, driven by the consumption-backed growth of the Indian economy holds significant potential and promise. Last year, a range of Over the Counter (OTC) products were launched in this segment which targeted small and medium enterprises in sectors like education, auto ancillary, hospitality and religious establishments. The entire policy process has since been simplified enabling the entire transaction cycle from “quote to deal closure” to be accomplished in a single sitting. This year the company expects to sustain the initiative, leveraging a diverse spectrum of direct field force, Internet, intermediaries and the bancassurance channel to reach out to this dispersed customer segment.

Going forward, CSG will continue to offer corporate clients complete risk management solutions including risk inspection as well as advisory services in the areas of risk

“Our bank has embarked upon a unique partnership with ICICI Lombard in order to provide varied insurance services and financial solutions to our customers under one roof. We sincerely appreciate the excellent work done by them in terms of prompt response in settling claims for our customers.”

Vijay S Morye,
MD, Abhyudaya Cooperative Bank

improvement, insurance coverage optimization and structuring of policies. Marketing Officers are being equipped with broad industry and product knowledge and being trained to offer a holistic solution to clients. The objective is to build a knowledge repository through regular training and refresher programs. Improved and consolidated processes for data mining and management information system (MIS) are being instituted for making informed decisions. Underwriters and sales personnel are being trained to equip them with the ability to respond to the rapidly evolving marketplace.

The CSG has chalked out a strategy to increase its presence by deep-mining of existing corporate clients. It is also proactively seeking to broaden its client base and has compiled a wish-list of top companies to be targeted by leveraging their existing relationship with the ICICI Group.

FINANCIAL INCLUSION SOLUTIONS GROUP

The Financial Inclusion Solutions Group (FISG) at ICICI Lombard focuses on providing insurance solutions for government welfare initiatives primarily in the rural areas of the country. FISG works closely with the Government to deliver insurance solutions to economically disadvantaged beneficiaries. These insurance solutions protect the assets and income of the low-income strata of society and help individuals most prone to risks relating to their livelihood and with little access to risk mitigation solutions. ICICI Lombard covered over 45 million lives in fiscal 2010 through some of the FISG schemes detailed below:

Rashtriya Swasthya Bima Yojana

The Rashtriya Swasthya Bima Yojana (RSBY) is part of the government's drive to ensure better health for Below Poverty Line (BPL) people in the unorganized sector. This mass health scheme is implemented by State governments through

general insurance companies with a premium subsidy from the Government of India as well as State governments.

ICICI Lombard partnered with the Ministry of Labour and Employment, Government of India and State governments to implement this smart card based health insurance scheme in the states of Maharashtra, Haryana, Uttar Pradesh and Bihar. Five districts of Maharashtra, 16 districts of Haryana, 71 districts of Uttar Pradesh and 10 districts of Bihar will be covered by ICICI Lombard. Over 6.2 million BPL families have been enrolled under this scheme at March 31, 2010.

This scheme provides health insurance cover to the head of the household, his spouse and up to three dependent children or parents. As part of this scheme, smart cards embedded with biometric technology are issued to the beneficiary family. The fingerprints and photographs stored on the smart card facilitate accurate beneficiary validation and ensure that they get cashless access to medical care across empanelled public and private hospitals.

The usage of biometric technology ensures that each beneficiary has a unique identification, enabling validation of the medical claim balance available and foolproof authentication. The smart card reduces hospital and other administrative costs and the need for cumbersome admission procedures at hospitals, thereby providing a sustainable platform for the delivery of cashless health insurance to economically challenged citizens at remote rural locations.

Health Insurance Scheme for Handloom Weavers

Weavers and ancillary workers are an important segment of the unorganized sector. Weaving started as a part-time activity in rural areas and transformed into a flourishing economic activity driven by significant market demand. Handloom weaving sustains millions of weavers spread

TRUST

**ICICI Lombard Healthcare:
in-house claims and wellness facility**



ICICI Lombard's in-house claims settlement and wellness facility processes about 250 cashless and 375 reimbursement claims daily. The company offers instant claims settlement on a variety of its health insurance products with online and web-based interface. More than 2 million lives are serviced by ICICI Lombard Healthcare where cashless claims can be settled within a couple of hours and reimbursements are disbursed within 2 weeks. A toll-free 24x7 helpline processes customer requests instantaneously.

across the country, contributes significantly to export and is the second largest employment generator after agriculture.

The weavers' scheme covers handloom weavers and ancillary workers like those engaged in warping, winding, dyeing, printing, finishing, sizing, jhala-making and jacquard cutting. The scheme provides the weaver community comprehensive healthcare and medical assistance for a wide range of common ailments including a substantial provision for outpatient department (OPD) services. The scheme provides coverage to the weaver and his family and covers pre-existing as well as new diseases with an annual limit per family of Rs.15,000.

Mobile OPDs have been started to make doctors and medicines available to everyone along with the required infrastructure. The first project of this kind was piloted in Rani in Kamrup district of Assam at June 10, 2008 where 114 patients were treated. Over the past two years, the scope of the OPDs have expanded to include specialty consultation and medicine which helped rural customers avail of gynaecology, ophthalmic, cardio and dental treatments.

ICICI Lombard conducted health camps for weavers and at March 31, 2010 had organized over 400 health camps treating approximately 200,000 weavers.

ICICI Lombard covered around 1.6 million families and settled close to 2.7 million claims in the year 2009-2010 for handloom weavers across the country. The scheme allowed treatment at 2,858 empanelled hospitals and 1,102 OPD clinics at March 31, 2010.

Rajiv Gandhi Shilpi Swasthya Bima Yojana

Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY) is the first-ever health insurance initiative for artisans in the country.

The scheme is implemented by the Development Commissioner - Handicraft, Ministry of Textiles along with ICICI Lombard and covers the artisan, spouse and two children for comprehensive pre and post-hospitalization expenses.

The scheme provides coverage to the artisan and his family for pre-existing as well as new diseases with an annual limit per family of Rs.15,000. It provides medical assistance for a wide range of common ailments including substantial provision for OPD and allows the insured to avail of alternative systems of medicine. Artisans and primary family members are covered for personal accident.

ICICI Lombard covered around 800,000 artisan families and settled close to 1.1 million claims under the scheme which entitles beneficiaries to access healthcare facilities through 1,102 cashless OPD clinic facilities and over 2,858 hospitals across the country.

Weather Insurance

Agriculture is a significant contributor to the Indian economy. It provides livelihood support to two thirds of the population and accounts for 24% of the Indian GDP. The rural economy is still characterized by a low penetration of risk management solutions and faces economic strain due to the variability in agricultural production.

Weather insurance covers weather-related risks faced by crops such as excess or deficit rainfall, temperature variation and humidity. Weather insurance schemes facilitate immediate compensation based on objective data obtained from the meteorological department giving farmers the flexibility to take up insurance for a critical stage of crop growth or for the entire crop cycle.

ICICI Lombard is a pioneer in weather insurance in India, setting up focused teams for rural beneficiaries and government partnerships. These teams understand the unique needs of each market and develop customized products for the targeted segment.

ICICI Lombard provides a technologically-enabled process for the delivery of cost-effective insurance solutions to rural India. The company works with various micro-finance institutions (MFIs), commercial banks, cooperative banks and cooperative societies to create cost-effective delivery channels for farmers across 14 states.

With government permitting participation of private players in the coverage of loanee farmers in the second season (Rabi), the weather portfolio got the scalability required to rationalize the delivery cost. During the year, the company insured over 287,000 farmers and 1,962,000 acres across 14 states. Of this 242,000 farmers and 1,596,000 acres of land were covered during Rabi.

Robust processes for claims servicing are a critical part of ICICI Lombard's core customer proposition. In order to facilitate faster claim processing, the company has collaborated with National Collateral Management Services Limited, a group company of National Commodities Exchange of India to install automated weather stations at 363 locations across the country. This is supplemented by the latest weather reports received from Indian Meteorological Department.

RETAIL

In fiscal 2010, the retail segment remained a focus area for the company. Motor insurance business including private cars contributed 78% of the retail business in fiscal 2010 with health insurance and other retail insurance segments

including travel accounting for the rest.

In the retail health segment, the emphasis was on building a diversified distribution infrastructure. The product portfolio was successfully diversified across physical and electronic channels in the current year, creating a platform for future growth. The focus on intermediary-led channels was increased and dedicated business teams were established for the purpose. The retail segment including e-channel accounted for 49% of the company's overall premium with a large number of customers opting to buy health insurance policies online.

ICICI Lombard laid significant emphasis on health claims processing and the entire range of health services including wellness, aimed at making a difference to the health and lifestyle of customers. ICICI Lombard Healthcare, the in-house integrated health claims processing unit and wellness services solution provider is now the largest service provider for health policies underwritten by ICICI Lombard.

The ICICI Lombard Health insurance proposition has been positively reinforced through numerous customer testimonials as well as media recognition throughout the year. Markets hitherto untapped for health insurance have been explored this year and the company looks forward to catering to new customer segments with innovative products and plans.

Motor insurance continues to drive the retail business of company covering more than 3 million vehicles. Private car and two-wheeler segments accounted for nearly 70% of the motor insurance business. More than 80% of policy issuance was done over-the-counter (OTC) through various point-of-sale applications across all geographies.

During the year, motor add-ons offering a bouquet of choices



RESPONSIVENESS

Access to cashless healthcare at over 4,000 hospitals across India



ICICI Lombard has partnered with the healthcare providers across the country to provide cashless facilities at over 4,000 hospitals nationwide. All requests for cashless claims are processed within 4 hours and all reimbursements disbursed within 14 days.

to the customer were launched. The new products introduced include products such as zero depreciation (covers depreciation applicable on parts in the event of the partial loss claims), garage cash (provides daily allowance to the insured for the period his vehicle is under repair due to an accident) and extended warranty (covers damages to parts after expiration of manufacturer's warranty).

A single page improved version of the motor insurance policy was introduced for customer ease and convenience. To ensure better operational control and eliminate instances of fraud, motor policies are now issued only after realization of the premium amount.

This year ICICI Lombard was ranked highest in customer satisfaction amongst Indian auto insurers by JD Power. The JD Power Asia Pacific 2009 India Auto Insurance Customer Satisfaction Index (AIS) tracked parameters such as quality of interaction, ease of transaction and speed of delivery. Compared to the industry average, a higher proportion of ICICI Lombard customers reported satisfying experiences with the ease of purchasing or renewing a policy and the speed with which a policy was issued.

Claims initiatives introduced by ICICI Lombard led to improved service levels. These include e - claim processing whereby select garages have been authorized to approve claims up to a certain limit reducing the time gap between vehicles arriving at the garage and the time taken for the vehicle survey. Customers can register motor claims through the company's website. The widened service provider network results in more than 87% car claims being settled in cashless mode.

Bancassurance contributes 16% to the company's retail volumes. Currently ICICI Lombard has tie-ups with various bancassurance partners including ICICI Bank, Barclays and

American Express. ICICI Lombard's successful bancassurance model follows an integrated approach and ensures a seamless product delivery to the bank's customers. ICICI Lombard continued its focus on increased usage of virtual channels to reach and service customers, reducing operational costs and passing on the benefits to customers. ICICI Lombard's partnership with Kingfisher and Jet Airways gave an impetus to domestic and overseas travel insurance with customers having the option of purchasing a travel insurance policy along with a ticket from Jet Airways and Kingfisher websites. This domestic and overseas travel insurance policy covers situations such as medical expenses incurred due to accidents, possible loss due to trip cancellation and loss or delay of checked-in baggage.

ICICI Lombard's robust e-commerce platform focused on the convenience of the customer through self-service. A customer can buy a digitally signed policy online on www.icicilombard.com within a few minutes and without cumbersome paperwork. All transactions are online with 24x7 support via email, online chat and telephone.

The company has a single toll free number for India (1800-209-8888) to facilitate customer service, purchase and policy renewal. There are multiple payment options available to the customer like credit card, debit card, internet banking, cheque or demand draft. Processes are integrated with text messaging technology to keep customers informed about transactions regarding payments, claims status, policy dispatch and delivery details. The ease of conducting transactions over the Internet has appealed to customers and the response has been encouraging.

REINSURANCE

ICICI Lombard continues to focus on consolidation and maximization of retentions in fiscal 2010. The reinsurance

program continued to be a mixture of proportional and non-proportional treaties. The program was structured keeping in mind the company's philosophy of buying adequate cover in order to protect value-at-risk at all times.

During fiscal 2010, the size of the proportional program was increased across all the product classes. The reinsurance structure was reinforced to protect the net account against single large losses and catastrophic events through appropriate risk and catastrophe protection. The company continued to have a 1-in-500 year catastrophe protection and the accumulated exposure of the company across various geographies was validated through by an international agency to ensure the adequacy of catastrophe protection. The company continued to purchase non-proportional protection for its liability and aviation portfolio, thereby maximizing retentions and ensuring protection of value at risk.

The reinsurance program at ICICI Lombard was further assessed on the strength and spread of securities used. General Insurance Corporation (GIC) remained the largest reinsurance partner. The company continued its association with Swiss Re and Scor for the weather insurance portfolio, Hannover Re for its aviation portfolio and Coface for credit insurance.

UNDERWRITING

The underwriting function is critical to the product and pricing strategies of an insurance company and its importance in the industry was further emphasized with the advent of detariffing. At the industry level the detariffed environment also resulted in a stronger need to enhance the risk-assessment skills of the underwriting function. Flexibility in pricing and the ability to provide add-on covers has led to a competitive pricing environment as well as the emergence of

numerous product options.

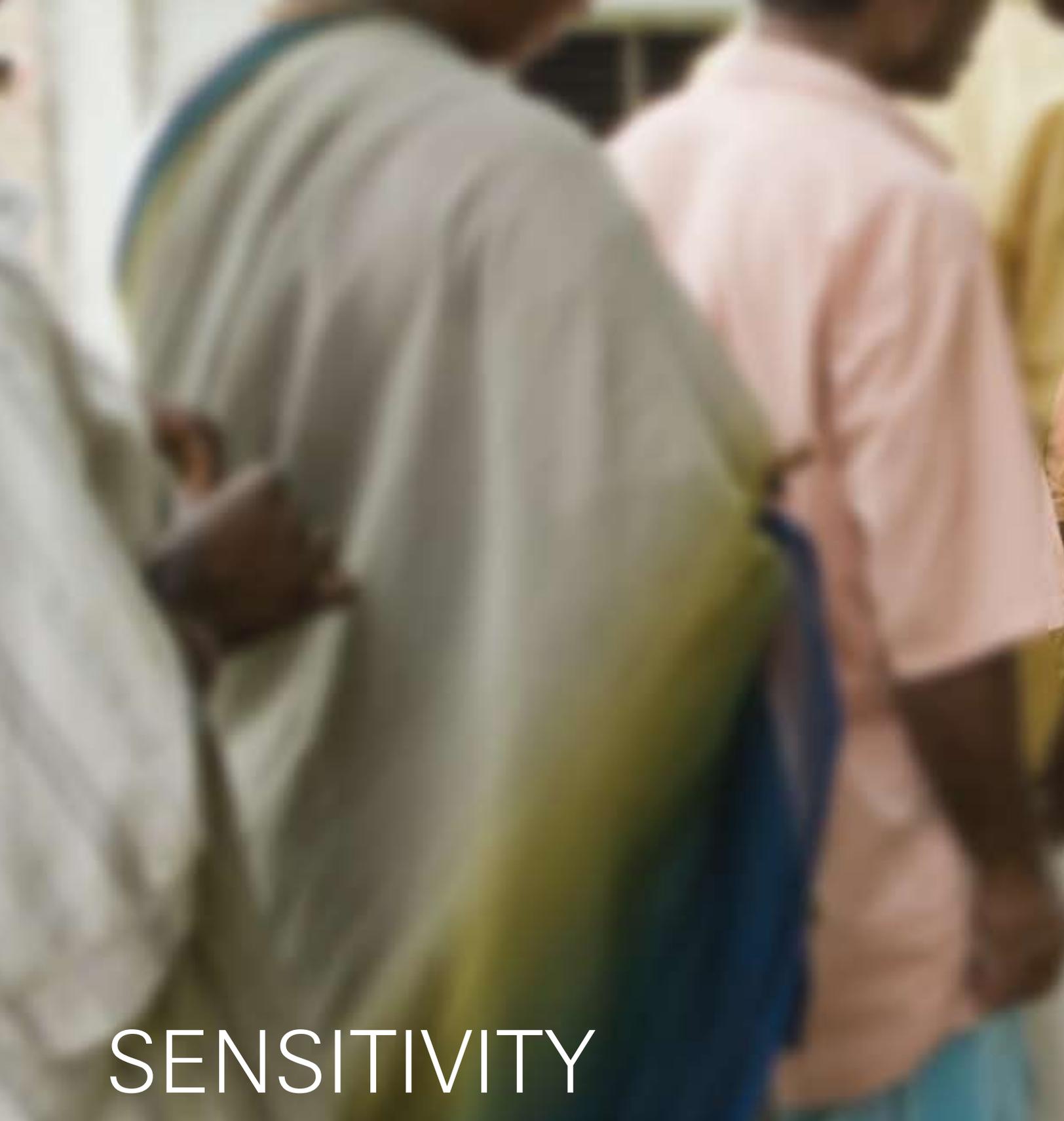
In this completely flexible pricing environment the ability to be discerning in customer segmentation determines the health of the product portfolio. With a view to enhance these capabilities, ICICI Lombard strengthened its process of risk selection based on hazard exposures of the underlying occupancies. In addition, the company continued to measure adequacy of rate movements in association with the actuarial function. Regular inspection of risks was done and project monitoring initiatives were intensified. This led to enhanced knowledge of industries and their risk profiles as well as the ability to provide recommendations to customers on safety and risk management. The company continued its focus on improving salvage realization with a view to control the claim costs. The entire focus of these initiatives was to develop new pricing strategies with the underlying objective of correct risk pricing and avoiding cross subsidization.

The company also continued to grow its book of specialised product classes like Aviation, Liability, Weather and Credit Insurance. The company believes in continuous upgradation of skills of the underwriting team and conducted training sessions through its association with major global reinsurers. The underwriting capability is organized along product lines to build deeper capability and experience.

COST MANAGEMENT

ICICI Lombard has a dedicated cost management group which looks after cost planning, co-ordination and control and reporting of cost aspects of the company. The team assists in identifying, developing, improving and optimizing the use of company's resource along with automating processes in order to increase efficiency and reduce costs.

In fiscal 2010, ICICI Lombard kept pace with the evolving



SENSITIVITY

Over 5 million Below Poverty Line families covered under rural health insurance



The Rashtriya Swasthya Bima Yojana is part of the Union government's drive to ensure better health for Below Poverty Line (BPL) people in the unorganized sector. ICICI Lombard partnered with the Ministry of Labour and Employment and State governments to implement this smart card based health insurance scheme in 103 districts spread across Maharashtra, Haryana, Uttar Pradesh, Gujarat and Bihar. Over 6.2 million BPL families have enrolled under this scheme at March 31, 2010.

market scenario and achieved maximum efficiency for expenses related to travel, communication, office equipment and employee welfare related expenses.

During the year, the company focused on new initiatives to optimize operating costs for electricity and communication. Energy saving gateways which use intelligent technology were installed at hub offices to reduce electricity consumption. Various communication initiatives were taken like toll free fax and a hotline facility to directly connect customer support desks across branches. The cost management team continues to focus on automation and effective tools for the benefit of internal and external customers.

INVESTMENTS

In fiscal 2010, ICICI Lombard achieved its investment objective of a superior total return on the investment portfolio, while adhering to the company's investment philosophy as well as regulations as applicable.

ICICI Lombard has an experienced team of investment professionals and its investments in fiscal 2010 continued to be governed by its core value investing principles. ICICI Lombard's asset mix is determined by two key factors: availability of superior investments at the right price and the company's claim obligations. The investment committee oversees the implementation of the investment policies laid down by the Board and guides the asset allocation strategy that ensures financial liquidity, security and diversification. The company follows commensurate risk management practices with an objective to strengthen the existing business and manage risks arising out of duration, market, credit, legal and operations. At March 31, 2010 investments amounted to Rs. 37.2 billion growing by 21.2% over the

previous year. The investment portfolio has grown at a compounded annual growth rate (CAGR) of 40.6% over the past five years. The realised return and total return for the year ended March 31, 2010 was 12.9% and 18.5% respectively. The realised return and total return averaged 11.5% over the last five years. The ratio of year end investment assets to net worth stood at 2.2 times.

OPERATIONS

During fiscal 2010, ICICI Lombard concentrated on providing enhanced service to customers and leveraged technology to ensure processes are seamlessly implemented. The focus was on enhancing the quality of service, lessening time-to-market and improving customer response time.

ICICI Lombard's operations team serves customers through a network of over 300 branches in India. The company issued close to 4.5 million policies in the current year translating to an average of 17,000 policies per day. The number of claims handled stood at 4 million reflecting the shift towards a retail and mass rural portfolio.

The branch service structure was revamped through the hub-and-spoke model leading to improved productivity and faster servicing. To further improve motor policy issuance turnaround time (TAT), the branch team was trained on motor underwriting and front-end managers were empowered to decide on most underwriting approvals. The customer support desk was empowered to complete most of the servicing without any dependencies, leading to a higher first-time resolution. An internal query system - Samadhan - was created to facilitate routing and tracking of all process queries.

A key long-term strategy of ICICI Lombard is to continuously

improve agent servicing. Commission payments have been automated through the agency management system and electronic fund transfer for commission payout has been institutionalized. The 'I-agent' portal was created to provide agents with self-servicing options for policy booking, endorsement, renewal reminder and renewal notice.

During fiscal 2010, the company focused on improving the level of customer self-service. Customers can now do most service transaction through www.icicilombard.com. Customer education campaigns were initiated to guide customers to contact suitable channels for quick resolution. An online agency grievance redressal system was launched to funnel all agent complaints. This focus on customer-centricity led to a 39% fall in complaint rates during the year. ICICI Lombard has undertaken an organizational level initiative to drive quality and excellence in business operations. Existing ISO 9001:2000 and Six Sigma certified processes drove systematic process improvements across various business groups. The benefit of this initiative was reflected in terms of improved quality, better service delivery, cost-effectiveness and a reduction in customer complaints.

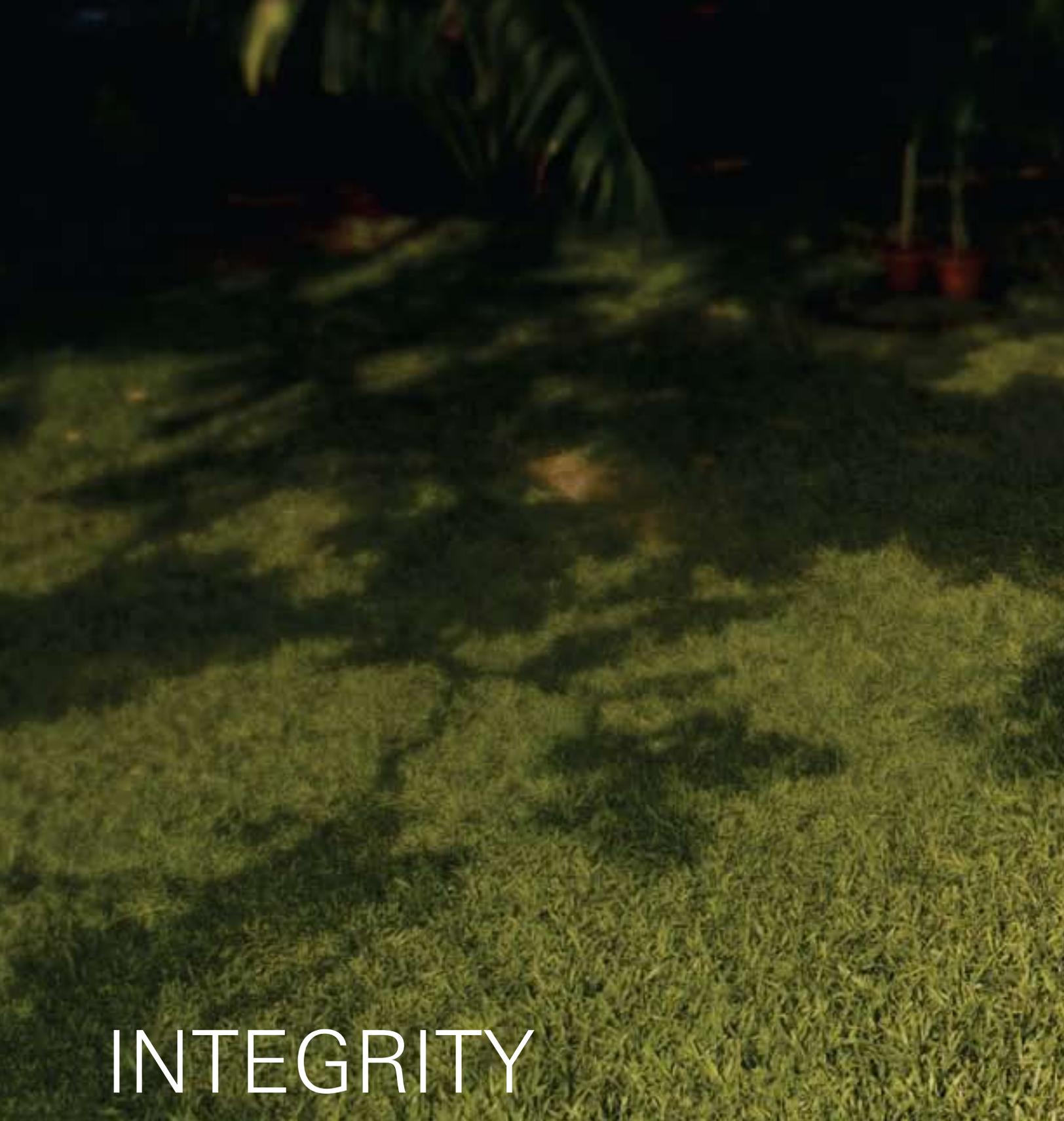
The general insurance industry is characterized by operational complexity across products, channels, customer segments and the policy life cycle. The operations team is focused on streamlining the process and extracting maximum efficiencies at all levels. Process management is monitored through a process approval committee and usage of online process repository. ICICI Lombard has procured the IBM Rational software tool - System Architect. The latest version of the tool was deployed for better navigation of processes. An e-circular application was deployed for process roll-out and online discussion board. The e-circular is also deployed for process sign-off from various process managers.

Innovation is a powerful management concept that has evolved at ICICI Lombard to fulfill the company's objective of increasing customer centricity as well as improving internal work practices. Innovation has been structurally embedded in the system through a robust program that involves senior leadership of the company. The identified innovation projects focus on areas of customer satisfaction, top line and process effectiveness. In the coming years, this initiative is expected to improve the quality of our services while bringing down the cost and contributing to our top line growth.

Effective usage of technology strengthened ICICI Lombard's operational efficiency creating a synergistic environment and fueling business growth. ICICI Lombard altered the traditional process of policy issuance by using technology which effectively reduced the cost of policy issuance and TAT. The company has migrated more than 85% of the motor business and the complete travel business to point-of-sale mode for providing over - the - counter services to customers. This helped in enhancing the quality and accuracy of policy documentation and reduced TAT of policy issuance at point-of-sale.

Mobile-based applications were developed which enabled the sales teams to generate quotes, check policy status, renew policies and register claims as well as track the claim status. The application aided the claims servicing team in claim intimation and assessment along with payment tracking.

To facilitate idea generation the "Idea Manch" portal was launched enabling all employees to submit ideas for review and implementation. A panel of experts was identified across the organization and was responsible for reviewing and implementing the ideas. Winning ideas are short listed by the panel and the winners are felicitated on a periodic basis.



INTEGRITY

**Comprehensive health insurance
policy for the family with no sub-limits**



ICICI Lombard's health insurance offers a comprehensive family floater cover that provides ' Poorey parivar ki poori suraksha.' It secures the family against illnesses, medical expenses, accidents, terrorism and OPD procedures. There are no sub-limits on room rent, doctor's fees and hospital charges. Procedures that require less than 24 hours of hospitalization such as Dialysis, Radiotherapy and Chemotherapy are also covered.

HUMAN RESOURCE

Opportunity, Leadership and enabling Culture (OLC) are the cornerstones of ICICI Lombard and have helped create an organization where employees enjoy enriched job profiles, cross-functional exposure and are nurtured for professional growth and fresh challenges.

Building a common vision requires alignment of thought and action across the organization. "Ignite wave" was an initiative that brought together all employees to shape the company's vision and align it with their personal aspiration. The five day initiative saw 65 senior managers reaching out to employees through informal huddles across various branches. Feedback was sought on aspirations and action areas that need to be worked on together to realize the vision.

ICICI Lombard is firmly committed to building a rewarding environment for its employees through initiatives that benefit them. The company recognizes the increasing demands employees face in their personal and professional lives and is finding ways to accommodate these demands through the company's human resource policies effectively creating an environment where employees thrive.

Part-time work flexibility, extended leave policies and mandatory company-sponsored health check ups are some of the initiatives towards enhancing employee well-being. "Reach-me", an online support platform has been designed to provide professional help and information support. It also provides a platform for employees to express opinions and obtain help on any work-related issues. This initiative fosters understanding of employee concerns, creates a forum to address them and maintains an enabling culture whilst preserving high-performance orientation. The company continues to focus on people initiatives in order to build

organizational capability and secure the company's future talent pool. Investment in competency training across various bands and grooming of identified leaders for tomorrow is part of the effort to create a robust and scalable people infrastructure.

ICICI Lombard's core value set - passion for achievement, ownership, collaboration, innovation and integrity - defines the organizational character and is translated everyday into concrete action by each of its 4,650 employees.

CSR INITIATIVES

ICICI Lombard as a responsible corporate citizen is committed to its customers, employees, shareholders, communities and the environment. The company is committed to the upliftment of less privileged sections of society and is actively involved in various sustainable social projects in the areas of health and safety.

ICICI Lombard sponsors the mid-day meal at a municipal school in Mumbai. Students at this school are mostly underprivileged children from slums and benefit from the hot and nutritious lunch served to them. The ICICI Lombard 2010 calendar with its theme of "My Happy Family" was inspired by this initiative and features sketches and paintings by many of the school children who are part of the mid-day meal program.

A dedicated free ambulance service was launched in association with the Mumbai Traffic Police for the benefit of accident victims. This round-the-clock service operates exclusively for commuters on Mumbai's Eastern Express Highway. ICICI Lombard is committed to community outreach programs. A Pulse Polio drive was conducted in association with the Brihanmumbai Municipal Corporation to spread awareness about the need for timely polio vaccination.

ICICI Lombard works closely with ICICI Foundation on long-term sustainable developmental projects across the areas of road safety, disaster management, enhancement of healthcare facilities and promoting eco-friendly initiatives. “Healthy Lokshakti” is an initiative to enhance the health of mothers and children up to 1 year of age in partnership with the National Rural Health Mission (NRHM) and Integrated Child Development Services (ICDS). The program is being piloted across two tribal blocks in Maharashtra’s Nasik district and is implemented by Vachan, an NGO, with support from Bhavishya Alliance. A health helpline and transportation facilities for emergency care are being set up to link the communities, grassroots health workers and healthcare institutions.

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Tenth Annual Report of ICICI Lombard General Insurance Company Limited (ICICI Lombard) with the audited statement of accounts for the year ended March 31, 2010.

INDUSTRY OVERVIEW

The gross premium of the industry for the period April 2009–March 2010 grew from Rs. 306.42 billion to Rs. 347.55 billion on a year-on-year basis, a growth of about 13.4%. The market share of private sector insurance companies during this period has been stable as compared to the corresponding period of the previous year. ICICI Lombard led the private players with a market share of 23.2% in the private sector and an overall industry market share of 9.5%.

FINANCIAL HIGHLIGHTS

| | Fiscal 2009 | Fiscal 2010 |
|-------------------------|-------------|----------------|
| No. of policies | 3,957,048 | 4,461,401 |
| | | Rs. in million |
| Gross written premium | 34,567.6 | 34,315.1 |
| Earned premium | 19,736.5 | 21,928.2 |
| Income from investments | 3,222.2 | 4,454.3 |
| Profit before tax | 2.7 | 1,583.1 |
| Profit after tax | 236.2 | 1,439.3 |

APPROPRIATIONS

The profit after tax for the year ended March 31, 2010 is Rs. 1,439.3 million. The profit available for appropriation is Rs. 2,607.9 million after taking into account the balance of profit of Rs. 1,168.6 million brought forward from the previous year. The Board has declared four interim dividends aggregating to 16% on equity shares of Rs. 10 each reflecting sound financial performance during fiscal 2010 and has appropriated the disposable profits as follows:

| | Fiscal 2009 | Fiscal 2010 |
|--|-------------|----------------|
| | | Rs. in million |
| Dividend for the year (interim) | | |
| - On equity shares | - | 645.3 |
| Dividend distribution tax | - | 109.7 |
| Transfer to General Reserve | - | 107.9 |
| Leaving balance to be carried forward to the next year | 1,168.6 | 1,745.0 |

The Directors are pleased to recommend the aggregate of interim dividends at Rs. 645.3 million as final dividend for the year.

CORPORATE GOVERNANCE

Pursuant to the Corporate Governance Guidelines for insurance companies issued by the Insurance Regulatory and Development Authority (IRDA) and subsequent amendments thereto, a separate report titled 'Corporate Governance' has been included in this Annual Report.

WHISTLE BLOWER POLICY

ICICI Lombard has a Whistle Blower Policy which is designed to provide its employees a channel for communicating instances of breach in the Code of Conduct, legal violations, actual or suspected frauds and other irregularities. The framework of the policy is designed to promote responsible and secure whistle blowing.

REGISTRATION

The certificate of registration of ICICI Lombard has been renewed by the Insurance Regulatory and Development Authority for the year 2010-2011.

CAPITAL

During fiscal 2010, ICICI Lombard has not raised fresh capital. The total capital invested by shareholders till March 31, 2010, including share premium, was Rs. 14.75 billion. The net worth of the Company stood at Rs. 16.73 billion at March 31, 2010 as compared to Rs. 16.03 billion at March 31, 2009.

RURAL AND SOCIAL RESPONSIBILITY

ICICI Lombard issued more than 300,000 policies in rural areas, amounting to over 7% of total policies issued by it during the year under review. It also covered more than 90,000 lives falling within the norms of social business.

PUBLIC DEPOSITS

During the year under review, ICICI Lombard has not accepted any deposit from the public.

DIRECTORS

During the year under review, James Dowd, nominated by Fairfax Financial Holdings Limited (Fairfax) resigned from the Board of ICICI Lombard effective July 1, 2009. The Board placed on record its deep appreciation for the invaluable contribution of James Dowd. Consequent to the appointment of R. Athappan as Chairman of Fairfax Asia Limited by Fairfax, he ceased to be an independent Director and is being considered as the Nominee Director of Fairfax on the Board of ICICI Lombard effective July 21, 2009.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of ICICI Lombard, B. V. Bhargava, Chandran Ratnaswami and M.K. Sharma would retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS

The Joint Statutory Auditors, N.M.Rajji & Co., Chartered Accountants and PKF Sridhar & Santhanam, Chartered Accountants, will retire at the ensuing Annual General Meeting. As recommended by the Audit Committee, the Board, at its Meeting held on April 19, 2010, has proposed the re-appointment of N.M.Rajji & Co., Chartered Accountants (Firm's

Registration number 108296W) and PKF Sridhar & Santhanam, Chartered Accountants (Firm's Registration number 003990S), as Joint Statutory Auditors to audit the accounts of the Company for the year ending March 31, 2011. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

During fiscal 2010, expenditure in foreign currencies amounted to Rs. 2,927.6 million and earnings in foreign currencies amounted to Rs.1,480.2 million.

ADDITIONAL INFORMATION

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

Since ICICI Lombard does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

AUDIT COMMITTEE

The Audit Committee consists of four Directors – Dileep Choksi, S. Mukherji, H.N. Sinor and R. Athappan. Pursuant to the Corporate Governance Guidelines, Dileep Choksi, an Independent Director, has been appointed as Chairman of the Committee in place of S. Mukherji. During the year, James Dowd ceased to be a member of the Committee on resignation as a Director and R. Athappan has been appointed as a member in his place. In terms of the Corporate Governance Guidelines, Bhargav Dasgupta has resigned as member of the Committee effective March 30, 2010. There were four meetings of the Committee during the year. The functions of the Committee include reviewing the quarterly and annual financial statements, internal control systems and significant accounting policies of ICICI Lombard and discussing the audit findings and recommendations of the internal and statutory auditors of ICICI Lombard.

EMPLOYEE STOCK OPTION SCHEME

In fiscal 2006, ICICI Lombard instituted an Employee Stock Option Scheme (ESOS) to enable the employees and Directors of ICICI Lombard to participate in its future growth and financial success. As per the ESOS, the maximum number of options granted to any employee/Director in a year shall not, except with the approval of the Board, exceed 0.10% of ICICI Lombard's issued equity shares at the time of grant and the aggregate of all such options is limited to 5% of ICICI Lombard's issued equity shares on the date of the grant.

Options granted for the years 2005, 2006, 2007 and 2008, vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting each year, commencing not earlier than 12 months from the date

of grant. Options granted for the year 2009 vest in a graded manner over a five year period with no vesting in the first year and 20%, 20%, 30% and 30% of the grant vesting each year in the subsequent four years. Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later.

Particulars of options granted by ICICI Lombard up to March 31, 2010 are given below:

| | |
|---|------------|
| Options granted | 20,537,560 |
| Options vested | 10,709,410 |
| Options exercised | 2,238,322 |
| Number of shares allotted pursuant to exercise of options | 2,132,746 |
| Options forfeited / lapsed | 4,953,326 |
| Extinguishment or modification of options | — |
| Amount realised by exercise of options (Rs.) | 81,235,190 |
| Total number of options in force | 13,345,912 |

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable AS have been followed along with proper explanation relating to material departures;
2. that they have selected such 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 ICICI Lombard at the end of the financial year and of the profit or loss of ICICI Lombard for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of ICICI Lombard and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

ICICI Lombard is grateful to the Insurance Regulatory and Development Authority, Tariff Advisory Committee, Reserve Bank of India, General Insurance Council and other regulatory authorities for their support and advice. The Directors also place on record their sincere thanks for the support and co-operation extended by the Policyholders, Reinsurers, Bancassurance partners, Insurance Agents and Brokers.

ICICI Lombard would like to express its gratitude for the continued support and guidance received from ICICI Bank and its group companies and Fairfax.

The Directors would also like to place on record their appreciation for the commitment and team effort shown by the employees of ICICI Lombard.

For and on behalf of the Board

Chanda D. Kochhar
Chairperson

Mumbai, April 19, 2010

Corporate Governance Report

ICICI Lombard General Insurance Company Limited (“the Company”) is fully committed to following sound corporate governance practices and upholding the highest business standards in conducting business. The Company continues to focus on building trust with shareholders, policyholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance including integrity, equity, transparency, fairness, sound disclosure practices, accountability and commitment to values.

As a good corporate citizen reflecting its parentage, the Company continues to institutionalise its governance framework. The Company’s governance framework encompasses not only regulatory and legal requirements but also aimed at maximising shareholder value legally, ethically and on a sustainable basis.

Management Structure

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;
- Delegation of decision making with accountability is achieved;
- Financial and operating control and integrity are maintained at an optimal level; and
- Risk is suitably evaluated and dealt with.

Board Structure

At March 31, 2010, the Company’s Board of Directors consisted of eleven members. Out of the eleven members of the Board, four are nominated by ICICI Bank Limited, two are nominated by Fairfax Financial Holdings Limited (Fairfax), four are Independent Directors and the balance being the Managing Director. Except the Managing Director, all other Directors, including the Chairperson of the Board, are

non-executive Directors. There is a clear segregation of responsibility and authority between the Chairperson and the Managing Director. The Board of Directors are responsible for the overall corporate strategy and other Board related matters. The Managing Director oversees implementation of strategy, achievement of business plans, day-to day activities and other operational issues. There is an appropriate mix of executive, non-executive and independent Directors to maintain the professionalism and independence of the Board. The independent Directors are eminent personalities with significant expertise in the fields of accountancy, banking, finance, law, strategy, insurance and economics. None of the Directors are related to any other Director or employee of the Company.

Composition of the Board of Directors

| Name of the Director | Category | Qualification | Field of Specialisation |
|----------------------|---|-------------------------------|--|
| Chanda D. Kochhar | Chairperson, Non-Executive, Nominee of ICICI Bank | B.A, MBA, ICWA, MMS (finance) | Corporate Banking, Retail Banking and Finance. |
| R. Athappan | Non-Executive, Nominee of Fairfax | B.E.(Electrical), A.I.I.I. | Insurance. |
| Sandeep Bakhshi | Non-Executive, Nominee of ICICI Bank | B.E., MBA. | Insurance, Finance and Banking. |
| B.V. Bhargava | Non-Executive, Independent | M.com, LL.B | Banking, Finance and insurance. |
| Dileep Choksi | Non-Executive, Independent | F.C.A, LL.B, ICWA. | Accounting, Taxation, Corporate restructuring, Strategies and merger & acquisitions. |

| Name of the Director | Category | Qualification | Field of Specialisation |
|----------------------|--------------------------------------|--|---|
| N.S. Kannan | Non-Executive, Nominee of ICICI Bank | B.E.(Hon) , PGDM, IIM, Bangalore, CFA. | Finance, Accounts, Investment and Banking. |
| S. Mukherji | Non-Executive, Nominee of ICICI Bank | B.A. (Eco.), M.Sc . Economics | Accounting, Investment Banking and Finance. |
| Chandran Ratnaswami | Non-Executive, Nominee of Fairfax | B.E.(Civil), MBA. | Investment and Insurance. |
| M.K. Sharma | Non-Executive, Independent | B.A., LL.B, Diploma in Personnel Management. | Taxation and Law. |
| H.N. Sinor | Non-Executive, Independent | B.com, LL.B | Banking and Finance. |
| Bhargav Dasgupta | Executive | PGDM, IIM Bangalore, B.E. (Mechanical) | International Banking and Insurance. |

Remuneration paid to Bhargav Dasgupta, Managing Director & CEO during the year ended March 31, 2010:

| Particulars | Amount (Rs. in 000's) |
|---------------------------------|--------------------------|
| Gross Salary | 7,375 |
| Performance bonus | — |
| Perquisites | 347 |
| Retirals | 1,062 |
| Stock options granted (numbers) | — |

The Board met five times in the year under review on April 23, 2009, April 25, 2009, July 21, 2009, October 27, 2009 and January 14, 2010. The Attendance records and sitting fees paid to the Directors are set out in the following table:

| Name of the Director | Number of Board Meetings | | Sitting fees paid for Board & Committee Meeting |
|--------------------------------|--------------------------|----------|---|
| | Held | Attended | |
| K.V. Kamath ¹ | 5 | 1 | Nil |
| Chanda D. Kochhar ² | 5 | 5 | Nil |
| Sandeep Bakhshi ³ | 5 | 4 | Nil |
| S. Mukherji | 5 | 5 | Nil |
| V. Vaidyanathan ⁴ | 5 | 1 | Nil |
| B. V. Bhargava | 5 | 5 | 100,000 |
| H. N. Sinor | 5 | 5 | 280,000 |
| Dileep Choksi | 5 | 3 | 100,000 |
| James Dowd ⁵ | 5 | 1 | Nil |
| M. K. Sharma | 5 | 4 | 160,000 |
| Chandran Ratnaswami | 5 | 5 | Nil |
| R. Athappan | 5 | 2 | Nil |
| N. S. Kannan ⁶ | 5 | 3 | Nil |
| Bhargav Dasgupta ⁷ | 5 | 3 | Nil |

1. Ceased to be Director and Chairman w.e.f. April 23, 2009
2. Appointed as Chairperson w.e.f. April 23, 2009
3. Ceased to be Managing Director & CEO w.e.f. April 30, 2009 and appointed as Director w.e.f. May 1, 2009
4. Ceased to be Director w.e.f. May 1, 2009
5. Ceased to be Director w.e.f. July 1, 2009
6. Appointed as Director w.e.f. May 1, 2009
7. Appointed as Managing Director w.e.f. May 1, 2009

Board Committees ('the Committees')

The Board has 7 Committees as follows:

- I. Board Governance Committee
- II. Investment Committee
- III. Audit Committee

- IV. Risk Management Committee
- V. Policyholder Protection Committee
- VI. Bank Operation Committee
- VII. Share Transfer & Investor Grievance Redressal Committee

The terms of reference of the Committees of the Board are determined by the Board from time to time. Minutes of the Committee meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during fiscal 2010 and the attendance of the members are provided below:

I. Board Governance Committee (BGC)

The Board Governance Committee comprised five non-executive Directors, two of whom are independent Directors and was chaired by Chanda D. Kochhar, a non-executive Director.

The composition of BGC is given below along with the attendance of the members. The Committee met four times in the year under review on April 23, 2009, April 25, 2009, July 21, 2009 and January 14, 2010.

Attendance record of the Members:

| Name | Number of meetings attended |
|--------------------------------|-----------------------------|
| Chanda D. Kochhar ¹ | 4 |
| M. K. Sharma ² | 3 |
| Sandeep Bakhshi ³ | 1 |
| H. N. Sinor | 4 |
| Chandran Ratnaswami | 4 |

1. Ceased to be Chairperson of the Committee w.e.f. April 19, 2010
2. Appointed as Chairman w.e.f. April 19, 2010
3. Appointed as Member w.e.f. July 21, 2009

Terms of reference

The functions of this Committee included recommendations of appointments to the Board, evaluation of the performance of the Managing Director & CEO on pre-determined parameters, recommendation to the

Board of the remuneration (including performance bonus and perquisites) to Managing Director & CEO, approval of the policy for and quantum of bonus payable to the members of the staff, framing of guidelines for the Employees Stock Options Scheme and recommendation of the grant of ICICI Lombard stock options to the employees and whole time Directors of ICICI Lombard.

II. Investment Committee

The Investment Committee comprised three non-executive Directors, one Executive Director, Appointed Actuary, Head of Investments and Chief Financial Officer and chaired by Chandran Ratnaswami, a non-executive Director.

The composition of Investment Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 23, 2009, July 21, 2009, October 27, 2009 and January 14, 2010.

Attendance record of the Members:

| Name | Numbers of Meeting attended |
|--------------------------------|-----------------------------|
| Chandran Ratnaswami | 4 |
| Chanda D. Kochhar ¹ | Nil |
| Sandeep Bakhshi | 2 |
| N. S. Kannan ² | 1 |
| Bhargav Dasgupta ² | 3 |
| Liyaquat Khan | 2 |
| S. Gopalakrishnan | 4 |
| Rakesh Jain | 4 |

1. Ceased to be Member w.e.f. April 23, 2009
2. Appointed as Member w.e.f. July 21, 2009

Terms of reference

The functions of the Committee included overseeing the implementation of the Investment Policy approved by the Board from time to time, reviewing the Investment Policy, periodical updation to the Board

with regard to investment activities of the Company, reviewing the Company's capital and solvency position periodically, reviewing the investment strategies adopted from time to time and give suitable directions as needed in the best interest of the Company, reviewing the Broker policy and make suitable amendments from time to time and reviewing counter party / intermediary exposure norms.

III. Audit Committee

Composition

The Audit Committee comprised four non-executive Directors. The Chief Financial Officer, the Head of Internal Audit, representative of Statutory Auditors, Compliance Officer and Chief Risk Officer are invitees to the Audit Committee. All members of the Committee are financially literate and Chairman has accounting and financial management expertise.

The composition of Audit Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 23, 2009, July 21, 2009, October 27, 2009 and January 14, 2010.

Attendance record of the Members:

| Name | Number of Meetings attended |
|-------------------------------|-----------------------------|
| Dileep Choksi ¹ | 2 |
| S. Mukherji ² | 4 |
| H. N. Sinor | 4 |
| James Dowd ³ | 1 |
| R. Athappan ⁴ | 1 |
| Bhargav Dasgupta ⁵ | 2 |

1. Appointed Chairman of the Committee w.e.f. October 27, 2009
2. Ceased to be Chairman of the Committee w.e.f. October 27, 2009
3. Ceased to be Member w.e.f. July 1, 2009
4. Appointed as Member w.e.f. July 21, 2009
5. Ceased to be Member w.e.f. March 30, 2010

Terms of reference

The functions of the Committee included overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment / removal of external auditor(s), fixation of audit fee and payment for any other services, reviewing with the management the annual financial statements before submission to the Board, reviewing with the management, external auditors and internal auditors, the adequacy of internal control systems, reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit, discussing with internal auditors, any significant findings and follow up there on, reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board, discussing with external auditors, before the audit commences, the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern, review the Company's financial and risk management policies and looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

IV. Risk Management Committee

In accordance with the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority (IRDA), the Company has constituted the Risk Management Committee effective October 27, 2009. Earlier Audit Committee was managing the functions of Risk Management Committee.

Composition

The Risk Management Committee comprised three non-executive Directors and one executive Director and chaired by S. Mukherji, a non-executive Director. The Chief Risk Officer appointed by the Board reports to the Risk Committee and is a permanent invitee at the Committee meetings.

The composition of Risk Management Committee is given below along with the attendance of the members. The Committee met only once in the year under review on January 14, 2010.

Attendance record of the Members:

| Name | Number of meetings attended |
|------------------|-----------------------------|
| S. Mukherji | 1 |
| R. Athappan | 1 |
| H. N. Sinor | 1 |
| Bhargav Dasgupta | 1 |

Terms of reference

The functions of the Committee included assisting the Board in effective operation of the risk management system by performing specialised analysis and quality reviews, maintaining a group-wide and aggregated view on the risk profile of the insurer in addition to the solo and individual risk profile, reporting to the Board details on the risk exposures and the actions taken to manage the exposures and advising the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate mergers and acquisitions and related matters.

V. Policyholder Protection Committee

In accordance with the Corporate Governance Guidelines issued by IRDA, the Company has constituted the Policyholder Protection Committee effective October 27, 2009.

Composition

The Policyholder Protection Committee comprised three non-executive Directors and one executive Director and chaired by M.K. Sharma, an independent Director.

The composition of Policyholder Protection Committee is given below along with the attendance of the members. The Committee met once in the year under review on January 14, 2010.

Attendance record of the Members:

| Name | Number of meetings attended |
|---------------------|-----------------------------|
| M. K. Sharma | 1 |
| Chandran Ratnaswami | 1 |
| S. Mukherji | 1 |
| Bhargav Dasgupta | 1 |

Terms of reference

The functions of the Committee included putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries, ensuring compliance with the statutory requirements as laid down in the regulatory framework, reviewing the mechanism at periodic intervals, ensuring adequacy of "material information" to the policyholders to comply with the requirements laid down by the Authority both at the point of sale and at periodic intervals, reviewing the status of complaints at periodic intervals to the policyholders, providing the details of grievances at periodic intervals in such formats as may be prescribed by the Authority and providing details of Insurance Ombudsman to the policyholders.

Internal Audit Framework

The Company has established an internal audit framework with a risk based audit approach. The internal audit covers auditing of processes as well as transactions.

The Company has designed its internal control framework to provide reasonable (not absolute) assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. The Board considers that the internal control framework is appropriate to the business.

Internal Audit Department's Key audit findings, recommendations and compliance status of the previous key audit findings are reported to the Audit Committee. The Audit Committee actively monitors the implementation of its recommendations. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee meeting.

Risk Management Framework

The Company is subject to the impact of changes in the business environment from time to time which necessitates continuous evaluation and management of significant risks faced by it. The Company has established appropriate risk assessment and minimisation procedures. The process for formulating a defined risk assessment framework encompassed, inter alia, a methodology for assessing and identifying risks on an ongoing basis, risk prioritizing, risk mitigation, monitoring plan and comprehensive reporting on management of enterprise wide risks.

The Risk Management Committee reviews the risk management activities at the Company on a regular basis.

General Body Meetings

Details of the last three Annual General Meetings are given below:

| Financial year ended | Date | Venue |
|----------------------|---------------|--|
| March 2007 | July 16, 2007 | ICICI Bank Towers, Bandra Kurla complex, Mumbai |
| March 2008 | July 23, 2008 | ICICI Bank Towers, Bandra Kurla complex, Mumbai |
| March 2009 | July 21, 2009 | ICICI Bank Towers, Bandra Kurla complex, Mumbai |

For and on behalf of the Board

Chanda D. Kochhar
Chairperson

Mumbai, April 19, 2010

Management Report

In accordance with the provisions of the Insurance Regulatory & Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the Regulation) the following Management Report is submitted:

1. The Certificate of Registration under Section 3 of the Insurance Act, 1938 was granted by IRDA on August 03, 2001. The Company has obtained renewal of registration certificate from IRDA for the financial year 2010-11 as required under Section 3A of the Insurance Act, 1938;
2. We certify that all the dues payable to the statutory authorities have been duly paid;
3. We confirm that the shareholding pattern and transfer of shares are in accordance with statutory and regulatory requirements.
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDA, outside India;
5. We confirm that the required solvency margin has been maintained;
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in our belief the assets set forth in the Balance Sheet are shown in aggregate at amounts not exceeding their realisable or market value under several headings- Investments, agents balances, outstanding premiums, amount due from others entities carrying on insurance business, interest and dividend accrued, cash and several items specified under other accounts except unlisted equity, venture fund, securitised receipt's, debt securities which are stated at cost / amortised cost;
7. The entire gross risk exposure of the portfolio is consisting of fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, rural and credit insurance and other lines of business.;

The over all exposure is spread over various sectors including but not limited to power, textiles, heavy and light engineering, paper, services, fast moving consumer goods, auto components etc across urban and rural segments as well as across demography.

The business underwritten pertains to the various products filed by us with IRDA, as per the file and use procedure: this includes tariff as well as non tariff products.

While in property lines (Fire) the net retention has not exceeded

Rs. 300.0 million on a PML basis (Previous year: Rs. 250.0 million) in any single risk, this also gets graded down to between Rs. 5.0 million to Rs. 300.0 million (Previous year: between Rs. 5.0 million to Rs.250.0 million) on a case-to-case basis, depending on exposure levels and prudent underwriting standards. The excess of loss treaties protect the accumulation of the net retentions.

Further, before underwriting any major property risk, a risk inspection is carried out, and on being satisfied about the acceptability of risk, the same is accepted. In addition various loss prevention / risk-mitigating measures are also suggested to the clients to help improve the risks.

8. We confirm that there are no operations of the Company outside India;
9. a) For ageing analysis of claims outstanding 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. We certify that the Investments made in debt securities have been valued at historical cost subject to amortisation of premium / discount. The same is in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

For the purpose of comparison, the fair value of debt securities have been arrived on a Yield to maturity (YTM) basis by using the appropriate discount rates derived from the yield curve data provided by the Fixed Income and Money Market Dealers Association (FIMMDA) in respect of Government Securities and Crisil Bond Valuer in respect of other debt instruments.

Listed equity shares and convertible preference shares 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 at balance sheet date.

Investments other than mentioned above are valued at cost.

In accordance with the Regulations, unrealised 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. This balance in the fair value change account is not available for distribution, pending realisation.

The Company assesses at each balance sheet date whether there is any indication that any investment in equity or units of mutual fund may be impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognised in the revenue(s)/profit and loss account. 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 investment is restated to that extent.

11. Investments at March 31, 2010 amount to Rs. 35,231.5 million (Previous year: Rs. 30,307.4 million). Income from Investments amounted to Rs. 4,454.3 million (Previous year: Rs. 3,222.2 million).

Investments other than deposits with the banks, loans, units of mutual fund, units of venture fund and security receipts are only in regularly traded instruments in the secondary markets. The company debt investment comprises of government securities, central government guaranteed bonds, AAA and AA/P1+ rated security.

All are performing investments with no arrears of any payments due. Investments are managed in consonance with the investment policy framed from time to time by the board and are within the investment regulation and guidelines of IRDA.

12. We also confirm:

- a) in the preparation of financial statements, the applicable AS, principles and policies have been followed along with proper explanations relating to material departures, if any;
- b) the management 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 for the year ended and of the operating profit and of the profit of the company for the year;
- c) the management has taken proper and sufficient care for the maintenance of adequate accounts 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;
- d) the management has prepared the financial statements on a going concern basis;
- e) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. For payments made to individuals, firms, companies and organisations in which Directors are interested, please refer to Annexure 3.

For and on behalf of the Board

Chanda D. Kochhar
Chairperson

Sandeep Bakhshi
Director

Bhargav Dasgupta
Managing Director & CEO

Pratap Salian
Company Secretary

S. Mukherji
Director

N.S. Kannan
Director

Rakesh Jain
Director Corporate Centre & CFO

Mumbai,
April 19, 2010

Details of Claims Outstanding during the preceding five years

Annexure -1

| Product | Fire | | Marine Cargo | | Marine Others | | Motor OD | | Motor TP | | Workmen's Compensation | |
|----------------------------|--------------|----------------|--------------|--------------|---------------|----------------|--------------|--------------|--------------|--------------|------------------------|------------|
| | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount |
| As on March 31,2006 | | | | | | | | | | | | |
| 30 days | 69 | 54.9 | 344 | 82.3 | 5 | 11.9 | 4,325 | 141.3 | 131 | 179.7 | - | 1.4 |
| 30 days to 6 months | 192 | 1,273.4 | 454 | 61.5 | 16 | 829.0 | 1,722 | 125.3 | 388 | 116.4 | 7 | 0.2 |
| 6 months to 1 year | 98 | 422.9 | 116 | 15.4 | 19 | 145.1 | 153 | 15.1 | 225 | 67.4 | - | - |
| 1 year to 5 years | 35 | 135.6 | 23 | 35.6 | 27 | 51.4 | 36 | 5.4 | 79 | 30.1 | - | - |
| 5 years and above | - | - | - | - | - | - | - | - | - | - | - | - |
| Grand Total | 394 | 1,886.8 | 937 | 194.8 | 67 | 1,037.4 | 6,236 | 287.2 | 823 | 393.4 | 7 | 1.6 |

| Product | Fire | | Marine Cargo | | Marine Others | | Motor OD | | Motor TP | | Workmen's Compensation | |
|----------------------------|--------------|----------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|----------------|------------------------|------------|
| | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount |
| As on March 31,2007 | | | | | | | | | | | | |
| 30 days | 71 | 477.7 | 729 | 49.8 | 3 | 0.5 | 13,623 | 514.6 | 528 | 473.2 | 2 | 0.1 |
| 30 days to 6 months | 201 | 623.9 | 1,084 | 165.6 | 28 | 33.2 | 6,024 | 371.1 | 3,327 | 632.6 | 19 | 1.0 |
| 6 months to 1 year | 161 | 359.9 | 303 | 73.6 | 17 | 161.8 | 369 | 10.5 | 929 | 189.2 | - | - |
| 1 year to 5 years | 76 | 946.8 | 73 | 27.8 | 36 | 551.0 | 120 | 4.7 | 551 | 108.6 | - | - |
| 5 years and above | - | - | - | - | - | - | - | - | - | - | - | - |
| Grand Total | 509 | 2,408.3 | 2,189 | 316.8 | 84 | 746.5 | 20,136 | 900.9 | 5,335 | 1,403.6 | 21 | 1.1 |

| Product | Fire | | Marine Cargo | | Marine Others | | Motor OD | | Motor TP | | Workmen's Compensation | |
|----------------------------|--------------|----------------|--------------|--------------|---------------|----------------|---------------|----------------|---------------|----------------|------------------------|-------------|
| | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount |
| As on March 31,2008 | | | | | | | | | | | | |
| 30 days | 118 | 327.9 | 588 | 71.2 | 9 | 476.2 | 12,912 | 706.8 | 1,941 | 2,556.7 | 21 | 8.6 |
| 30 days to 6 months | 295 | 680.2 | 1,035 | 112.7 | 36 | 123.7 | 6,616 | 475.4 | 7,329 | 983.4 | 39 | 4.3 |
| 6 months to 1 year | 194 | 250.5 | 529 | 57.6 | 34 | 411.0 | 512 | 48.1 | 4,785 | 919.1 | 5 | 0.6 |
| 1 year to 5 years | 146 | 699.3 | 250 | 121.8 | 54 | 248.7 | 17 | 1.8 | 3,084 | 591.7 | 1 | 0.1 |
| 5 years and above | 4 | 5.8 | - | - | - | - | - | - | 1 | 0.1 | - | - |
| Grand Total | 757 | 1,963.7 | 2,402 | 363.3 | 133 | 1,259.6 | 20,057 | 1,232.1 | 17,140 | 5,051.0 | 66 | 13.6 |

(Rs. in million)

| Public/Product Liability | | Engineering | | Aviation | | Personal Accident | | Health | | Others | | Grand Total | |
|--------------------------|------------|--------------|--------------|--------------|-------------|-------------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|
| No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | Count | Total |
| - | - | 85 | 45.1 | 3 | 44.4 | 435 | 153.2 | 5,396 | 175.9 | 444 | 44.4 | 11,237 | 934.5 |
| - | - | 251 | 183.7 | 1 | 3.4 | 677 | 43.7 | 1,823 | 33.5 | 1,015 | 124.3 | 6,546 | 2,794.4 |
| 1 | 0.5 | 101 | 96.9 | - | - | 113 | 9.3 | 167 | 26.9 | 299 | 46.5 | 1,292 | 846.0 |
| - | - | 54 | 35.4 | - | - | 10 | 2.0 | 131 | 1.8 | 66 | 13.9 | 461 | 311.2 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1 | 0.5 | 491 | 361.1 | 4 | 47.8 | 1,235 | 208.2 | 7,517 | 238.1 | 1,824 | 229.1 | 19,536 | 4,886.0 |

(Rs. in million)

| Public/Product Liability | | Engineering | | Aviation | | Personal Accident | | Health | | Others | | Grand Total | |
|--------------------------|------------|--------------|--------------|--------------|-------------|-------------------|--------------|---------------|--------------|--------------|--------------|---------------|----------------|
| No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | Count | Total |
| - | - | 84 | 213.1 | - | 2.2 | 890 | 284.7 | 9,832 | 470.3 | 449 | 183.2 | 26,211 | 2,669.4 |
| 3 | 8.2 | 359 | 201.3 | - | - | 1,291 | 134.7 | 5,444 | 321.0 | 1,262 | 581.7 | 19,042 | 3,074.2 |
| 1 | 0.3 | 165 | 181.2 | 2 | 3.4 | 17 | 2.4 | 593 | 15.1 | 420 | 93.3 | 2,977 | 1,090.7 |
| 1 | 0.5 | 98 | 103.9 | 2 | 43.1 | 1 | 0.1 | 140 | 3.1 | 135 | 16.3 | 1,233 | 1,805.9 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 9.0 | 706 | 699.5 | 4 | 48.7 | 2,199 | 421.9 | 16,009 | 809.5 | 2,266 | 874.5 | 49,463 | 8,640.2 |

(Rs. in million)

| Public/Product Liability | | Engineering | | Aviation | | Personal Accident | | Health | | Others | | Grand Total | |
|--------------------------|------------|--------------|--------------|--------------|-------------|-------------------|--------------|---------------|----------------|--------------|--------------|---------------|-----------------|
| No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | Count | Total |
| - | 0.6 | 171 | 82.0 | 1 | 6.7 | 824 | 189.0 | 15,223 | 685.7 | 439 | 58.2 | 32,247 | 5,169.6 |
| 1 | 0.1 | 361 | 267.3 | - | - | 1,057 | 156.4 | 14,784 | 267.4 | 1,585 | 161.2 | 33,138 | 3,232.1 |
| - | - | 243 | 243.7 | 2 | 10.5 | 267 | 31.3 | 1,759 | 35.4 | 1,099 | 171.4 | 9,429 | 2,179.2 |
| 4 | 9.0 | 172 | 245.3 | 3 | 44.0 | 91 | 16.0 | 763 | 12.0 | 506 | 116.1 | 5,091 | 2,105.8 |
| - | - | - | - | - | - | - | - | - | - | - | - | 5 | 5.9 |
| 5 | 9.7 | 947 | 838.3 | 6 | 61.2 | 2,239 | 392.7 | 32,529 | 1,000.5 | 3,629 | 506.9 | 79,910 | 12,692.6 |

| Product | Fire | | Marine Cargo | | Marine Others | | Motor OD | | Motor TP | | Workmen's Compensation | |
|----------------------------|--------------|----------------|--------------|--------------|---------------|----------------|---------------|----------------|---------------|-----------------|------------------------|-------------|
| | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount |
| As on March 31,2009 | | | | | | | | | | | | |
| 30 days | 177 | 1,686.2 | 1,350 | 193.7 | 71 | 580.8 | 14,501 | 815.4 | 2,638 | 5,634.4 | 35 | 18.4 |
| 30 days to 6 months | 207 | 879.3 | 672 | 182.7 | 32 | 297.5 | 8,715 | 630.0 | 10,433 | 1,721.5 | 70 | 5.5 |
| 6 months to 1 year | 183 | 831.7 | 355 | 89.2 | 52 | 132.1 | 670 | 67.2 | 9,895 | 1,500.5 | 5 | 0.4 |
| 1 year to 5 years | 143 | 469.7 | 146 | 115.5 | 82 | 1,299.8 | 181 | 24.4 | 12,154 | 2,085.6 | - | - |
| 5 years and above | 5 | 4.9 | - | - | - | - | - | - | 1 | 0.1 | - | - |
| Grand Total | 715 | 3,871.8 | 2,523 | 581.1 | 237 | 2,310.2 | 24,067 | 1,537.0 | 35,121 | 10,942.1 | 110 | 24.3 |

| Product | Fire | | Marine Cargo | | Marine Others | | Motor OD | | Motor TP | | Workmen's Compensation | |
|----------------------------|--------------|----------------|--------------|--------------|---------------|----------------|---------------|----------------|---------------|-----------------|------------------------|-------------|
| | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount |
| As on March 31,2010 | | | | | | | | | | | | |
| 30 days | 619 | 731.4 | 713 | 112.0 | 12 | 9.0 | 15,100 | 1,167.2 | 2,854 | 8,472.0 | 44 | 19.8 |
| 30 days to 6 months | 286 | 1,539.9 | 885 | 204.0 | 18 | 8.1 | 8,767 | 543.4 | 10,835 | 2,077.7 | 224 | 19.0 |
| 6 months to 1 year | 150 | 353.6 | 193 | 146.0 | 18 | 78.0 | 1,124 | 168.1 | 10,474 | 1,934.4 | 46 | 4.2 |
| 1 year to 5 years | 176 | 2,319.9 | 241 | 206.1 | 139 | 1,110.5 | 227 | 46.7 | 24,434 | 4,272.9 | 2 | 0.5 |
| 5 years and above | 9 | 2.7 | 19 | 6.1 | 13 | 9.0 | - | - | 12 | 2.8 | - | 0.0 |
| Grand Total | 1,240 | 4,947.5 | 2,051 | 674.2 | 200 | 1,214.6 | 25,218 | 1,925.5 | 48,609 | 16,759.7 | 316 | 43.5 |

(Rs. in million)

| Public/Product Liability | | Engineering | | Aviation | | Personal Accident | | Health | | Others | | Grand Total | |
|--------------------------|-------------|--------------|----------------|--------------|--------------|-------------------|--------------|----------------|----------------|--------------|--------------|----------------|-----------------|
| No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | Count | Total |
| 190 | 10.1 | 157 | 124.2 | 8 | 23.4 | 745 | 334.9 | 62,155 | 1,034.5 | 695 | 136.0 | 82,722 | 10,592.0 |
| 122 | 8.0 | 338 | 435.7 | 2 | 123.4 | 1,276 | 130.5 | 44,082 | 605.4 | 1,506 | 186.6 | 67,455 | 5,206.1 |
| 12 | 2.4 | 232 | 363.3 | 3 | 6.2 | 165 | 31.1 | 3,713 | 110.0 | 864 | 169.8 | 16,149 | 3,303.8 |
| 4 | 4.8 | 118 | 246.4 | 6 | 54.2 | 267 | 39.8 | 1,267 | 49.3 | 561 | 252.1 | 14,929 | 4,641.8 |
| - | - | 2 | 0.9 | - | - | - | - | - | - | 1 | 0.03 | 9 | 5.9 |
| 328 | 25.3 | 847 | 1,170.5 | 19 | 207.2 | 2,453 | 536.3 | 111,217 | 1,799.2 | 3,627 | 744.5 | 181,264 | 23,749.6 |

(Rs. in million)

| Public/Product Liability | | Engineering | | Aviation | | Personal Accident | | Health | | Others | | Grand Total | |
|--------------------------|------------|--------------|----------------|--------------|--------------|-------------------|--------------|----------------|----------------|--------------|----------------|----------------|-----------------|
| No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | No of Claims | Amount | Count | Total |
| 52 | 3.6 | 126 | 141.5 | 1 | 385.5 | 484 | 205.7 | 208,163 | 1,367.5 | 970 | 158.4 | 229,138 | 12,773.4 |
| 2 | 0.1 | 262 | 432.5 | 3 | 53.6 | 1,161 | 110.4 | 135,130 | 446.9 | 2,382 | 231.9 | 159,955 | 5,667.4 |
| 3 | 0.1 | 198 | 253.9 | 8 | 220.0 | 350 | 42.7 | 6,605 | 108.9 | 1,196 | 500.6 | 20,365 | 3,810.6 |
| 15 | 5.0 | 306 | 548.5 | 16 | 39.0 | 307 | 38.6 | 2,217 | 182.7 | 1,160 | 698.1 | 29,240 | 9,468.6 |
| - | - | 7 | 7.5 | - | - | - | - | - | - | 1 | 0.0 | 61 | 28.1 |
| 72 | 8.8 | 899 | 1,384.0 | 28 | 698.1 | 2,302 | 397.4 | 352,115 | 2,105.9 | 5,709 | 1,589.0 | 438,759 | 31,748.1 |

Details of Average Claim Settlement time for the preceding five years

Annexure -2

| Particulars | For the year ended March 31, 2010 | | For the year ended March 31, 2009 | | For the year ended March 31, 2008 | | For the year ended March 31, 2007 | | For the year ended March 31, 2006 | |
|--------------------------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | No of claims settled | Average Settlement Time (Days) | No of claims settled | Average Settlement Time (Days) | No of claims settled | Average Settlement Time (Days) | No of claims settled | Average Settlement Time (Days) | No of claims settled | Average Settlement Time (Days) |
| Fire | 1,552 | 176 | 2,089 | 145 | 1,636 | 129 | 1,605 | 111 | 2,138 | 92 |
| Marine Cargo | 13,501 | 67 | 12,139 | 84 | 12,992 | 75 | 13,858 | 53 | 9,500 | 51 |
| Marine Hull | 105 | 431 | 82 | 350 | 108 | 147 | 91 | 173 | 74 | 160 |
| Motor | 405,163 | 20 | 298,161 | 20 | 278,240 | 19 | 211,010 | 20 | 81,066 | 15 |
| Workmen Compensation | 376 | 107 | 685 | 48 | 389 | 26 | 262 | 13 | 338 | 12 |
| Public/Product Liability | 6,261 | 50 | 3,142 | 16 | 1 | 1 | 9 | 78 | 15 | 117 |
| Engineering | 1,551 | 167 | 2,667 | 167 | 1,755 | 144 | 1,572 | 119 | 1,897 | 112 |
| Aviation | 16 | 139 | 10 | 26 | 10 | 73 | 7 | 176 | 6 | 11 |
| Personal Accident | 12,561 | 49 | 39,302 | 51 | 15,744 | 35 | 23,949 | 58 | 19,359 | 32 |
| Health | 5,795,126 | 22 | 2,947,748 | 26 | 493,867 | 26 | 353,752 | 18 | 121,470 | 24 |
| Others | 14,371 | 68 | 7,805 | 58 | 7,354 | 68 | 7,273 | 64 | 7,702 | 65 |
| Total | 6,250,583 | 23 | 3,313,830 | 26 | 812,096 | 26 | 613,388 | 22 | 243,565 | 25 |

The above ageing does not include Motor third party claims which have to be settled through MACT and other judicial bodies.

Annexure 3

List of payments to parties in which Directors are interested

(Rs. in million)

| Sl. No. | Entity in which Director is interested | Name of Director | Interested as | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|---------|--|--|--|--------------------------------------|--------------------------------------|
| 1 | 3i Infotech Limited | H.N. Sinor Vishakha Mulye ^ | Director Director | 101.3 | 118.6 |
| 2 | Bata India Limited | M.K. Sharma | Director | 8.3 | 17.4 |
| 3 | Bhushan Steel and Strips Limited | Sandeep Bakhshi | Director | 17.2 | 100.8 |
| 4 | CMC Limited | Kalpana Morparia * | Director | — | 112.5 |
| 5 | CRISIL Limited | B.V.Bhargava H.N. Sinor | Director Director | 7.6 | 15.5 |
| 6 | Dr. Reddy Laboratories Company Limited | Kalpana Morparia * | Director | — | 0.7 |
| 7 | Excel Crop Care Limited | B.V.Bhargava | Director | — | 0.4 |
| 8 | First Capital Insurance Limited | Chandran Ratnaswami R.Athappan | Director Director | 4.3 | — |
| 9 | Grasim Industries Limited | B.V.Bhargava | Director | 10.3 | 20.5 |
| 10 | ICICI Bank Limited | K.V. Kamath@ M.K. Sharma Chanda D. Kochhar V. Vaidyanathan \$ N. S. Kannan # Sandeep Bakhshi \$\$ | Director Director Director Director Director Director | 1,273.5 | 2,405.0 |

| | | | | | |
|----|---|---|--|------|-------|
| 11 | ICICI Home Finance Company Limited | V. Vaidyanathan \$ Dileep Choksi □ | Director Director | 63.1 | 301.0 |
| 12 | ICICI Prudential Asset Management Company Limited | K.V. Kamath@ Chanda D. Kochhar N. S. Kannan # | Director Director Director | 3.5 | 5.4 |
| 13 | ICICI Prudential Life Insurance Company Limited | K.V. Kamath@ Chanda D. Kochhar N. S. Kannan # | Director Director Director | 71.7 | 134.7 |
| 14 | ICICI Securities Limited | K.V. Kamath@ Chanda D. Kochhar S.Mukherji V. Vaidyanathan \$ | Director Director Director Director | 70.3 | 99.6 |
| 15 | ICICI Securities Primary Dealership Limited | S.Mukherji Vishakha Mulye ^ N. S. Kannan # | Director Director Director | 0.6 | 0.8 |
| 16 | ICICI Venture Funds Management Co. Limited | H.N. Sinor | Director | 3.4 | 4.3 |
| 17 | L & T Infrastructure Finance Company Limited | B.V.Bhargava | Director | 16.3 | 0.7 |
| 18 | Manipal University | K.V. Kamath @ | Director | 19.4 | 59.7 |
| 19 | National Collateral Management Services Limited | H.N. Sinor | Director | 12.8 | 9.4 |
| 20 | National Commodity & Derivative Exchange Limited | B.V.Bhargava" H.N. Sinor | Director Director | 0.9 | 3.1 |
| 21 | NSE IT Limited | Dileep Choksi | Director | 5.9 | 9.1 |
| 22 | Raymond Limited | B.V.Bhargava ~ | Director | 0.1 | 0.2 |
| 23 | Sanmar Group Of Companies | M.K. Sharma | Director - Advisory board | 0.1 | 1.4 |
| 24 | Singapore Reinsurance Corp Limited | R.Athappan | Director | 29.9 | — |
| 25 | TechProcess Solutions Limited | Bhargav Dasgupta # | Director | 51.4 | — |
| 26 | Tata Motors Finance Limited | H.N. Sinor | Director | 0.1 | 0.1 |
| 27 | Odyssey Re | James F Dowd . | Director | 1.0 | 9.8 |
| 28 | Others*** | | | | |
| | Grasim Bhiwani Textile Limited | B.V.Bhargava | Director | | |
| | J.K. Lakshmi Cement Limited | B.V.Bhargava | Director | | |
| | National Sports Club Of India | Sandeep Bakhshi | Director | | |
| | Supreme Industries Limited | B.V.Bhargava | Director | | |
| | Tata Capital Limited | H.N. Sinor | Director | | |
| | Thomas Cook (India) Limited | M.K. Sharma | Director | | |
| | Total others | | | 0.1 | — |
| 29 | Others**** | | | | |
| | Gujarat Alkalies And Chemicals Limited | H.N. Sinor | Director | | |
| | Supreme Industries Limited | B.V.Bhargava | Director | | |
| | Total others | | | — | — |

* ceased to be Director in ICICI Lombard w.e.f. 29.08.2008
^ ceased to be Director in ICICI Lombard w.e.f. 20.04.2009
@ ceased to be Director in ICICI Lombard w.e.f. 23.04.2009
\$ ceased to be Director in ICICI Lombard w.e.f. 01.05.2009
appointed as Director in ICICI Lombard w.e.f. 01.05.2009
~ ceased to be Director in Raymond Limited w.e.f.11.06.2009
. ceased to be Director in Odyssey Re w.e.f.01.07.2009
□ appointed as Director in ICICI Home Finance w.e.f. 25.09.2009

\$\$ appointed as Director in ICICI Bank w.e.f. 01.05.2009
" ceased to be Director in National Commodity & Derivative Exchange Limited w.e.f. 23.03.2010
*** Individual payments to parties less than 0.1 million are aggregated
**** Pertaining to previous year where Individual payments and aggregate payments during the year are less than Rs.0.1 million

Auditors' Report

To the Members of

ICICI Lombard General Insurance Company Limited

We have audited the attached balance sheet of ICICI Lombard General Insurance Company Limited ('the Company') as at March 31, 2010, the revenue accounts of fire, marine and miscellaneous insurance (collectively known as the 'Revenue account'), the profit and loss account and the receipts and payments account, for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The balance sheet, the revenue account, the profit and loss account and receipts and payments account, have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority ('IRDA') (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 of the Companies Act, 1956 ('the Act').

We report thereon as follows:

- 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;
- As the Company's accounts are centralised and maintained at the Corporate office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company;
- The balance sheet, the revenue account, the profit and loss account and receipts and payments account referred to in this report are in agreement with the books of account;
- The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported

(IBNER) as at March 31, 2010, other than for reinsurance accepted from Indian Motor Third Party Insurance Pool, has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDA and the Actuarial Society of India in concurrence with the IRDA; and

- On the basis of the written representations received from the directors of the Company, as on March 31, 2010 and taken on record by the Board of Directors, no director of the Company is disqualified as on March 31, 2010 from being appointed as director of the Company under clause (g) of sub-section (1) of Section 274 of the Act.

In our opinion and according to the information and explanations given to us, we further report that:

- Investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders/directions issued by IRDA in this regard;
- The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDA in this regard;
- The balance sheet, the revenue account, the profit and loss account and receipts and payments account referred to in this report comply with the applicable accounting standards referred to under sub section 3C of Section 211 of the Act;
- Proper books of accounts as required by law have been maintained by the Company so far as appears from our examination of those books; and
- The balance sheet, the revenue account, the profit and loss account and receipts and payments account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act, 1956 to the extent applicable, and in a manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in

India as applicable to insurance companies:

- in the case of balance sheet, of the state affairs of the Company as at March 31, 2010;
- in the case of revenue account, of the surplus for the year ended on that date;
- in the case of profit and loss account, of the profit for the year ended on that date; and
- in the case of receipts and payments account, of the receipts and payments for the year ended on that date.

Further, on the basis of examination of books and records of the Company and according to the information and explanations

For N M Raiji & Co.

Chartered Accountants

Jayesh M. Gandhi

Partner

Membership No. 37924

Firm's Registration No. 108296W

Place : Mumbai,

Date : April 19, 2010

given to us and to the best of our knowledge and belief, we certify that:

- We have reviewed the management report attached to the financial statements for the year ended March 31, 2010 and there are no apparent mistakes or material inconsistency with the financial statements; and
- Based on the information and explanations received during the normal course of our audit and management representation by officers of the Company charged with compliance, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of the registration as stipulated by the IRDA.

For PKF Sridhar & Santhanam

Chartered Accountants

R. Suriyanarayanan

Partner

Membership No. 201402

Firm's Registration No. 003990S

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 and records maintained by ICICI Lombard General Insurance Company Limited ('the Company') for the year ended March 31, 2010, we certify that:

- We have verified the cash balances maintained by the Company. As regards the securities relating to the Company's investments, the same have been verified with the dematerialised statement/ confirmations received from the custodian;
- The Company is not a trustee of any trust; and

For N M Raiji & Co.

Chartered Accountants

Jayesh M. Gandhi

Partner

Membership No. 37924

Firm's Registration No. 108296W

Place : Mumbai,

Date : April 19, 2010

- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investment of the policyholders' funds.

This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

For PKF Sridhar & Santhanam

Chartered Accountants

R. Suriyanarayanan

Partner

Membership No. 201402

Firm's Registration No. 003990S

Balance sheet at March 31, 2010

Registration No. 115 dated August 03, 2001

(Rs. in '000s)

| Particulars | Schedule | At March 31, 2010 | At March 31, 2009 |
|---|----------|----------------------|----------------------|
| Sources of funds | | | |
| Share capital | 5 | 4,036,327 | 4,031,369 |
| Reserves and Surplus | 6 | 12,694,906 | 11,995,095 |
| Share application money-pending allotment (Refer note 5.1.16) | | 1,870 | 176 |
| Fair value change account | | 1,191,293 | (743,219) |
| Borrowings | 7 | - | - |
| Total | | 17,924,396 | 15,283,421 |
| Application of funds | | | |
| Investments | 8 | 35,231,463 | 30,307,422 |
| Loans | 9 | - | - |
| Fixed assets | 10 | 1,433,378 | 1,567,691 |
| Deferred Tax Asset (Refer note 5.2.12) | | 452,876 | 596,650 |
| Current assets | | | |
| Cash and Bank Balances | 11 | 2,862,598 | 730,475 |
| Advances and Other assets | 12 | 26,882,323 | 21,639,788 |
| Sub-Total (A) | | 29,744,921 | 22,370,263 |
| Current liabilities | 13 | 36,278,850 | 27,984,456 |
| Provisions | 14 | 12,659,392 | 11,574,149 |
| Sub-Total (B) | | 48,938,242 | 39,558,605 |
| Net current assets (C) = (A - B) | | (19,193,321) | (17,188,342) |
| Miscellaneous expenditure (to the extent not written off or adjusted) | 15 | - | - |
| Debit balance in profit and loss account | | - | - |
| Total | | 17,924,396 | 15,283,421 |

Significant accounting policies and notes to accounts 16

The schedules referred to above form an integral part of the balance sheet.

As per our attached report of even date

For N. M. Raiji & Co.

Chartered Accountants

Jayesh M. Gandhi

Partner

Membership No. 37924

For PKF Sridhar & Santhanam

Chartered Accountants

R. Suriyanarayanan

Partner

Membership No. 201402

For and on behalf of the Board

Chanda D. Kochhar

Chairperson

Sandeep Bakhshi

Director

Bhargav Dasgupta

Managing Director & CEO

Pratap Salian

Company Secretary

S. Mukherji

Director

N.S.Kannan

Director

Rakesh Jain

Director Corporate Centre & CFO

Mumbai

April 19, 2010

Profit & Loss Account for the year ended March 31, 2010

Registration No. 115 dated August 03, 2001

(Rs. in 000's)

| Particulars | Schedule | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|-----------|------------------------------|------------------------------|
| 1. Operating profit/(loss) | | | |
| (a) Fire Insurance | | (14,235) | (230,096) |
| (b) Marine Insurance | | 54,286 | (573,997) |
| (c) Miscellaneous Insurance | | 83,474 | (73,542) |
| 2. Income from investments | | | |
| (a) Interest /Dividend – Gross | | 811,691 | 814,092 |
| (b) Profit on sale/redemption of investments | | 858,855 | 645,211 |
| Less : loss on sale/redemption of investments | | (95,566) | (127,195) |
| 3. Other income | | | |
| (a) Profit on sale/discard of fixed assets | | 2,422 | 98 |
| Total (A) | | 1,700,927 | 454,571 |
| 4. Provisions (Other than taxation) | | | |
| (a) For diminution in the value of investments | | - | 435,226 |
| (b) For doubtful debts | | 30,670 | - |
| (c) Others | | - | - |
| 5. Other expenses | | | |
| (a) Expenses other than those related to Insurance Business | | | |
| (i) Employees' remuneration and welfare benefits | | 6,345 | 5,748 |
| (ii) Directors' fees | | 640 | 480 |
| (b) Bad debts written off | | - | - |
| (c) Loss on sale/discard of fixed assets | | 80,219 | 10,372 |
| Total (B) | | 117,874 | 451,826 |
| Profit / (Loss) before tax | | 1,583,053 | 2,745 |
| Provision for taxation: | | | |
| (a) Current tax /MAT payable | 227,180 | | |
| Tax for earlier year- MAT | 28,794 | | |
| Less : MAT credit entitlement (refer note 4.13) | (255,974) | | |
| (b) Deferred tax | | 143,774 | (298,500) |
| (c) Fringe benefit tax | | - | 65,000 |
| Profit / (Loss) after tax | | 1,439,279 | 236,245 |
| Appropriations | | | |
| (a) Interim dividends paid during the year | | 645,248 | - |
| (b) Proposed final dividend | | - | - |
| (c) Dividend distribution tax | | 109,660 | - |
| (d) Transfer to General Reserves | | 107,946 | - |
| Balance of profit brought forward from last year | | 1,168,615 | 932,370 |
| Balance carried forward to balance sheet | | 1,745,040 | 1,168,615 |
| Basic earnings per share of Rs 10 face value (refer note 5.2.11) | | Rs 3.57 | Rs 0.60 |
| Diluted earnings per share of Rs 10 face value (refer note 5.2.11) | | Rs 3.51 | Rs 0.59 |
| Significant accounting policies & notes to accounts | 16 | | |

The schedules referred to above form an integral part of the profit & loss account

As per our attached report of even date

For N. M. Raiji & Co.

Chartered Accountants

Jayesh M. Gandhi

Partner

Membership No. 37924

For PKF Sridhar & Santhanam

Chartered Accountants

R. Suriyanarayanan

Partner

Membership No. 201402

For and on behalf of the Board

Chanda D. Kochhar

Chairperson

Sandeep Bakhshi

Director

Bhargav Dasgupta

Managing Director & CEO

Pratap Salian

Company Secretary

S. Mukherji

Director

N.S.Kannan

Director

Rakesh Jain

Director Corporate Centre & CFO

Mumbai

April 19, 2010

Revenue Accounts for the year ended March 31, 2010

Registration No. 115 dated August 03, 2001

| Particulars | Schedule | Fire | |
|---|----------|------------------|------------------|
| | | 2009-10 | 2008-09 |
| 1. Premium earned (net) | 1 | 899,321 | 1,010,370 |
| 2. Profit on sale/redemption of investments | | 56,149 | 46,875 |
| Less : Loss on sale/redemption of investments | | (6,248) | (9,241) |
| 3. Others - Foreign exchange gain/(loss) | | (1,290) | 127 |
| 4. Interest, Dividend & Rent—Gross | | 53,051 | 59,144 |
| Total (A) | | 1,000,983 | 1,107,275 |
| 1. Claims Incurred (net) | 2 | 658,121 | 969,792 |
| 2. Commission (net) | 3 | (111,751) | (273,375) |
| 3. Operating expenses related to Insurance Business | 4 | 468,848 | 640,954 |
| 4. Others – Premium Deficiency | | - | - |
| Total (B) | | 1,015,218 | 1,337,371 |
| Operating Profit/(Loss) C = (A - B) | | (14,235) | (230,096) |
| APPROPRIATIONS | | | |
| Transfer to Shareholders' Account | | (14,235) | (230,096) |
| Transfer to Catastrophe Reserve | | - | - |
| Transfer to Other Reserves | | - | - |
| Total (C) | | (14,235) | (230,096) |
| Significant accounting policies and notes to accounts | 16 | | |

As required by Section 40C(2) of the Insurance Act, 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly, have been fully recognised in the Revenue Accounts as expense.

As per our attached report of even date

For N. M. Raiji & Co.

Chartered Accountants

Jayesh M. Gandhi

Partner

Membership No. 37924

For PKF Sridhar & Santhanam

Chartered Accountants

R. Suriyanarayanan

Partner

Membership No. 201402

Mumbai

April 19, 2010

(Rs. in '000s)

| Marine | | Miscellaneous | | Total | |
|----------------|------------------|-------------------|-------------------|-------------------|-------------------|
| 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| 322,834 | 272,818 | 20,706,091 | 18,453,334 | 21,928,246 | 19,736,522 |
| 36,421 | 31,607 | 1,477,776 | 1,047,797 | 1,570,345 | 1,126,279 |
| (4,053) | (6,231) | (164,434) | (206,560) | (174,734) | (222,032) |
| 808 | 60 | 6,189 | 3,655 | 5,707 | 3,842 |
| 34,411 | 39,880 | 1,396,228 | 1,322,054 | 1,483,690 | 1,421,078 |
| 390,421 | 338,134 | 23,421,850 | 20,620,280 | 24,813,254 | 22,065,689 |
| 266,805 | 550,246 | 18,101,387 | 15,325,324 | 19,026,313 | 16,845,362 |
| (78,990) | (132,892) | 401,298 | (349,570) | 210,557 | (755,837) |
| 246,820 | 426,777 | 4,835,691 | 5,718,068 | 5,551,359 | 6,785,799 |
| (98,500) | 68,000 | - | - | (98,500) | 68,000 |
| 336,135 | 912,131 | 23,338,376 | 20,693,822 | 24,689,729 | 22,943,324 |
| 54,286 | (573,997) | 83,474 | (73,542) | 123,525 | (877,635) |
| 54,286 | (573,997) | 83,474 | (73,542) | 123,525 | (877,635) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 54,286 | (573,997) | 83,474 | (73,542) | 123,525 | (877,635) |

For and on behalf of the Board

Chanda D. Kochhar
Chairperson

Sandeep Bakhshi
Director

Bhargav Dasgupta
Managing Director & CEO

Pratap Salian
Company Secretary

S. Mukherji
Director

N.S.Kannan
Director

Rakesh Jain
Director Corporate Centre & CFO

Schedules forming part of the financial statements

Schedule – 1 Premium

| Particulars | Fire | Marine | | | Motor-OD | Motor-TP |
|---|----------------|----------------|---------------|----------------|------------------|------------------|
| | | Marine-Cargo | Marine-Others | Marine-Total | | |
| | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| Premium from direct business written-net of service tax | 2,700,618 | 815,873 | 649,785 | 1,465,658 | 9,572,205 | 4,219,362 |
| Add: Premium on reinsurance accepted | 697,034 | 69,674 | 339,988 | 409,662 | 6,184 | 2,633,087 |
| Less: Premium on reinsurance ceded | 2,538,923 | 586,859 | 949,831 | 1,536,690 | 997,029 | 2,535,496 |
| Net premium | 858,729 | 298,688 | 39,942 | 338,630 | 8,581,360 | 4,316,953 |
| Adjustment for change in reserve for unexpired risks | (40,592) | 27,776 | (11,980) | 15,796 | 1,552,507 | 221,480 |
| Total premium earned (Net) | 899,321 | 270,912 | 51,922 | 322,834 | 7,028,853 | 4,095,473 |

| Particulars | Fire | Marine | | | Motor-OD | Motor-TP |
|---|------------------|----------------|---------------|----------------|------------------|------------------|
| | | Marine-Cargo | Marine-Others | Marine-Total | | |
| | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| Premium from direct business written-net of service tax | 2,830,234 | 865,040 | 1,299,663 | 2,164,703 | 8,746,918 | 4,466,025 |
| Add: Premium on reinsurance accepted | 237,102 | 16,727 | 61,173 | 77,900 | - | 2,924,480 |
| Less: Premium on reinsurance ceded | 2,110,133 | 639,123 | 1,319,990 | 1,959,113 | 2,714,706 | 3,388,174 |
| Net premium | 957,203 | 242,644 | 40,846 | 283,490 | 6,032,212 | 4,002,331 |
| Adjustment for change in reserve for unexpired risks | (53,167) | 8,118 | 2,554 | 10,672 | (108,151) | 396,518 |
| Total premium earned (Net) | 1,010,370 | 234,526 | 38,292 | 272,818 | 6,140,363 | 3,605,813 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|-------------------|------------------------|--------------------------|----------------|----------------|-------------------|------------------|------------------|---------------------|-------------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total Miscellaneous | Total |
| 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| 13,791,567 | 113,976 | 241,358 | 1,528,274 | 573,213 | 796,908 | 8,567,613 | 3,171,431 | 28,784,340 | 32,950,616 |
| 2,639,271 | (281) | 116 | 134,609 | 72,617 | - | 36,067 | 8,110 | 2,890,509 | 3,997,205 |
| 3,532,525 | 17,844 | 66,499 | 1,342,312 | 536,928 | 500,465 | 1,705,225 | 2,029,527 | 9,731,325 | 13,806,938 |
| 12,898,313 | 95,851 | 174,975 | 320,571 | 108,902 | 296,443 | 6,898,455 | 1,150,014 | 21,943,524 | 23,140,883 |
| 1,773,987 | 10,568 | 60,126 | (45,281) | 5,728 | 29,276 | (618,175) | 21,204 | 1,237,433 | 1,212,637 |
| 11,124,326 | 85,283 | 114,849 | 365,852 | 103,174 | 267,167 | 7,516,630 | 1,128,810 | 20,706,091 | 21,928,246 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|-------------------|------------------------|--------------------------|----------------|---------------|-------------------|------------------|------------------|---------------------|-------------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total Miscellaneous | Total |
| 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| 13,212,943 | 98,184 | 141,056 | 1,810,101 | 518,782 | 1,125,187 | 9,738,035 | 2,381,127 | 29,025,415 | 34,020,352 |
| 2,924,480 | - | 96 | 125,270 | 27,624 | 5,024 | 72,308 | 1,954 | 3,156,756 | 3,471,758 |
| 6,102,880 | 19,916 | 53,789 | 1,536,723 | 449,442 | 786,934 | 1,960,853 | 1,347,570 | 12,258,107 | 16,327,353 |
| 10,034,543 | 78,268 | 87,363 | 398,648 | 96,964 | 343,277 | 7,849,490 | 1,035,511 | 19,924,064 | 21,164,757 |
| 288,367 | 46 | 17,232 | 1,201 | 8,395 | 127,289 | 1,002,006 | 26,194 | 1,470,730 | 1,428,235 |
| 9,746,176 | 78,222 | 70,131 | 397,447 | 88,569 | 215,988 | 6,847,484 | 1,009,317 | 18,453,334 | 19,736,522 |

Schedules forming part of the financial statements

Schedule – 2 Claims Incurred (net)

| Particulars | Fire | Marine | | | Motor-OD | Motor-TP |
|---|----------------|----------------|----------------|----------------|------------------|------------------|
| | | Marine-Cargo | Marine-Others | Marine-Total | | |
| | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| Claims paid- Direct | 1,654,912 | 550,176 | 948,362 | 1,498,538 | 6,429,371 | 2,684,984 |
| Add: Re-insurance accepted | 191,314 | 10,352 | - | 10,352 | 4,127 | 917,181 |
| Less: Re-insurance ceded | 1,121,518 | 397,016 | 584,045 | 981,061 | 1,507,023 | 1,812,817 |
| Net Claims paid | 724,708 | 163,512 | 364,317 | 527,829 | 4,926,475 | 1,789,348 |
| Add: Claims Outstanding at the end of the year | 640,324 | 168,946 | 135,086 | 304,032 | 1,698,332 | 10,488,597 |
| Less: Claims Outstanding at the beginning of the year | 706,911 | 150,156 | 414,900 | 565,056 | 1,136,073 | 7,485,080 |
| Total claims incurred | 658,121 | 182,302 | 84,503 | 266,805 | 5,488,734 | 4,792,865 |

| Particulars | Fire | Marine | | | Motor-OD | Motor-TP |
|---|----------------|----------------|----------------|----------------|------------------|------------------|
| | | Marine-Cargo | Marine-Others | Marine-Total | | |
| | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| Claims paid- Direct | 2,406,393 | 540,490 | 334,868 | 875,358 | 5,193,411 | 1,764,028 |
| Add: Re-insurance accepted | 43,003 | 1,197 | - | 1,197 | 3,054 | 182,193 |
| Less: Re-insurance ceded | 1,808,321 | 396,739 | 260,601 | 657,340 | 1,770,316 | 789,303 |
| Net Claims paid | 641,075 | 144,948 | 74,267 | 219,215 | 3,426,149 | 1,156,918 |
| Add: Claims Outstanding at the end of the year | 706,911 | 150,156 | 414,900 | 565,056 | 1,136,073 | 7,485,080 |
| Less: Claims Outstanding at the beginning of the year | 378,194 | 92,148 | 141,877 | 234,025 | 909,575 | 4,100,013 |
| Total claims incurred | 969,792 | 202,956 | 347,290 | 550,246 | 3,652,647 | 4,541,985 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|-------------------|------------------------|--------------------------|----------------|---------------|-------------------|------------------|----------------|---------------------|-------------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total-Miscellaneous | Total |
| 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| 9,114,355 | 33,851 | 130,439 | 528,648 | 243,748 | 1,129,041 | 7,652,249 | 1,014,902 | 19,847,233 | 23,000,683 |
| 921,308 | - | - | 28,011 | - | 13,122 | 53,671 | - | 1,016,112 | 1,217,778 |
| 3,319,840 | 6,409 | 19,539 | 411,007 | 234,105 | 831,879 | 1,257,298 | 553,565 | 6,633,642 | 8,736,221 |
| 6,715,823 | 27,442 | 110,900 | 145,652 | 9,643 | 310,284 | 6,448,622 | 461,337 | 14,229,703 | 15,482,240 |
| 12,186,929 | 38,706 | 5,002 | 253,223 | 9,330 | 204,597 | 1,722,019 | 392,791 | 14,812,597 | 15,756,953 |
| 8,621,153 | 21,952 | 14,819 | 221,012 | 6,470 | 352,654 | 1,401,295 | 301,558 | 10,940,913 | 12,212,880 |
| 10,281,599 | 44,196 | 101,083 | 177,863 | 12,503 | 162,227 | 6,769,346 | 552,570 | 18,101,387 | 19,026,313 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|------------------|------------------------|--------------------------|----------------|--------------|-------------------|------------------|----------------|---------------------|-------------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total-Miscellaneous | Total |
| 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| 6,957,439 | 25,106 | 70,163 | 631,513 | 61,393 | 1,594,901 | 6,523,406 | 773,944 | 16,637,865 | 19,919,616 |
| 185,247 | - | - | 1,635 | - | - | - | - | 186,882 | 231,082 |
| 2,559,619 | 4,844 | 14,115 | 500,510 | 54,999 | 1,308,677 | 1,234,917 | 357,684 | 6,035,365 | 8,501,026 |
| 4,583,067 | 20,262 | 56,048 | 132,638 | 6,394 | 286,224 | 5,288,489 | 416,260 | 10,789,382 | 11,649,672 |
| 8,621,153 | 21,952 | 14,819 | 221,012 | 6,470 | 352,654 | 1,401,295 | 301,558 | 10,940,913 | 12,212,880 |
| 5,009,588 | 11,819 | 1,768 | 153,506 | 7,300 | 158,376 | 795,897 | 266,717 | 6,404,971 | 7,017,190 |
| 8,194,632 | 30,395 | 69,099 | 200,144 | 5,564 | 480,502 | 5,893,887 | 451,101 | 15,325,324 | 16,845,362 |

Schedules forming part of the financial statements

Schedule- 3 Commission

| Particulars | Fire | Marine | | | Motor-OD | Motor-TP |
|--|------------------|-----------------|-----------------|-----------------|----------------|---------------|
| | | Marine-Cargo | Marine-others | Marine-Total | | |
| | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| Commission paid | | | | | | |
| - Direct | 59,181 | 50,567 | 9,223 | 59,790 | 924,458 | - |
| Add: Commission on Re-insurance accepted | 130,866 | 3,727 | 3,361 | 7,088 | 162 | 263,253 |
| Less: Commission on Re-Insurance ceded | 301,798 | 113,178 | 32,690 | 145,868 | 187,348 | 245,345 |
| Net Commission | (111,751) | (58,884) | (20,106) | (78,990) | 737,272 | 17,908 |

| Particulars | Fire | Marine | | | Motor-OD | Motor-TP |
|--|------------------|-----------------|-----------------|------------------|-----------------|------------------|
| | | Marine-Cargo | Marine-others | Marine-Total | | |
| | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| Commission paid | | | | | | |
| - Direct | 114,075 | 56,615 | 21,808 | 78,423 | 779,788 | - |
| Add: Commission on Re-insurance accepted | 8,403 | 669 | 387 | 1,056 | - | 292,448 |
| Less: Commission on Re-Insurance ceded | 395,853 | 128,747 | 83,624 | 212,371 | 845,960 | 433,542 |
| Net Commission | (273,375) | (71,463) | (61,429) | (132,892) | (66,172) | (141,094) |

Schedule- 3 A Commission Paid - Direct

(Rs. in '000s)

| Particulars | 2009-10 | 2008-09 |
|------------------|------------------|------------------|
| Agents | 371,062 | 451,675 |
| Brokers | 380,666 | 465,762 |
| Corporate Agency | 748,860 | 730,832 |
| Referral | 390,909 | 587,770 |
| Total (B) | 1,891,497 | 2,236,039 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|----------------|------------------------|--------------------------|------------------|---------------|-------------------|------------------|-----------------|---------------------|----------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total-Miscellaneous | |
| 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| 924,458 | 8,977 | 9,238 | 61,745 | 7,554 | 59,566 | 457,220 | 243,768 | 1,772,526 | 1,891,497 |
| 263,415 | (14) | 3 | 7,679 | 11,376 | - | - | 809 | 283,268 | 421,222 |
| 432,693 | 3,475 | 3,587 | 285,282 | 8,521 | 75,232 | 503,000 | 342,706 | 1,654,496 | 2,102,162 |
| 755,180 | 5,488 | 5,654 | (215,858) | 10,409 | (15,666) | (45,780) | (98,129) | 401,298 | 210,557 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|------------------|------------------------|--------------------------|------------------|---------------|-------------------|------------------|---------------|---------------------|------------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total-Miscellaneous | |
| 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| 779,788 | 8,303 | 9,801 | 98,730 | 14,190 | 104,618 | 795,871 | 232,240 | 2,043,541 | 2,236,039 |
| 292,448 | - | - | 10,545 | 3,844 | - | - | 125 | 306,962 | 316,421 |
| 1,279,502 | 3,959 | 3,292 | 399,364 | 2,945 | 104,914 | 738,803 | 167,294 | 2,700,073 | 3,308,297 |
| (207,266) | 4,344 | 6,509 | (290,089) | 15,089 | (296) | 57,068 | 65,071 | (349,570) | (755,837) |

Schedules forming part of the financial statements

Schedule – 4

Operating expenses related to insurance business

| Particulars | Fire | Marine | | | Motor OD | Motor TP |
|--|----------------|----------------|----------------|----------------|------------------|----------------|
| | | Marine-Cargo | Marine-Others | Marine-Total | | |
| | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| Employees' remuneration & welfare benefits | 227,089 | 68,605 | 54,639 | 123,244 | 804,907 | 354,798 |
| Travel, conveyance and vehicle running expenses | 18,542 | 5,602 | 4,461 | 10,063 | 65,720 | 28,969 |
| Training expenses | 1,348 | 407 | 324 | 731 | 4,779 | 2,107 |
| Rents, rates & taxes | 39,431 | 11,912 | 9,487 | 21,399 | 139,762 | 61,606 |
| Repairs & maintenance | 20,575 | 6,216 | 4,950 | 11,166 | 72,927 | 32,145 |
| Printing & stationery | 5,765 | 1,742 | 1,387 | 3,129 | 20,433 | 9,007 |
| Communication | 32,049 | 9,682 | 7,711 | 17,393 | 113,595 | 50,072 |
| Legal & professional charges | 39,377 | 7,649 | 6,092 | 13,741 | 89,738 | 39,556 |
| Auditors' fees, expenses etc | | | | | | |
| (a) as auditor | 316 | 96 | 76 | 172 | 1,122 | 494 |
| (b) as adviser or in any other capacity, in respect of | | | | | | |
| (i) Taxation matters | - | - | - | - | - | - |
| (ii) Insurance matters | - | - | - | - | - | - |
| (iii) Management services; and | - | - | - | - | - | - |
| (c) in any other capacity | - | - | - | - | - | - |
| Advertisement and publicity | 15,286 | 4,618 | 3,678 | 8,296 | 54,181 | 23,883 |
| Interest & Bank charges | 6,108 | 1,845 | 1,470 | 3,315 | 21,651 | 9,543 |
| Others | | | | | | |
| (a) Miscellaneous expenses | 28,012 | 8,463 | 6,740 | 15,203 | 99,288 | 43,765 |
| (b) Business & Sales Promotion | 12,236 | 3,697 | 2,944 | 6,641 | 43,371 | 19,117 |
| Depreciation | 22,714 | 6,862 | 5,465 | 12,327 | 80,508 | 35,488 |
| Service tax on premium account | - | - | - | - | - | - |
| Total | 468,848 | 137,396 | 109,424 | 246,820 | 1,611,982 | 710,550 |

(Rs. in '000s)

| Miscellaneous | | | | | | | | | Total |
|------------------|------------------------|--------------------------|----------------|---------------|-------------------|------------------|----------------|---------------------|------------------|
| Motor Total | Workmens' Compensation | Public/Product Liability | Engineering | Aviation | Personal Accident | Health Insurance | Others | Total-Miscellaneous | Total |
| 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| 1,159,705 | 9,584 | 20,295 | 128,509 | 48,200 | 67,010 | 720,433 | 266,679 | 2,420,415 | 2,770,748 |
| 94,689 | 783 | 1,657 | 10,493 | 3,936 | 5,471 | 58,823 | 21,774 | 197,626 | 226,231 |
| 6,886 | 57 | 121 | 763 | 286 | 398 | 4,278 | 1,584 | 14,373 | 16,452 |
| 201,368 | 1,664 | 3,524 | 22,314 | 8,369 | 11,636 | 125,094 | 46,306 | 420,275 | 481,105 |
| 105,072 | 868 | 1,839 | 11,643 | 4,367 | 6,071 | 65,273 | 24,162 | 219,295 | 251,036 |
| 29,440 | 243 | 515 | 3,262 | 1,224 | 1,701 | 18,289 | 6,770 | 61,444 | 70,338 |
| 163,667 | 1,353 | 2,864 | 18,136 | 6,802 | 9,457 | 101,673 | 37,636 | 341,588 | 391,030 |
| 129,294 | 1,069 | 2,263 | 14,327 | 5,374 | 7,471 | 80,320 | 29,732 | 269,850 | 322,968 |
| 1,616 | 13 | 28 | 179 | 67 | 93 | 1,004 | 372 | 3,372 | 3,860 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| 78,064 | 645 | 1,366 | 8,650 | 3,245 | 4,511 | 48,495 | 17,951 | 162,927 | 186,509 |
| 31,194 | 258 | 546 | 3,457 | 1,296 | 1,802 | 19,378 | 7,173 | 65,104 | 74,527 |
| 143,053 | 1,182 | 2,503 | 15,852 | 5,946 | 8,266 | 88,868 | 21,238 | 286,908 | 330,123 |
| 62,488 | 516 | 1,094 | 6,924 | 2,597 | 3,611 | 38,819 | 14,369 | 130,418 | 149,295 |
| 115,996 | 959 | 2,030 | 12,854 | 4,821 | 6,703 | 72,059 | 26,674 | 242,096 | 277,137 |
| - | - | - | - | - | - | - | - | - | - |
| 2,322,532 | 19,194 | 40,645 | 257,363 | 96,530 | 134,201 | 1,442,806 | 522,420 | 4,835,691 | 5,551,359 |

Schedules forming part of the financial statements

Schedule – 4 (Contd.)

Operating expenses related to insurance business

| Particulars | Fire | Marine | | | Motor OD | Motor TP |
|--|----------------|----------------|----------------|----------------|------------------|----------------|
| | | Marine-Cargo | Marine-Others | Marine-Total | | |
| | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| Employees' remuneration & welfare benefits | 302,031 | 92,313 | 138,695 | 231,008 | 933,434 | 476,596 |
| Travel, conveyance and vehicle running expenses | 31,567 | 9,648 | 14,496 | 24,144 | 97,560 | 49,812 |
| Training expenses | 3,736 | 1,142 | 1,715 | 2,857 | 11,545 | 5,895 |
| Rents, rates & taxes | 38,249 | 11,691 | 17,564 | 29,255 | 118,210 | 60,356 |
| Repairs & maintenance | 27,653 | 8,452 | 12,698 | 21,150 | 85,462 | 43,636 |
| Printing & stationery | 11,446 | 3,498 | 5,256 | 8,754 | 35,374 | 18,062 |
| Communication | 41,351 | 12,639 | 18,989 | 31,628 | 127,798 | 65,251 |
| Legal & professional charges | 114,036 | 9,497 | 14,268 | 23,765 | 96,025 | 49,029 |
| Auditors' fees, expenses etc | | | | | | |
| (a) as auditor | 266 | 81 | 122 | 203 | 823 | 420 |
| (b) as adviser or in any other capacity, in respect of | | | | | | |
| (i) Taxation matters | - | - | - | - | - | - |
| (ii) Insurance matters | - | - | - | - | - | - |
| (iii) Management services; and | - | - | - | - | - | - |
| (c) in any other capacity | - | - | - | - | - | - |
| Advertisement and publicity | 12,754 | 3,898 | 5,857 | 9,755 | 39,417 | 20,125 |
| Interest & Bank charges | 6,614 | 2,022 | 3,037 | 5,059 | 20,442 | 10,438 |
| Others | | | | | | |
| (a) Miscellaneous expenses | 14,183 | 4,335 | 6,513 | 10,848 | 43,832 | 22,380 |
| (b) Business & Sales Promotion | 15,074 | 4,607 | 6,922 | 11,529 | 46,588 | 23,787 |
| Depreciation | 21,994 | 6,722 | 10,100 | 16,822 | 67,972 | 34,705 |
| Service tax on premium account | - | - | - | - | - | - |
| Total | 640,954 | 170,545 | 256,232 | 426,777 | 1,724,482 | 880,492 |

(Rs. in '000s)

| Motor Total | Workmens' Compensation | Public/Product Liability | Miscellaneous | | | | | Others | Total-Miscellaneous | Total |
|------------------|------------------------|--------------------------|----------------|----------------|-------------------|------------------|----------------|------------------|---------------------|-------|
| | | | Engineering | Aviation | Personal Accident | Health Insurance | | | | |
| 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | |
| 1,410,030 | 10,478 | 15,053 | 193,166 | 55,362 | 120,075 | 1,039,203 | 254,104 | 3,097,471 | 3,630,510 | |
| 147,372 | 1,095 | 1,573 | 20,189 | 5,786 | 12,550 | 108,614 | 26,558 | 323,737 | 379,448 | |
| 17,440 | 130 | 186 | 2,389 | 685 | 1,485 | 12,853 | 3,143 | 38,311 | 44,904 | |
| 178,566 | 1,327 | 1,906 | 24,463 | 7,011 | 15,206 | 131,605 | 32,180 | 392,264 | 459,768 | |
| 129,098 | 959 | 1,378 | 17,686 | 5,069 | 10,994 | 95,146 | 23,264 | 283,594 | 332,397 | |
| 53,436 | 397 | 570 | 7,320 | 2,098 | 4,551 | 39,383 | 9,632 | 117,387 | 137,587 | |
| 193,049 | 1,435 | 2,061 | 26,447 | 7,580 | 16,440 | 142,279 | 34,790 | 424,081 | 497,060 | |
| 145,054 | 1,078 | 1,549 | 19,872 | 5,695 | 12,352 | 106,906 | 26,141 | 318,647 | 456,448 | |
| 1,243 | 10 | 13 | 170 | 49 | 106 | 916 | 224 | 2,731 | 3,200 | |
| - | - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | - | - | |
| 59,542 | 442 | 636 | 8,157 | 2,338 | 5,070 | 43,883 | 10,732 | 130,800 | 153,309 | |
| 30,880 | 229 | 330 | 4,230 | 1,212 | 2,630 | 22,759 | 5,565 | 67,835 | 79,508 | |
| 66,212 | 492 | 707 | 9,071 | 2,600 | 5,639 | 48,799 | 7,539 | 141,059 | 166,090 | |
| 70,375 | 523 | 751 | 9,641 | 2,763 | 5,993 | 51,867 | 12,683 | 154,596 | 181,199 | |
| 102,677 | 763 | 1,096 | 14,066 | 4,031 | 8,744 | 75,674 | 18,504 | 225,555 | 264,371 | |
| - | - | - | - | - | - | - | - | - | - | |
| 2,604,974 | 19,358 | 27,809 | 356,867 | 102,279 | 221,835 | 1,919,887 | 465,059 | 5,718,068 | 6,785,799 | |

Schedules forming part of the financial statements

Schedule – 5 Share capital

(Rs. in '000s)

| Particulars | At | At |
|---|------------------|------------------|
| | March 31, 2010 | March 31, 2009 |
| Authorised Capital | | |
| 450,000,000 (previous year : 450,000,000) Equity Shares of Rs 10 each | 4,500,000 | 4,500,000 |
| Issued Capital | | |
| 403,632,746 (previous year : 403,136,940) Equity Shares of Rs 10 each | 4,036,327 | 4,031,369 |
| Subscribed Capital | | |
| 403,632,746 (previous year : 403,136,940) Equity Shares of Rs 10 each | 4,036,327 | 4,031,369 |
| Called up Capital | | |
| 403,632,746 (previous year : 403,136,940) Equity Shares of Rs 10 each | 4,036,327 | 4,031,369 |
| Less : Calls unpaid | | |
| Add : Equity Shares forfeited (Amount originally paid up) | - | - |
| Less : Par value of Equity Shares bought back | - | - |
| Less : (i) Preliminary Expenses to the extent not written off | - | - |
| (ii) Expenses including commission or brokerage on underwriting or subscription of shares | - | - |
| Total | 4,036,327 | 4,031,369 |

Note:
Of the above, 297,552,950 shares are held by the holding company, ICICI Bank Limited (previous year : 297,552,950 shares)

Schedule – 5A Share Capital

Pattern of shareholding
[As certified by the management]

| Shareholder | At March 31, 2010 | | At March 31, 2009 | |
|--------------------|--------------------|----------------|--------------------|----------------|
| | Number of Shares | % of Holding | Number of Shares | % of Holding |
| Promoters | | | | |
| - Indian | 297,552,950 | 73.72% | 297,552,950 | 73.80% |
| - Foreign | 104,544,940 | 25.90% | 104,392,936 | 25.90% |
| Others - Employees | 1,534,856 | 0.38% | 1,191,054 | 0.30% |
| Total | 403,632,746 | 100.00% | 403,136,940 | 100.00% |

Schedule – 6
Reserves and Surplus

(Rs. in 000's)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|--|----------------------|----------------------|
| 1. Capital Reserve | - | - |
| 2. Capital Redemption Reserve | - | - |
| 3. Share Premium (refer note 4.14) | | |
| Opening balance | 10,705,974 | 5,933,135 |
| Additions during the year | 15,440 | 4,772,839 |
| Deductions during the period- share issue expenses | - | - |
| Closing balance | 10,721,414 | 10,705,974 |
| 4. General Reserves | | |
| Opening balance | 120,506 | 120,506 |
| Additions during the year | 107,946 | - |
| Deductions during the year | - | - |
| Closing balance | 228,452 | 120,506 |
| Less: Debit balance in Profit and Loss Account | - | - |
| Less: Amount utilized for Buy-back | - | - |
| 5. Catastrophe Reserve | - | - |
| 6. Other Reserves | - | - |
| 7. Balance of Profit in Profit and Loss Account | 1,745,040 | 1,168,615 |
| Total | 12,694,906 | 11,995,095 |

Schedule- 7
Borrowings

(Rs. in '000s)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|------------------------|----------------------|----------------------|
| Debentures/ Bonds | - | - |
| Banks | - | - |
| Financial Institutions | - | - |
| Others | - | - |
| Total | - | - |

Schedules forming part of the financial statements

Schedule- 8 Investments

(Rs. in '000s)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|---|----------------------|----------------------|
| Long term investments | | |
| Government securities and Government guaranteed bonds including Treasury Bills (note 3) | 9,706,763 | 9,392,066 |
| Other Approved Securities | - | - |
| Other Investments | | |
| (a) Shares | | |
| (aa) Equity | 3,368,408 | 4,327,311 |
| (bb) Preference | - | - |
| (b) Mutual Funds | - | - |
| (c) Derivative Instruments | - | - |
| (d) Debentures/ Bonds (note 5) | 9,296,002 | 3,980,613 |
| (e) Other Securities (note 5) | 8,253 | 11,894 |
| (f) Subsidiaries | - | - |
| (g) Investment Properties-Real Estate | - | - |
| Investments in Infrastructure and Social Sector | 7,009,419 | 6,795,345 |
| Other than Approved Investments | 1,147,905 | 758,389 |
| Short term investments | | |
| Government securities and Government guaranteed bonds including Treasury Bills | 1,592,580 | 2,089,868 |
| Other Approved Securities | - | - |
| Other Investments | | |
| (a) Shares | | |
| (aa) Equity | - | - |
| (bb) Preference | - | - |
| (b) Mutual Fund units | - | - |
| (c) Derivative Instruments | - | - |
| (d) Debentures/ Bonds | 250,000 | 811,234 |
| (e) Other Securities | - | - |
| (f) Subsidiaries | - | - |
| (g) Investment Properties-Real Estate | - | - |
| Investments in Infrastructure and Social Sector | 650,188 | 198,721 |
| Other than Approved Investments (Note 4) | 2,201,945 | 1,941,981 |
| Total investments | 35,231,463 | 30,307,422 |

- Notes:
1. Aggregate book value of investments (other than listed equities) is Rs. 31,291,659 thousand (previous year: Rs. 25,734,871 thousand).
 2. Aggregate market value of investments (other than listed equities) is Rs. 31,258,561 thousand (previous year: Rs. 25,755,271 thousand).
 3. Includes investment of FRB GOI 2014 of Rs. 100,000 thousand under Section 7 of Insurance Act, 1938 (previous year: FRB GOI 2014 of Rs. 100,000 thousand).
 4. Includes investment in mutual fund.
 5. Indian RMBS 2003 Trust (Series I) of Rs. 8,253 thousand (previous year : Rs. 11,894 thousand) reclassified from Debentures/Bonds to Other Securities.

Schedules forming part of the financial statements

Schedule- 9

Loans

(Rs. in '000s)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|--|----------------------|----------------------|
| Security wise classification | | |
| Secured | | |
| (a) On mortgage of property | | |
| (aa) In India | - | - |
| (bb) Outside India | - | - |
| (b) On Shares, Bonds, Govt. Securities | - | - |
| (c) Others | - | - |
| Unsecured | - | - |
| Total | - | - |
| Borrower wise classification | | |
| (a) Central and State Governments | - | - |
| (b) Banks and Financial Institutions | - | - |
| (c) Subsidiaries | - | - |
| (d) Industrial Undertakings | - | - |
| (e) Others | - | - |
| Total | - | - |
| Performance wise classification | | |
| (a) Loans classified as standard | | |
| (aa) In India | - | - |
| (bb) Outside India | - | - |
| (b) Non-performing loans less provisions | | |
| (aa) In India | - | - |
| (bb) Outside India | - | - |
| Total | - | - |
| Maturity wise classification | | |
| (a) Short Term | - | - |
| (b) Long Term | - | - |
| Total | - | - |

Note:- There are no loans subject to restructuring (previous year : Rs NIL).

Schedules forming part of the financial statements

Schedule - 10 Fixed assets

| Particulars | Cost/ Gross Block | | | |
|----------------------------------|-------------------|----------------|----------------|------------------|
| | April 1, 2009 | Additions | Deductions | March 31, 2010 |
| Goodwill | - | - | - | - |
| Intangibles - Computer Software | 651,726 | 175,615 | 21,807 | 805,534 |
| Land-Freehold | - | - | - | - |
| Leasehold Property | - | - | - | - |
| Buildings | 4,271 | - | - | 4,271 |
| Furniture & Fittings | 805,366 | 4,372 | 99,535 | 710,203 |
| Information Technology Equipment | 511,534 | 4,676 | 57,320 | 458,890 |
| Vehicles | 7,401 | 164 | 3,090 | 4,475 |
| Office Equipment | 352,222 | 4,829 | 19,046 | 338,005 |
| Others | - | - | - | - |
| Total | 2,332,520 | 189,656 | 200,798 | 2,321,378 |
| Work in Progress | | | | |
| Grand total | 2,332,520 | 189,656 | 200,798 | 2,321,378 |
| Previous year | 1,662,521 | 692,279 | 22,280 | 2,332,520 |

Schedule - 11 Cash and bank balances

(Rs. in '000s)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|---|----------------------|----------------------|
| Cash (including cheques, drafts and stamps) | 438,494 | 37,820 |
| Balances with scheduled banks : | | |
| (a) Deposit Accounts | | |
| (aa) Short-term (due within 12 months) | 2,359,151 | 601,150 |
| (bb) Others | - | - |
| (b) Current Accounts | 64,953 | 91,505 |
| (c) Others | - | - |
| Money at Call and Short Notice | | |
| (a) With Banks | - | - |
| (b) With other institutions | - | - |
| Others | - | - |
| Total | 2,862,598 | 730,475 |

(Rs. in '000s)

| Depreciation | | | | Net Block | |
|----------------|--------------------|--------------------------|----------------|------------------|------------------|
| April 1, 2009 | For the year ended | On Sales/ Adjustments | March 31, 2010 | March 31, 2010 | March 31, 2009 |
| - | - | - | - | - | - |
| 257,040 | 129,919 | 21,334 | 365,625 | 439,909 | 394,686 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 448 | 69 | - | 517 | 3,754 | 3,823 |
| 149,500 | 45,851 | 24,523 | 170,828 | 539,375 | 655,866 |
| 341,724 | 83,757 | 53,110 | 372,371 | 86,519 | 169,810 |
| 1,533 | 607 | 1,278 | 862 | 3,613 | 5,868 |
| 50,156 | 16,934 | 3,534 | 63,556 | 274,449 | 302,066 |
| - | - | - | - | - | - |
| 800,401 | 277,137 | 103,779 | 973,759 | 1,347,619 | 1,532,119 |
| | | | | 85,759 | 35,572 |
| 800,401 | 277,137 | 103,779 | 973,759 | 1,433,378 | 1,567,691 |
| 545,111 | 264,371 | 9,081 | 800,401 | 1,567,691 | |

Schedules forming part of the financial statements

Schedule - 12

Advances and other assets

(Rs. in '000s)

| Particulars | | At March 31, 2010 | At March 31, 2009 |
|---|------------|----------------------|----------------------|
| Advances | | | |
| Reserve deposits with ceding companies | | - | - |
| Application money for investments | | - | - |
| Prepayments | | 168,432 | 111,734 |
| Advances to Directors / Officers | | - | - |
| Advance tax paid and taxes deducted at source (net of provisions for tax) | | 491,446 | 394,085 |
| MAT credit entitlement | | 255,974 | - |
| Others | | | |
| - Sundry Deposits | 146,820 | | 180,099 |
| - Surplus in Gratuity fund | 4,693 | | - |
| | | 151,513 | 180,099 |
| Total (A) | | 1,067,365 | 685,918 |
| Other assets | | | |
| Income accrued on investments/deposits | | 759,550 | 606,156 |
| Outstanding Premiums | | 85,514 | 9,778 |
| Agents' Balances | | - | - |
| Foreign Agencies' Balances | | - | - |
| Due from other Entities carrying on Insurance business (net) (including reinsurers) | 24,930,959 | | |
| Less : Provisions for doubtful dues | 30,670 | 24,900,289 | 19,822,296 |
| Due from subsidiaries/ holding | | - | - |
| Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938] | | - | - |
| Others | | | |
| - Service Tax unutilised credit | 64,128 | | 386,893 |
| - Service Tax paid in advance | 534 | | - |
| - Other receivables | 4,943 | | 128,747 |
| | | 69,605 | 515,640 |
| Total (B) | | 25,814,958 | 20,953,870 |
| Total (A+B) | | 26,882,323 | 21,639,788 |

Schedules forming part of the financial statements

Schedule - 13 Current liabilities

(Rs. in '000s)

| Particulars | | At March 31,2010 | | At March 31,2009 |
|---|-----------|---------------------|-----------|---------------------|
| Agents' Balances | | 35,680 | | 48,116 |
| Balances due to other insurance companies (net) | | 259,224 | | 533,396 |
| Deposits held on re-insurance ceded | | - | | 33,128 |
| Premiums received in advance | | 195,362 | | 263,952 |
| Unallocated Premium | | 472,497 | | 359,717 |
| Sundry Creditors | | 1,911,610 | | 1,367,441 |
| Due to holding company | | 47,712 | | 70,196 |
| Claims Outstanding | | 31,748,129 | | 23,749,581 |
| Due to Officers/ Directors | | - | | - |
| Others- | | | | |
| Statutory Dues | 118,749 | | 81,083 | |
| Salary Payable | 1,400 | | 558 | |
| Collections- Environment Relief Fund | - | | 166 | |
| Book Overdraft | 1,172,321 | | 1,403,902 | |
| Employee rewards | 316,166 | | 73,220 | |
| Service Tax Liability | - | | - | |
| | | 1,608,636 | | 1,558,929 |
| Total | | 36,278,850 | | 27,984,456 |

Schedules forming part of the financial statements

Schedule - 14 Provisions

(Rs. in '000s)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|---|----------------------|----------------------|
| Reserve for unexpired risk | 12,498,510 | 11,285,873 |
| Reserve for premium deficiency | - | 98,500 |
| For taxation (less advance tax paid and taxes deducted at source) | - | - |
| For proposed dividends | - | - |
| For dividend distribution tax | 27,439 | - |
| Others | | |
| - Gratuity | - | 70,938 |
| - Accrued leave | 133,443 | 118,838 |
| | 133,443 | 189,776 |
| Total | 12,659,392 | 11,574,149 |

Schedule - 15 Miscellaneous expenditure

(To the extent not written off or adjusted)

(Rs. in '000s)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|---|----------------------|----------------------|
| Discount Allowed in issue of shares/ debentures | - | - |
| Others | - | - |
| Total | - | - |

Schedules forming part of the financial statements

SCHEDULE – 16

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2010

1. Background

ICICI Lombard General Insurance Company Limited ('the Company') was incorporated on October 30, 2000 and is a 74:26 joint venture between ICICI Bank Limited and Fairfax Financial Holdings Limited. The Company obtained regulatory approval to undertake General Insurance business on August 3, 2001 from the Insurance Regulatory and Development Authority ('IRDA') and has also obtained its certificate of renewal of registration.

2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, and comply with the applicable AS issued by the Institute of Chartered Accountants of India ('ICAI'), and in accordance with the provisions of the Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the IRDA in this behalf, the Companies Act, 1956 to the extent applicable in the manner so required and current practices prevailing within the insurance industry in India.

3. Use of estimates

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

4. Significant accounting policies

4.1 Revenue recognition

Premium income

Premium is recorded for the policy period at the commencement of risk and for installment cases, it is recorded on installment due dates. Premium earned is recognised as income over the period of risk or the contract period based on 1/365 method, whichever is appropriate on a gross basis net of service tax. Any subsequent revision to premium is recognised over the remaining period of risk or contract period.

Adjustments to premium income arising on cancellation of policies are recognised in the period in which it is cancelled.

Income from reinsurance ceded

Commission on reinsurance ceded is recognised as income in the period of ceding the risk.

Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits and combined with commission on reinsurance ceded.

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 and non convertible preference shares is recognised over the holding/maturity period on a straight-line basis.

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

Realised gain/loss on securities, which is the difference between the sale consideration and the carrying value in the books of the Company is recognised on the trade date. In determining the realised gain/loss, cost of securities is arrived at on 'Weighted average cost' basis. Further, in case of listed equity shares and mutual fund units the profit or loss on sale also includes the accumulated changes in the fair value previously

recognised in the fair value change account under the equity.

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

4.2 Premium received in advance

This represents premium received during the period, where the risk commences subsequent to the balance sheet date.

4.3 Reinsurance premium

Insurance premium on ceding of the risk is recognised in the period in which the risk commences. Any subsequent revision to premium ceded is recognised in the period of such revision. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the period in which it is cancelled.

4.4 Reserve for unexpired risk (refer note 5.2.2 and 5.2.3)

Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis subject to a minimum of 50% of the aggregate premium, written on policies during the twelve months preceding the balance sheet date for fire, marine cargo and miscellaneous business and 100% for marine hull business, on all unexpired policies at balance sheet date, in accordance with section 64 V(1)(ii)(b) of the Insurance Act, 1938.

4.5 Claims

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

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

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company (refer note 5.2.1). IBNR/IBNER has been created on re-insurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

4.6 Acquisition costs

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

4.7 Premium deficiency

Premium deficiency is recognised when the sum of expected claim costs and related expenses exceed the reserve for unexpired risks and is computed at a business segment level.

4.8 Investments

Investments are recorded at cost on trade date and include brokerage, transfer charges, stamps etc, if any, and excludes interest accrued up to the date of purchase.

Classification

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

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

Valuation

Investments are valued as follows:

Debt securities and Non – convertible preference shares

All debt securities including government securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at amortised cost determined after amortisation of premium or accretion of discount on a straight line basis over the holding/maturity period.

Equity shares and Convertible preference shares

Listed equities and convertible preference shares 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.

Mutual fund units (Other than venture capital fund)

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

In accordance with the Regulations, unrealised gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are taken to the fair value change account. This balance in the fair value change account is not available for distribution, pending realisation.

Investments other than mentioned above are valued at cost.

Impairment of Investments

The Company assesses at each balance sheet date whether there is any indication that any investment in equity or units of mutual fund may be impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognised in the revenue(s)/profit and loss account. 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 investment is restated to that extent.

4.9 Employee Stock Option Scheme ("ESOS")

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

4.10 Fixed assets, Intangibles and Impairments

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use.

Depreciation on assets purchased/disposed off during the year is provided on pro rata basis with reference to the month of additions / deductions.

Depreciation is provided on a straight-line basis, pro-rata for the period of use at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in the case of IT equipment where depreciation is provided at a rate of 25% which is higher than that prescribed under Schedule XIV to the Companies Act, 1956.

Leases

Lease payments for assets / premises taken on operating lease are recognised as an expense in the revenue(s) and profit and loss account over the lease term on straight-line basis.

Intangibles

Intangible assets comprising computer software are stated at cost less amortisation. Computer software including improvements are amortised over a period of 5 years, being the management's estimate of the useful life of such intangibles.

All assets including intangibles individually costing up to Rs. 5,000 are fully depreciated/amortised in the year in which acquired.

Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognised in the profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

4.11 Employee benefits

Provident fund

This is a defined contribution scheme and contributions payable to the Regional Provident Fund Authority is provided on the basis of specified percentage of salary and is charged to profit and loss account and revenue account(s).

Gratuity

Gratuity, which is a defined benefit scheme is provided on the basis of actuarial valuation including actuarial gains/losses at balance sheet date and is recognised in the profit and loss account and revenue account(s).

Accrued leave

Compensated absences are provided based on actuarial valuation including actuarial gains/losses at balance sheet date and is recognised in the profit and loss account and revenue account(s).

4.12 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rates prevailing on the date of the transaction. Foreign exchange denominated monetary assets and liabilities, are re-stated at the rates prevalent at the date of the balance sheet. The gains/ losses on account of restatement and settlement are recognised in the profit and loss account and revenue account(s).

4.13 Taxation

Current tax

The Company provides for income tax on the basis of taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

In accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, Minimum Alternate Tax (MAT) credit is recognised as an asset to the extent there is convincing evidence that the company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the accounting income as per the Company's financial statements and the taxable income for the year.

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 if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

4.14 Share issue expenses

Share issue expenses are adjusted against share premium account.

4.15 Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their 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 the current best estimates.

Contingent losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

5 Notes to accounts

5.1 Statutory disclosures as required by IRDA

5.1.1 Contingent liabilities

(Rs. in 000's)

| Particulars | At | At |
|---|----------------|----------------|
| | March 31, 2010 | March 31, 2009 |
| Partly-paid up investments | — | — |
| Claims, other than those under policies, not acknowledged as debt | — | — |
| Underwriting commitments outstanding | NA | NA |
| Guarantees given by or on behalf of the Company | — | — |
| Statutory demands/liabilities in dispute, not provided for (see note below) | 612,149 | 295,870 |
| Reinsurance obligations to the extent not provided for in accounts | — | — |
| Others | — | — |

Note: The Company has disputed the demand raised by Income Tax Department for assessments completed of past years and the appeals are pending before the appropriate authorities.

5.1.2 The assets of the Company are free from all encumbrances.

5.1.3 Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 29,519 thousand (previous year : Rs. 39,296 thousand).

5.1.4 Commitment in respect of loans and investments is Rs. 105,900 thousand (previous year : Rs. 76,080 thousand).

5.1.5 Claims

Claims, less reinsurance paid to claimants in / outside India are as under: (Rs. in 000's)

| Particulars | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|---------------|--------------------------------------|--------------------------------------|
| In India | 15,481,724 | 11,413,131 |
| Outside India | 516 | 236,541 |

The Company does not have any liability relating to claims where the claim payment period exceeds four years.

Ageing of claims is set out in the table below: (Rs. in 000's)

| Particulars | As at March 31, 2010 | As at March 31, 2009 |
|----------------------|-------------------------|-------------------------|
| More than six months | 13,307,258 | 7,951,484 |
| Others | 18,440,871 | 15,798,097 |

Claims settled and remaining unpaid for more than six months is Rs. NIL (previous year: Rs. NIL).

5.1.6 Premium

Premium, less reinsurance, written from business in/outside India is given below: (Rs. in 000's)

| Particulars | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|---------------|--------------------------------------|--------------------------------------|
| In India | 23,121,591 | 21,151,607 |
| Outside India | 19,292 | 13,150 |

5.1.7 The Company has recognised 1.5 percent (previous year: 0.5 percent) of the total premium earned from Miscellaneous - Engineering class of business based on varying risk pattern. The risk pattern is determined based on underwriting estimates, which are in turn based on project related information received from the customers, and these are relied upon by the Company.

5.1.8 Sector wise details of the policies issued/outstanding are given below:

| Sector | For the year ended March 31, 2010 | | | | For the year ended March 31, 2009 | | | |
|--------------|--------------------------------------|------------------|--------------|---------------|--------------------------------------|------------------|--------------|---------------|
| | GWP (Rs. in 000's) | No. of policies | No. of lives | % of GWP | GWP (Rs. in 000's) | No. of policies | No. of lives | % of GWP |
| Rural | 3,469,972 | 323,707 | — | 9.39 | 3,900,173 | 401,174 | — | 10.40 |
| Social | 14,896 | 2 | 93,729 | 0.04 | 178,455 | 3 | 1,616,838 | 0.48 |
| Urban | 33,462,953 | 4,137,692 | — | 90.57 | 33,413,482 | 3,555,871 | — | 89.12 |
| Total | 36,947,821 | 4,461,401 | | 100.00 | 37,492,110 | 3,957,048 | | 100.00 |

5.1.9 Extent of risks retained and reinsured is set out below (excluding excess of loss and catastrophe reinsurance)

| Particulars | Basis | At March 31, 2010 | | At March 31, 2009 | |
|----------------------------|-------------------|----------------------|-------|----------------------|-------|
| | | Retention | Ceded | Retention | Ceded |
| Fire | Total sum insured | 28% | 72% | 33% | 67% |
| Marine – Cargo | Value at risk | 36% | 64% | 30% | 70% |
| Marine – Hull | Value at risk | 4% | 96% | 3% | 97% |
| Miscellaneous | | | | | |
| – Engineering | Total sum insured | 23% | 77% | 23% | 77% |
| – Motor (refer note 5.2.3) | Total sum insured | 75% | 25% | 54% | 46% |
| – Workmen Compensation | Value at risk | 84% | 16% | 80% | 20% |
| – Public Liability | Value at risk | 80% | 20% | 72% | 28% |
| – Personal Accident | Value at risk | 44% | 56% | 35% | 65% |
| – Health | Value at risk | 80% | 20% | 80% | 20% |
| – Others | Value at risk | 36% | 64% | 45% | 55% |

5.1.10 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 sub – segments within miscellaneous segment as under:

(Rs. in 000's)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|------------------------------|----------------------|----------------------|
| Motor TP (other than IMTPIP) | 263,399 | 393,840 |
| Personal Accident | — | 144,177 |
| Public Liability | — | 20 |

Further, there is no premium deficiency in respect of any reportable segment which contributes 10% or more to the premium underwritten other than those which are provided for in accordance with the regulation.

5.1.11 Investments

Value of contracts in relation to investments for:

- Purchases where deliveries are pending Rs. NIL (previous year: Rs. 367 thousand); and
- Sales where payments are overdue Rs. NIL (previous year: Rs. NIL).

Historical cost of investments that are valued on fair value basis is Rs. 4,948,510 thousand (previous year: Rs. 7,688,507 thousand).

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

Allocation of investment

- Investments that are earmarked, are allocated separately to policy holders or share holders, as applicable;
- Other investments have not been allocated into policy holders and share holders as the same are not earmarked separately.

The Company does not have any investment in property at March 31, 2010 (previous year: Rs. NIL).

5.1.12 Employee Benefit Plans

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits of the Company is given below:

(Rs. in 000's)

| Reconciliation of Benefit Obligations and Plan Assets | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|--|--|--|
| Change in Defined Benefit Obligation | | |
| Opening Defined Benefit Obligation | 141,813 | 67,800 |
| Current Service Cost | 43,498 | 27,024 |
| Interest Cost | 13,004 | 7,115 |
| Actuarial Losses / (Gain) | (44,682) | 43,758 |
| Liabilities assumed on Acquisition | 7,650 | 5,250 |
| Benefits Paid | (16,155) | (9,134) |
| Closing Defined Benefit Obligation | 145,128 | 141,813 |
| Change in the Fair Value of Assets | | |
| Opening Fair Value of Plan Assets | 70,875 | 44,124 |
| Expected Return on Plan Assets | 6,653 | 3,556 |
| Actuarial Gains / (Losses) | 9,860 | (6,597) |
| Contributions by Employer | 70,938 | 33,676 |
| Assets acquired on acquisition | 7,650 | 5,250 |
| Benefits paid | (16,155) | (9,134) |
| Closing Fair Value of Plan Assets | 149,821 | 70,875 |
| Expected Employer's contribution Next Year | 25,000 | 40,000 |

(Rs. in 000's)

| Reconciliation of Present Value of the obligation and the Fair Value of the Plan Assets | At March 31, 2010 | At March 31, 2009 |
|--|------------------------------|------------------------------|
| Fair Value of Plan Assets at the end of the year | (149,821) | (70,875) |
| Present Value of the defined obligations at the end of the year | 145,128 | 141,813 |
| Liability recognised in the balance sheet | — | 70,938 |
| Asset recognised in the balance sheet | 4,693 | — |
| Investment details of Plan Assets | | |
| 100% Insurer Managed Funds | 149,821 | 70,875 |
| Assumptions | | |
| Discount Rate | 8.16% p.a. | 7.10% p.a. |
| Expected Rate of Return on Plan Assets | 7.50% p.a. | 7.50% p.a. |
| Salary Escalation Rate | 8.00% p.a. | 8.00% p.a. |

Experience adjustments of last four years is given below

(Rs. in 000's)

| | Year Ended | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| | March 31, 2010 | March 31, 2009 | March 31, 2008 | March 31, 2007 | March 31, 2006 |
| Defined Benefit Obligation | 145,128 | 141,813 | 67,800 | 35,479 | 21,188 |
| Plan assets | 149,821 | 70,875 | 44,124 | 23,448 | 16,313 |
| Surplus / (Deficit) | 4,693 | (70,938) | (23,676) | (12,031) | (4,875) |
| Exp.Adj on Plan Liabilites | (18,518) | 26,355 | 672 | 8,021 | — |
| Exp. Adj on Plan Assets | 9,860 | (6,597) | 13,887 | (107) | — |

5.1.13 Employee's remuneration & welfare benefits in Schedule 4 includes Rs. NIL (previous year Rs.135,712 thousand) pertaining to bonus for earlier year, crystallised during the year.

5.1.14 Allocation of income and expenses

Allocation of investment income

Investment income has been allocated between revenue account(s) and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders funds respectively; average being the balance at the beginning of the period and at the end of the period.

Further, investment income across segments within the revenue account(s) has also been allocated on the basis of segment-wise policyholders funds.

Allocation of expenses

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

- Expenses that are directly identifiable to a business class are allocated on actuals;
- Other expenses, that are not directly identifiable, are broadly allocated on the basis of gross direct premium in each business class; and
- Depreciation expenditure has been allocated on the assessment that the use of assets is proportionate to gross direct premium of the respective segments.

5.1.15 Managerial remuneration

The details of remuneration of Wholetime Directors' as per the terms of appointment are as under:

(Rs. in 000's)

| Particulars (see note below) | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|---|--------------------------------------|--------------------------------------|
| Salaries and allowances | 7,395 | 28,401 |
| Contribution to provident and other funds | 1,062 | 2,501 |
| Perquisites | 347 | 1,569 |

Note: Expenses towards gratuity and leave accrued are determined actuarially on an overall basis and accordingly have not been considered for the above disclosure.

5.1.16 Share Application

At March 31, 2010 the Company had received share application money of Rs. 1,870 thousand (previous year: Rs. 176 thousand) against which shares are yet to be allotted.

5.1.17 Outsourcing, business development and marketing support expenses

Expenses relating to outsourcing, business development and marketing support are :

(Rs. in 000's)

| Particulars | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|----------------------|--------------------------------------|--------------------------------------|
| Outsourcing expenses | 925,968 | 1,407,027 |
| Business development | 149,296 | 181,197 |
| Marketing support | 186,509 | 153,309 |

5.1.18 Details of penal actions taken by various Govt. authorities with IRDA during year ended March 31, 2010 :

(Rs. in 000's)

| Authority | Non-Compliance / Violation | Penalty Awarded | Penalty Paid | Penalty Waived/ Reduced |
|--|-------------------------------|--------------------|-----------------|----------------------------|
| Insurance Regulatory and Development Authority | — (—) | — (500) | — (500) | — (—) |
| Service Tax Authorities | — (—) | — (—) | — (—) | — (—) |
| Income Tax Authorities | — (—) | — (—) | — (—) | — (—) |
| Any other Tax Authorities | — (—) | — (—) | — (—) | — (—) |
| Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA | — (—) | — (—) | — (—) | — (—) |
| Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956 | — (—) | — (—) | — (—) | — (—) |
| Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation | — (—) | — (—) | — (—) | — (—) |
| Securities and Exchange Board of India | NA (NA) | NA (NA) | NA (NA) | NA (NA) |
| Competition Commission of India | — (—) | — (—) | — (—) | — (—) |
| Any other Central/State/Local Govt / Statutory Authority | — (—) | — (—) | — (—) | — (—) |

Figures in brackets represent previous year figures

5.1.19 Summary of Financial Statements for the last five years:

(Rs. in 000's)

| Particulars | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|--|------------|------------|-------------|-------------|---|
| Operating Result | | | | | |
| Gross premium written | 36,947,821 | 37,492,110 | 36,010,198 | 30,034,479 | 15,919,959 |
| Net premium income # | 23,140,883 | 21,164,757 | 17,797,672 | 14,507,715 | 7,338,721 |
| Income from Investments (net)@ | 2,879,301 | 2,325,325 | 1,364,414 | 783,667 | 520,809 |
| Other income | 5,707 | 3,842 | (3,332) | (4) | 726 |
| Total income | 26,025,891 | 23,493,924 | 19,158,754 | 15,291,378 | 7,860,256 |
| Commissions (net of reinsurance commission) | 210,557 | (755,837) | (1,365,640) | (1,904,751) | (1,257,264) |
| Brokerage | — | — | — | — | — |
| Operating expenses | 5,551,359 | 6,785,799 | 5,611,590 | 4,987,328 | 2,982,737 |
| Claims, increase in Unexpired Risk Reserve & other outgoes | 20,140,450 | 18,341,597 | 14,439,528 | 11,979,649 | 5,954,428 |
| Operating Profit / (loss) | 123,525 | (877,635) | 473,276 | 229,152 | 180,355 |
| Non-Operating Result | | | | | |
| Total income under shareholder's account (net of expenses) | 1,459,528 | 880,380 | 828,958 | 572,059 | 364,913 |
| Profit / (loss) before tax | 1,583,053 | 2,745 | 1,302,234 | 801,211 | 545,268 |
| Provision for tax | 143,774 | (233,500) | 273,500 | 117,600 | 42,200 |
| Profit / (loss) after tax | 1,439,279 | 236,245 | 1,028,734 | 683,611 | 503,068 |
| Miscellaneous | | | | | |
| Policy holder's account: | | | | | |
| Total funds | 28,255,463 | 23,498,753 | 16,874,828 | 10,933,687 | 5,135,354 |
| Total investments | | | | | |
| Yield on Investments | | | | | Not applicable as investments are not earmarked |
| Shareholder's account: | | | | | |
| Total funds \$ | 17,924,396 | 12,369,209 | 8,514,813 | 8,068,030 | 2,839,993 |
| Total investments | | | | | |
| Yield on Investments | | | | | Not applicable as investments are not earmarked |
| Paid up equity capital | 4,036,327 | 4,031,369 | 3,773,578 | 3,357,075 | 2,450,000 |
| Net worth * | 17,924,396 | 16,026,640 | 10,759,589 | 9,427,035 | 3,729,201 |
| Total assets | 66,862,638 | 54,842,026 | 37,941,850 | 29,540,353 | 16,390,867 |
| Yield on total Investments (annualised) | 14% | 14% | 11% | 10% | 13% |
| Earnings per share (Rs.) | 3.57 | 0.60 | 2.76 | 2.35 | 2.28 |
| Book value per share (Rs.) | 44.41 | 39.75 | 28.51 | 28.08 | 15.22 |
| Total dividend (excluding dividend tax) | 645,248 | — | 591,157 | 438,365 | 232,500 |
| Dividend per share (Rs.) | 1.60 | — | 1.60 | 1.50 | 1.00 |

Net of Reinsurance @ Net of Losses \$ Shareholders fund excluding fair value & investment income * Net worth is excluding fair value change account for FY 2005-06 to FY 2008-09

5.1.20 Ratio Analysis:

For ratios at March 31, 2010: Refer annexure 1 and 2

| Performance Ratio | Ratios at March 31, 2009 | | | | Basis |
|--|--------------------------|-------|--------|-------|---|
| | Total | Fire | Marine | Misc. | |
| Gross Premium Growth Rate | 4% | (30%) | 0% | 10% | (GWP current year –GWP previous year)/GWP previous year |
| Gross Premium to average Shareholders Fund ratio | 280% | | | | GWP/Average shareholder fund |
| Growth rate of Shareholders Funds | 49% | | | | (Shareholders fund current year –Shareholders fund previous year)/Shareholders fund previous year |
| Net Retention Ratio (net of XOL) | 56% | 31% | 13% | 62% | Net premium/ GWP |
| Net Commission Ratio | 4% | 29% | 47% | 2% | Net commission /Net premium |
| Expense of management to Gross direct premium | 20% | | | | Operating expenses / Premium from direct business |
| Combined ratio | 71% | | | | (Claims paid-Direct+ Operating expenses) / GWP |
| Technical reserves to net premium ratio | 166% | | | | Gross claims outstanding + Reserve for unexpired risks + Reserve for premium deficiency)/ Net premium |
| Underwriting balance ratio | (15%) | (34%) | (202%) | (11%) | Underwriting profit/(loss)/Net premium |
| Operating profit ratio | 0% | | | | (Underwriting profit/(loss) + investment income)/Net premium |
| Liquid asset to liability ratio | 3% | | | | Liquid Assets / Policy holders liabilities |
| Net earning ratio | 1% | | | | Profit after tax /Net premium |
| Return on Net worth (weighted average) | 1% | | | | Profit after tax/ Net worth |
| Reinsurance Ratio | 44% | | | | Premium on Reinsurance Ceded/ (Premium from direct business + premium on reinsurance accepted) |
| Claims incurred ratio | 79% | | | | (Claims incurred (net) + Premium deficiency)/Premium earned (Net) |

GWP : Premium from direct business + Premium from reinsurance accepted

Share holders fund : Share capital + Reserves and Surplus + Share application money-pending allotment

Liquid Asset : Cash and bank balances

Net worth : Share capital + Reserves and Surplus + Share application money-pending allotment – Miscellaneous expenditure

(Rs. in 000's)

| Solvency Margin | At March 31, 2010 | At March 31, 2009 |
|---|----------------------|----------------------|
| Required solvency margin under IRDA regulations (A) | 7,336,094 | 6,621,788 |
| Available solvency margin (B) | 15,156,060 | 13,448,606 |
| Solvency ratio actual (times) (B/A) | 2.07 | 2.03 |
| Solvency ratio prescribed by regulation | 1.50 | 1.50 |

5.1.21 Employee Stock Option Scheme (ESOS)

The Company has granted Stock options to employees in compliance with the Securities and Exchange board of India (Employee stock option scheme and employee stock purchase scheme) guidelines, 1999 based on an independent valuer's report. The salient features of the Scheme which are stated below:

Founder ESOPs:

| Scheme | Others |
|-----------------------------------|--|
| Date of grant | April 26, 2005 |
| No. of Options granted (in 000's) | 917 |
| Grant Price | Rs. 35 |
| Graded Vesting Period | |
| 1st Year | 50% of option |
| 2nd Year | 50% of option |
| Maximum term of option granted | Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting |
| Mode of settlement | Equity |

Performance ESOPs (2005, 2006, 2007 & 2008):

| Scheme | Others |
|-----------------------------------|--|
| Date of grant | |
| 2005 | April 26, 2005 |
| 2006 | April 24, 2006 |
| 2007 | April 21, 2007 |
| 2008 | April 24, 2008 |
| No. of Options granted (in 000's) | 18,372 |
| Grant Price | Rs. 35–Rs. 200 |
| Graded Vesting Period | |
| 1st Year | 20% of option |
| 2nd Year | 20% of option |
| 3rd Year | 30% of option |
| 4th Year | 30% of option |
| Maximum term of option granted | Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting |
| Mode of settlement | Equity |

Performance ESOPs (2009):

| Scheme | Others |
|-----------------------------------|--|
| Date of grant 2009 | July 21, 2009 |
| No. of Options granted (in 000's) | 1,249 |
| Grant Price | Rs. 91 |
| Graded Vesting Period | |
| 1st Year | 0% of option |
| 2nd Year | 20% of option |
| 3rd Year | 20% of option |
| 4th Year | 30% of option |
| 5th Year | 30% of option |
| Maximum term of option granted | Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting |
| Mode of settlement | Equity |

The estimated fair value computed on the basis of Black Scholes pricing model, of each stock option granted for Founder ESOPs and Performance ESOPs is within the range of Rs.7.72 to Rs.73.62 per option. Accordingly, compensation cost for the year ended March 31, 2010 would have been higher by Rs. 37,564 thousand and proforma profit after tax would have been Rs. 1,414,483 thousand. On proforma basis the Company's basic and diluted earnings per share would have been Rs. 3.51 and Rs. 3.45 respectively. The key assumptions used to estimate the fair value of options are:

| | |
|-------------------------|----------------------|
| Risk-free interest rate | 5.79% – 8.17% p.a. |
| Expected life | 3 – 7 years |
| Expected volatility* | 17.00% – 60.73% p.a. |
| Expected dividend yield | 0.80% – 2.85% p.a. |

*Expected volatility is based on estimates of management in the absence of data on historical volatility at the year end.

A summary of status of Company's Employee Stock Option Scheme in terms of option granted, forfeited and exercised by the employees and Wholetime Directors is given below:

(Rs. in 000's)

| Particulars | Other than Wholetime Director | | Wholetime Director | |
|--|-------------------------------|----------------------|----------------------|----------------------|
| | At March 31, 2010 | At March 31, 2009 | At March 31, 2010 | At March 31, 2009 |
| Outstanding at the beginning of the year | 14,399 | 11,438 | — | 942 |
| Add: Granted during the year | 1,249 | 4,475 | — | 575 |
| Less: Forfeited / lapsed during the year | 1,705 | 2,247 | — | — |
| Less: Exercised during the year | 597 | 784 | — | — |
| Outstanding at the end of the year | 13,346 | 12,882 | — | 1,517 |
| Exercisable at the end of the year | 6,737 | 909 | — | 341 |

Note: Sandeep Bakhshi ceased to be wholetime Director with effect from May 1, 2009.

5.2 Other disclosures

5.2.1 Basis used by the Actuary for determining provision required for IBNR/IBNER

Liability for IBNR including IBNER (excluding on IMTPIP) for the year ending March 31, 2010 has been estimated by the Appointed Actuary in compliance with the guidelines issued by IRDA vide circular no. 11/IRDA/ACTL/IBNR/2005-06 and applicable provisions of the Guidance Note 21 issued by the Actuarial Society of India.

The Appointed Actuary has adopted the Chain Ladder Method to those lines of business where claims development in the past years are thought to be representative for the future claims development and adopted Bornheutter-Ferguson method to those lines of business where claims development in the past years are not thought to be representative for the future claims development.

5.2.2 Contribution to terrorism pool

The Company in accordance with the requirements of IRDA has participated in contributing to 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, subject to conditions and an overall limit of Rs. 7.5 billion.

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 monthly intimation/confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only up to September 30, 2009 (previous year: December 31, 2008) as per the last confirmation received and which has been carried forward to the subsequent accounting period as Unexpired Risk Reserve appropriately.

5.2.3 Contribution to Motor third party pool

In accordance with the directions of IRDA, effective April 1, 2007 the Company, together with other insurance companies has participated in the Indian Motor Third Party Insurance Pool (IMTPIP), a multilateral reinsurance arrangement, administered by the General Insurance Corporation of India ('GIC'). The IMTPIP covers reinsurance of third party risks of commercial vehicles.

The Company has ceded 100% of the third party premium collected to the pool and has recorded its share of results in the pool based of unaudited result received from pool for the period from March, 2009 up to February, 2010.

5.2.4 Re-insurance inward

The results of reinsurance inward are accounted as per last available statement of accounts/confirmation from reinsurers.

5.2.5 Contribution to solatium fund

In accordance with the requirements of the IRDA circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, the Company has provided 0.1% of gross written premium on all motor policies (excluding reinsurance premium accepted on motor third party for commercial vehicles) towards contribution to the solatium fund.

5.2.6 Environment Relief Fund

There is Rs. NIL outstanding (Previous year Rs.166 thousand) towards Environment Relief fund (ERF) under Public Liability policies.

5.2.7 Leases

In respect of premises taken on operating lease, the lease agreements are generally mutually renewable / cancelable by the lessor/lessee.

Non Cancelable operating lease

The detail of future rentals payable are given below:

| | At March 31, 2010 | At March 31, 2009 |
|---|------------------------------------|------------------------------------|
| a. not later than one year | 1,281 | 4,610 |
| b. later than one year and not later than five year | 777 | 2,058 |
| c. later than five years | — | — |

(Rs. in 000's)

An amount of Rs. 4,610 thousand (previous year: Rs. 4,498 thousand) towards lease payments has been recognised in the statement of revenue account.

5.2.8 Micro and Small scale business entities

There is no Micro, Small & Medium enterprise to which the company owes dues, which are outstanding for more than 45 days during the year ended March 31, 2010. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

5.2.9 Segmental reporting

Primary reportable segments

The Company's primary reportable segments are business segments, which have been identified in accordance with AS 17 – Segment Reporting read with the Regulations. The income and expenses attributable to the business segments are allocated as mentioned in paragraph 5.1.14 above.

Segmental Assets & Liabilities

(Rs. in 000's)

| Segment | Year | Current Liabilities | | | Current Assets |
|--------------------------|---------|---------------------|---------------------|-----------------|---------------------|
| | | Claims Outstanding | Unallocated Premium | Advance Premium | Outstanding Premium |
| Fire | 2009-10 | 4,947,450 | — | — | 4,985 |
| | 2008-09 | 3,871,758 | — | — | 2,105 |
| Engineering | 2009-10 | 1,383,962 | — | — | 676 |
| | 2008-09 | 1,170,541 | — | — | 2,353 |
| Marine Cargo | 2009-10 | 674,242 | — | — | 3,026 |
| | 2008-09 | 580,992 | — | — | 2,821 |
| Marine Hull | 2009-10 | 1,214,609 | — | — | 8 |
| | 2008-09 | 2,310,229 | — | — | 2,331 |
| Motor OD | 2009-10 | 1,925,499 | — | — | — |
| | 2008-09 | 1,536,984 | — | — | — |
| Motor TP | 2009-10 | 16,759,663 | — | — | — |
| | 2008-09 | 10,942,081 | — | — | — |
| Workmen Compensation | 2009-10 | 43,492 | — | — | — |
| | 2008-09 | 24,399 | — | — | — |
| Public/Product Liability | 2009-10 | 8,759 | — | — | — |
| | 2008-09 | 25,325 | — | — | — |
| Personal Accident | 2009-10 | 397,414 | — | — | — |
| | 2008-09 | 536,266 | — | — | — |
| Aviation | 2009-10 | 698,080 | — | — | — |
| | 2008-09 | 207,200 | — | — | — |
| Health | 2009-10 | 2,105,943 | — | — | 34 |
| | 2008-09 | 1,799,223 | — | — | 125 |
| Others | 2009-10 | 1,589,016 | — | — | 76,785 |
| | 2008-09 | 744,583 | — | — | 43 |
| Total Amount | 2009-10 | 31,748,129 | — | — | 85,514 |
| | 2008-09 | 23,749,581 | — | — | 9,778 |

Fixed assets, investments and other current assets and liabilities to the extent identifiable have been allocated to business segments. Unallocated premium and advance premium is not identifiable to any business segment.

Secondary reportable segments

There are no reportable geographical segments since the Company provides services to customers in the Indian market only and does not distinguish any reportable regions within India.

5.2.10 Related party

Party where control exists

ICICI Bank Limited (Holding Company)

Other related parties with whom transactions have taken place during the year:

Fellow Subsidiaries / Associates / Other related entities:

Name of the related party

ICICI Bank UK PLC

ICICI Home Finance Company Limited

ICICI Prudential Asset Management Company Limited

ICICI Prudential Life Insurance Company Limited

ICICI Securities Limited

ICICI Securities Primary Dealership Limited

ICICI Venture Funds Management Company Limited

FAL Corporation (Affiliate of Fairfax Financial holdings Limited)

ICICI Foundation for Inclusive Growth

Loyalty Solutions & Research Limited

Transafe Services Limited (up to June 30, 2009)

Key Management Personnel (KMP)

Sandeep Bakhshi, Managing Director & CEO (up to April 30,2009)

Bhargav Dasgupta, Managing Director & CEO (w.e.f. May 1,2009)

Vishakha Mulye, Executive Director (up to April 20,2009)

Relatives of KMP with whom transactions have taken place:

Mona Bakhshi : Spouse of Sandeep Bakhshi (transactions up to April 30,2009)

Gauresh Palekar : Brother of Vishakha Mulye (transactions up to April 20,2009)

Details of transactions with related parties for the year ended March 31, 2010 are given below:

(Rs. in 000's)

| Particulars | ICICI Bank Limited | With ICICI Home Finance Co Limited | With ICICI Securities Primary Dealership Limited | With ICICI Prudential Life Insurance Co Limited | With ICICI Venture Funds Management Co Limited | With Others | Associate | With KMP & their relatives |
|--|--------------------------|------------------------------------|--|---|--|---------------------|-------------------|----------------------------|
| | Holding company | Fellow Subsidiary | Fellow Subsidiary | Fellow Subsidiary | Fellow Subsidiary | | | |
| Premium income | 1,057,272 (1,039,878) | 119,812 (136,689) | 3,873 (545) | 145,668 (139,526) | 5,918 (10,846) | 103,883 (88,021) | 487 (—) | 29 (27) |
| Income from interest & dividend | 54,005 (94,330) | 28,625 (18,195) | — (3,310) | — (—) | — (—) | — (—) | — (—) | — (—) |
| Issue of Share Capital including premium | — (3,704,430) | — (—) | — (—) | — (—) | — (—) | — (—) | — (1,300,000) | — (—) |
| Claim payments | 822,994 (924,091) | 70,636 (90,608) | 558 (964) | 64,459 (117,779) | 2,250 (3,714) | 62,082 (78,159) | — (—) | — (—) |
| Sale of fixed assets | — (—) | — (—) | — (—) | — (—) | 1,279 (—) | — (—) | — (—) | — (—) |
| Purchase of Fixed Asset | — (1,338) | — (—) | — (—) | 1,748 (—) | — (—) | — (—) | — (—) | — (—) |
| Commission/ Brokerage payouts | 344,673 (552,829) | 63,617 (94,912) | — (—) | — (—) | — (—) | 16,383 (20,211) | — (—) | — (—) |
| Investment | | | | | | | | |
| - Purchases | 4,874,193 (6,090,552) | — (250,000) | 1,688,060 (4,022,251) | 432,001 (—) | — (—) | — (143,600) | — (—) | — (—) |
| - Sales | 4,772,755 (6,108,174) | — (—) | — (1,118,409) | 909,718 (862,206) | — (—) | — (143,600) | — (—) | — (—) |
| Premium Paid | — (—) | — (—) | — (—) | 8,435 (8,322) | — (—) | — (—) | — (—) | — (—) |
| Establishment & other expenditure | 231,280 (272,565) | — (1,562) | — (—) | 100 (—) | — (—) | 1,279 (-2,913) | — (—) | 8,804 (28,401) |
| Dividend paid | 476,085 (—) | — (—) | — (—) | — (—) | — (—) | — (—) | 167,272 (—) | — (—) |
| Donation | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | 2,362 (17,213) | — (—) |

Figures in brackets represent previous year figures

Balances with related parties at March 31, 2010, are as under:

(Rs. in 000's)

| Particulars | ICICI Bank Limited | With ICICI Home Finance Co Limited | With ICICI Securities Primary Dealership Limited | With ICICI Prudential Life Insurance Co Limited | With ICICI Venture Funds Management Co Limited | With others | Associate | With KMP & their relatives |
|--------------------------------|--------------------------|------------------------------------|--|---|--|-------------------|--------------------------|----------------------------|
| | Holding company | Fellow Subsidiary | Fellow Subsidiary | Fellow Subsidiary | Fellow Subsidiary | | | |
| Assets | | | | | | | | |
| Cash, Bank Balances & Deposits | -447,082 (-740,994) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| Investments | — (—) | 250,000 (250,000) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| Income accrued on investments | 1,053 (995) | 18,038 (18,038) | — (—) | — (—) | — (—) | — (—) | — (—) | — (—) |
| Liabilities | | | | | | | | |
| Capital | 2,975,530 (2,975,530) | — (—) | — (—) | — (—) | | — (—) | 1,045,449 (1,043,929) | — (713) |
| Premium received in advance | 58,632 (17,236) | 14,595 (16,870) | 201 (211) | 3,945 (2,551) | 224 (236) | 1,359 (39,034) | 72 (—) | — (—) |
| Others liabilities/ Payables | 154,401 (295,765) | 38,720 (46,092) | 57 (50) | 8,772 (17,910) | 403 (296) | 5,987 (12,180) | — (—) | — (—) |

Figures in brackets represent previous year figures

5.2.11 Details of earning per share for the year ended March 31, 2010:

(Rs. in 000's)

| Particulars | At March 31, 2010 | At March 31, 2009 |
|---|-------------------|-------------------|
| Profit available to equity shareholders | 1,439,279 | 236,245 |
| Weighted average number of equity shares | | |
| Number of shares at the beginning of the year | 403,137 | 377,358 |
| Share issued during the period | 496 | 25,779 |
| Total number of equity share outstanding at the end of the period | 403,633 | 403,137 |
| Weighted average number of equity shares outstanding during the period | 403,220 | 395,351 |
| Add : Effect of dilutive issues of employee options and share application pending allotment | 7,036 | 7,617 |
| Diluted weighted average number of equity shares outstanding during the period | 410,256 | 402,968 |
| Nominal value of equity shares – Rs. | 10 | 10 |
| Basic earning per share – Rs. | 3.57 | 0.60 |
| Diluted earning per share – Rs. | 3.51 | 0.59 |

5.2.12 Deferred taxes

The Company has reassessed the carrying value of deferred tax asset in view of taxable losses. Based on reduction in operating expenses achieved and revision in reinsurance arrangement concluded by the Company, it is decided to restrict the creation/ carrying value of deferred tax asset on various components of temporary differences to the extent as under:

(Rs. in 000's)

| Particulars | Deferred tax asset at March 31, 2010 | Deferred tax asset at March 31, 2009 |
|--|---|---|
| Timing differences on account of: | | |
| Reserve for Unexpired Risks | 373,093 | 206,142 |
| Provision for escalation in lease rentals | 25,264 | — |
| Leaves accrued | 44,329 | 37,389 |
| Provision for doubtful debts | 10,190 | — |
| Carry forward losses | — | 353,119 |
| Total | 452,876 | 596,650 |
| Net deferred tax asset/(liability) | 452,876 | 596,650 |
| Deferred tax expense/(income) recognised in the Profit and Loss A/c. | 143,774 | (298,500) |

5.2.13 Prior year figures have been regrouped, reclassified in the respective schedule wherever necessary, to conform to current period classifications.

For and on behalf of the Board

Chanda D. Kochhar
Chairperson

Sandeep Bakhshi
Director

Bhargav Dasgupta
Managing Director & CEO

Pratap Salian
Company Secretary

S. Mukherji
Director

N.S.Kannan
Director

Rakesh Jain
Director Corporate Centre & CFO

Mumbai,
April 19, 2010

Annexure-1 Analytical Ratios at March 31, 2010

| Particular | Total | Fire | Marine | | | Motor OD | Motor TP | Motor Total | Workmen compensation |
|---|-------|------|--------------|---------------|--------------|----------|----------|-------------|----------------------|
| | | | Marine Cargo | Marine Others | Marine total | | | | |
| Gross Premium Growth Rate | -3% | -5% | -6% | -50% | -32% | 9% | -6% | 4% | 16% |
| Gross Premium to shareholders' fund ratio | 184% | | | | | | | | |
| Growth rate of shareholders' fund | 17% | | | | | | | | |
| Net Retention Ratio | 70% | 32% | 37% | 6% | 23% | 90% | 102% | 94% | 84% |
| Net Commission Ratio | 6% | 2% | 6% | 1% | 4% | 10% | 0% | 7% | 8% |
| Expense of Management to Gross Direct Premium Ratio | 23% | | | | | | | | |
| Combined Ratio | 92% | | | | | | | | |
| Technical Reserves to net premium ratio | 191% | | | | | | | | |
| Underwriting balance ratio | -12% | -13% | | | -4% | | | | |
| Operating Profit Ratio | 7% | | | | | | | | |
| Liquid Assets to liabilities ratio | 17% | | | | | | | | |
| Net earning ratio | 6% | | | | | | | | |
| Return on net worth ratio | 8% | | | | | | | | |
| Available Solvency margin Ratio to Required Solvency Margin Ratio (times) | 2.07 | | | | | | | | |
| NPA Ratio | | | | | | | | | |
| Gross NPA Ratio | — | | | | | | | | |
| Net NPA Ratio | — | | | | | | | | |

Notes :

1. GDPI = Premium from direct business written
2. Shareholders' funds/ Net worth = Share capital + Reserve & Surplus + Share application money-pending allotment + Fair value change account
3. Expenses of management = Commission paid-direct + Operation expenses related to insurance business
4. Liquid asset= Short term investments + Cash and bank balances
5. Policyholders liabilities = Claim outstanding (gross) + Reserve for unexpired risk + Reserve for premium deficiency
6. Underwriting profit/ (loss) = Net premium earned - Net claims incurred - Net commission + Premium deficiency

| Miscellaneous | | | | | | | Basis of calculations |
|---------------------------------|-------------|----------|------|--------|--------|------------------------|---|
| Public/ Product Liability | Engineering | Aviation | PA | Health | Others | Total Miscellaneous | |
| 71% | -16% | 10% | -29% | -12% | 33% | -1% | (GDPI current year- GDPI previous year)/ GDPI previous year GDPI/ Shareholders' funds (Shareholders' funds current year- Shareholders' funds previous year / Shareholders' funds previous year |
| 72% | 21% | 19% | 37% | 81% | 36% | 76% | Net premium/ GDPI |
| 4% | 4% | 1% | 7% | 5% | 8% | 6% | Gross commission paid/ GDPI Expenses of management/ GDPI (Claims paid + Expenses of management + Commission paid-direct)/ Gross direct premium (Reserve for Unexpired Risk + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER)/ Net premium |
| | | | | | | -12% | (Underwriting profit/loss) / Net premium (Underwriting profit/loss + Investment income) / Net premium Liquid assets/ Policyholders liabilities Profit after tax/ Net premium Profit after tax/ Net worth |

Annexure-2 — Equity Holding Pattern at March 31, 2010

| | |
|---|-----------------------|
| 1. No. of shares | 403,632,746 |
| 2. Percentage of shareholding (Indian / Foreign) | 74.1%/ 25.9% |
| 3. %of Government holding (in case of public sector insurance companies) | — |
| 4. Basic and diluted EPS before extraordinary items (net of tax expense) for the period | Rs. 3.57 and Rs. 3.51 |
| 5. Basic and diluted EPS after extraordinary items (net of tax expense) for the period | Rs. 3.57 and Rs. 3.51 |
| 6. Book value per share (Rs.) | 44.41 |

Receipts & Payment Account for the year ended March 31, 2010

(Rs. in '000s)

| | | Year ended March 31, 2010 | | Year ended March 31, 2009 |
|---|--------------|------------------------------|--------------|------------------------------|
| Cash flow from operating activities | | | | |
| – Premium received from policyholders, including advance receipts | 41,542,210 | | 39,872,197 | |
| – Premium received from co-insurer | 507,587 | | 2,130,673 | |
| – Other receipts (including-environment relief fund) | 11,492 | | 4,559 | |
| – Payment to re-insurer net of commissions & claims | (4,343,727) | | (8,698,935) | |
| – Payment to co-insurer net of claims recovery | (2,751,743) | | (3,390,738) | |
| – Payments of claims (net of salvage) | (23,940,903) | | (19,238,956) | |
| – Payments of commission and brokerage | (2,421,585) | | (2,812,150) | |
| – Payments of other operating expenses | (6,065,999) | | (6,300,888) | |
| – Preliminary and pre-operative expenses | - | | - | |
| – Deposits, advances & staff loans | 883,497 | | 486,251 | |
| – Income tax paid (net) | (352,583) | | (287,995) | |
| – Service taxes paid | (1,418,791) | | (2,610,032) | |
| – Other payments | - | | (50,566) | |
| – Cash flows before extraordinary items | | 1,649,455 | | (896,580) |
| – Cash flows from extraordinary operations | | - | | - |
| Net cash flow from operating activities | | 1,649,455 | | (896,580) |
| Cash flow from investing activities | | | | |
| – Purchase of fixed assets (including capital advances) | (239,843) | | (592,172) | |
| – Proceeds from sale of fixed assets | 19,221 | (220,622) | 2,926 | (589,246) |
| – Purchase of investments | (24,286,759) | | (39,577,324) | |
| – Loans disbursed | - | | - | |
| – Sale of investments | 23,118,243 | | 37,387,458 | |
| – Repayments received | - | | - | |
| – Rent/interest/dividends received | 1,243,947 | | 1,243,947 | |
| – Investments in money market instruments and liquid mutual fund (net) | 496,105 | | (3,226,155) | |
| – Expenses related to investments | (6,345) | 1,408,667 | (5,748) | (4,177,822) |
| Net cash flow from investing activities | | 1,188,045 | | (4,767,068) |

(Rs. in '000s)

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|------------------------------|------------------------------|
| Cash flow from financing activities | | |
| – Proceeds from issuance of share capital (including share premium & net of share issue expenses) | 22,092 | 5,030,806 |
| – Proceeds from borrowing | - | - |
| – Repayments of borrowing | - | - |
| – Dividends paid (including dividend tax) | (727,469) | - |
| Net cash flow from financing activities | (705,377) | 5,030,806 |
| Effect of foreign exchange rates on cash and cash equivalents, net | | |
| Net increase/(decrease) in cash and cash equivalents | 2,132,123 | (632,842) |
| Cash and cash equivalents at the beginning of the period | 730,475 | 1,363,317 |
| Cash and cash equivalents at end of the period | 2,862,598 | 730,475 |

*Cash and cash equivalent at the end of the period includes short term deposits of Rs. 2,359,151 thousand (2008-09: Rs. 601,150 thousand), balances with banks in current accounts Rs. 64,953 thousand (2008-09: Rs. 91,505 thousand) and cash including cheques and Stamps in hand amounting to Rs. 438,494 thousand (2008-09: Rs. 37,820 thousand)

As per our attached report of even date

For N. M. Raiji & Co.
Chartered Accountants

Jayesh M. Gandhi
Partner
Membership No. 37924

For PKF Sridhar & Santhanam
Chartered Accountants

R. Suriyanarayanan
Partner
Membership No. 201402

For and on behalf of the Board

Chanda D. Kochhar
Chairperson

Sandeep Bakhshi
Director

Bhargav Dasgupta
Managing Director & CEO

Pratap Salian
Company Secretary

S. Mukherji
Director

N.S.Kannan
Director

Rakesh Jain
Director Corporate Centre & CFO

Mumbai
April 19, 2010

Statement Pursuant to Part IV of Schedule VI to the Companies Act , 1956 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration Number

State Code

Balance Sheet date

Date Month Year

II. Capital Raised During the Year (Amount in Rs. Thousand)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

Total Assets

Sources of Funds

Paid-up capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets & WIP

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousand)

Turnover

Total Expenditure

Profit/Loss Before Tax

Profit/Loss After Tax

Earning per Share in Rs.

Divided Rate %

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

Product Description

Item Code No.

Note :

The Company being a general insurance company, the accounts of the company are not required to be made in accordance with Schedule VI. Further, the Insurance Act, 1938, requires the accounts of the company to be split between policyholder's & shareholders' funds. In view of the above, it is not possible to give the information required in Para III and Para IV of the above statement.

Glossary

Accretion

Incremental growth over a period of time.

Actuary

An actuary is a business professional who deals with the financial impact of risk and uncertainty.

Book value per share

This is computed as networth divided by number of outstanding shares.

Catastrophe Reserve

Reserve created to protect against uncertainties such as catastrophes.

Claims Disposal Ratio

Ratio of number of claims settled to total number of claims reported.

Co-insurance

Sharing of same risk by multiple insurance companies.

Combined ratio

Combined ratio is the sum of claims paid, management expenses and direct commission paid divided by the gross direct premium.

Commission paid

Amount paid to intermediaries for acquiring business.

EPS

Earning Per Share is arrived at by dividing net profit upon number of outstanding shares.

Fair Value Change Account

It represents unrealised gains or losses at the end of the period with respect to listed equity securities and derivative instruments.

Gross Written Premium

Gross Written Premium is the sum of gross direct premium and the reinsurance premium accepted.

IBNR & IBNER provision

IBNR (Incurred But Not Reported) & IBNER (Incurred But Not Enough Reported) are estimates of claim provisions certified by an independent professional (Actuary) in accordance with the guidelines prescribed by IRDA and other relevant regulations.

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.

Incurred Loss Ratio

The percentage of losses (claims) incurred to premiums earned during the period.

Industry Market Share

Ratio of gross written premium of respective insurer to the total gross premium written of the general insurance industry.

IRDA

Insurance Regulatory and Development Authority of India is the apex authority formed to protect the interests of the policyholders to regulate, promote and ensure orderly growth of the insurance industry.

Net Premiums Earned

Net premium written adjusted for the change in unexpired risk reserve.

Net Premiums Written

Gross premium less reinsurance.

Net Retention

Total risk underwritten less the reinsurance ceded.

Net worth

Total assets minus total liabilities.

Operating Expenses

Expenses for carrying out the insurance business.

Operating Profit or Loss

Surplus/deficit from carrying out insurance business activities i.e. profit before tax excluding investment and other income.

Outstanding Premium

Premium receivable as at end of the period.

Policyholder (Insured)

The person/entity whose risk of financial loss from an insured peril is protected by the policy.

Premium Deficiency

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

Premium received in advance

Represents premium received prior to the commencement of the risk.

Unexpired risks reserve

Reserves with respect to the unexpired insurance contracts as at the end of the period

Reinsurance

A means by which an insurance company can protect itself against the risk of losses with other insurance companies.

Solvency Margin

The amount by which total assets of an insurance company exceeds its liabilities (calculated as per IRDA guidelines).

Treaty

A reinsurance contract between the reinsured & reinsurer company to share the risk / benefits



Registered Office

ICICI Lombard General Insurance Company Limited
ICICI Bank Tower, Bandra Kurla Complex, Mumbai - 400 051.

Mailing Address

ICICI Lombard General Insurance Company Limited
Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400 034.

email: customersupport@icicilombard.com
visit us at www.icicilombard.com

Insurance is the subject matter of the solicitation.