



ICICI Lombard
— GENERAL INSURANCE —

Annual Report 2012-13

WITH YOU...
when it matters

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FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.



WITH YOU... when it matters

At ICICI Lombard, we understand the crucial role that insurance plays in people's lives.

That is why we make every effort to stand by our customers in their hour of need. In fiscal 2013, we settled over 5 million claims, a testimony to our ability and commitment to deliver on our promise. Over the years, we have established an organisation that is geared to serve our customers with empathy and agility.

As a customer centric organisation, we have introduced innovative products that meet the changing demands of our customers. We have also set new standards on the customer service front, by

adopting Information Technology to streamline our processes and enhance our service benchmarks. Keeping pace with rapidly changing technology, we have created multiple touch points to empower our customers to connect with us through the most convenient platforms and in the shortest possible time.

As we move forward, we shall continue to serve our customers with the same passion and perseverance that has helped us raise the bar every year for the last eleven years.

DRIVING NEED-BASED SOLUTIONS

Are insurance solutions aligned to people’s expectations?
Can we introduce innovative offerings to meet and exceed customer needs?

These questions marked the beginning of our journey in 2001. Since then, we have always followed a distinctive approach, creating need-based differentiated products and retaining market leadership, in a constantly evolving socio-economic landscape. We pioneered the concept of weather insurance in India. Besides, the globally acclaimed Biometric card used in Mass Health Insurance schemes and Complete Health Insurance is the result of our consistent innovation.

At ICICI Lombard, we have always focused on delivering a stronger value proposition by converging products, services and distribution

strategies around key trends. To address customer requirements, we offer a wide range of products and services across diverse segments.

Our key products across the retail and corporate space include:

- Motor Insurance
- Health Insurance
- Travel Insurance
- Home Insurance
- Specialty Lines Insurance
- Property Insurance
- Marine Insurance
- Mass Health Insurance
- Weather Insurance

ICICI Lombard General Insurance Company Limited (ICICI Lombard) is a 74:26 joint-venture between ICICI Bank and Fairfax Financial Holdings, a Canada based USD 37 billion financial services company.

QUICK FACTS

₹ 64.20 BILLION

Gross Written Premium (GWP) as on March 31, 2013

275

Pan-India branches as on March 31, 2013

9.18 MILLION

Policies issued in FY 2013

7,289

Head Count

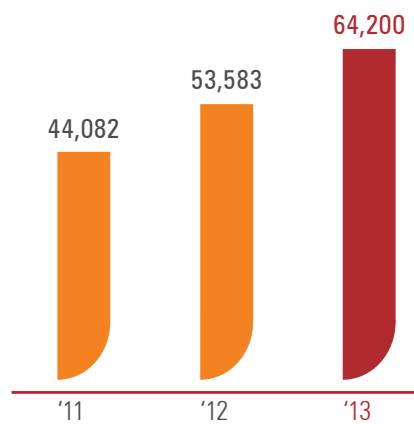
5.07 MILLION

Claims settled in FY 2013

PERFORMANCE HIGHLIGHTS FY 2013

Revenue Growth

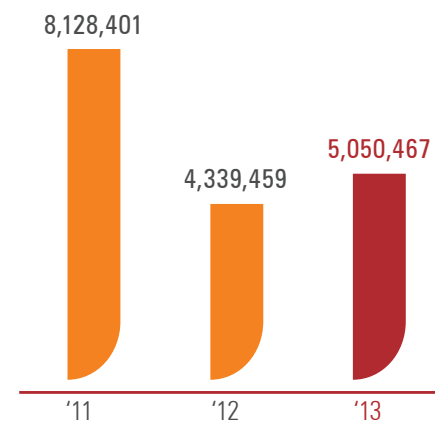
(Gross Written Premium ₹ in million*)



* Excluding Motor TP inward

Claims Settled

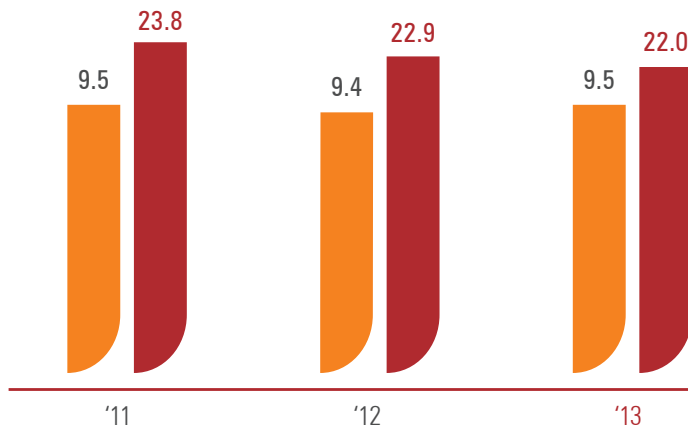
(Number of claims settled#)



Excluding Motor TP

Market Share

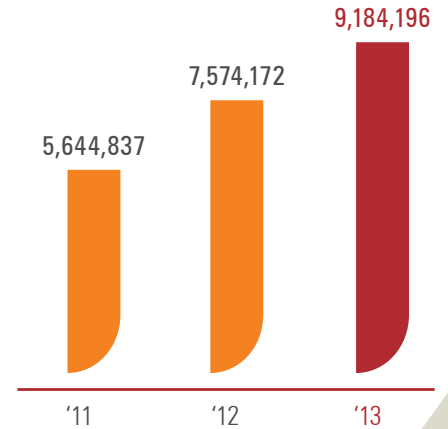
(%)



■ Total Industry ■ Private Sector

Policy Growth

(Number of policies sold)



AWARDS AND ACCOLADES

Since the beginning of its journey, ICICI Lombard has been honoured consistently for its excellence. In fiscal 2013, the Company was acknowledged for its contribution towards introducing new products, social endeavours and corporate excellence.



PORTER PRIZE

The Company received the coveted 'Porter Prize' award in the category 'Creating Shared Value'. The award, named after Professor Michael E. Porter, is bestowed by the Indian Institute of Competitiveness. It recognised ICICI Lombard's initiatives to achieve responsible economic success in the mass and micro insurance areas for the society's economically weaker sections. The award recognises the fact that the Company can meet social needs, while better serving existing markets, accessing new ones and lowering costs through innovation.



GOLDEN PEACOCK AWARD FOR CSR

ICICI Lombard has been conferred the Golden Peacock - CSR Award (GPACSR) for 2012. The award is a testimony of the Company's social and environment related initiatives. This includes economic development, improving the quality of life of the work force, their families, the local community and society at large, while fulfilling commitment towards the business.



ASTD BEST AWARD

ICICI Lombard was bestowed with the ASTD BEST 2012 award for the second year in a row. BEST organisations are chosen based on their ability to leverage the learning functions as a strategic business tool and creating learning opportunities to achieve enterprise-wide success. The Company was ranked among the top 8 BEST organisations in the world out of 84 companies, which vied for the accolade.



CELENT ASIA INSURANCE TECHNOLOGY AWARDS

ICICI Lombard was conferred the Celent Asia Insurance Technology Award 2012 in the Best Mobile Applications category.

CORPORATE INFORMATION

Board

Chanda Kochhar
Chairperson

R. Athappan
Director

B. V. Bhargava
Director (upto June 14, 2012)

Dileep Choksi
Director

Zarin Daruwala
Director

N. S. Kannan
Director

S. Mukherji
Director

Chandran Ratnaswami
Director

M. K. Sharma
Director

H. N. Sinor
Director

Bhargav Dasgupta
Managing Director & CEO

Alok Kumar Agarwal
Executive Director

Neelesh Garg
Executive Director

Board Governance Committee

M. K. Sharma
Chairman

Chanda Kochhar
Chandran Ratnaswami
H. N. Sinor

Investment Committee

Chandran Ratnaswami
Chairman

N. S. Kannan
Bhargav Dasgupta
Liyaquat Khan
Appointed Actuary (upto October 1, 2012)

Manalur Sandilya
Appointed Actuary (w.e.f October 1, 2012)

S. Gopalakrishnan
Gopal Balachandran

Audit Committee

Dileep Choksi
Chairman

R. Athappan
S. Mukherji
H. N. Sinor

Risk Management Committee

S. Mukherji
Chairman

R. Athappan
H. N. Sinor
Bhargav Dasgupta

Policyholder Protection Committee

M. K. Sharma
Chairman

S. Mukherji
Chandran Ratnaswami
Bhargav Dasgupta

Auditors

PKF Sridhar & Santhanam
Chartered Accountants

Khandelwal Jain & Co.
Chartered Accountants

INNOVATING TO PROTECT

Insurance solutions need to be constantly recalibrated in the wake of evolving socio-economic realities.

With the philosophy of 'Find Your Fit', we provide our customers customisable health insurance solutions based on their specific needs with 'Complete Health Insurance'. This policy offers a wide array of sum insured, with no cap on maximum entry age and a host of other benefits, including maternity benefit, out-patient cover and cashless hospitalisation. The perfect fit for a wide cross-section of customers.





SERVICE EXCELLENCE

Customers have diverse needs, but our focus remains the same: fulfilling their expectations and creating enduring relationships.

We understand the expectation of our customers. We put our best foot forward to ensure a pleasant experience for each and every customer. Our Customer Support (CS) and Process Excellence Group (PEG) focus on the customer service architecture, starting from client acquisition to claim settlement. Combined with technological sophistication and regular monitoring, our service standards set high industry benchmarks.

MESSAGE FROM THE CHAIRPERSON



CHANDA KOCHHAR

Chairperson
ICICI Lombard GIC Limited

Our fundamental economic drivers remain strong, and there have been some positive developments in recent months, including the progress on fiscal consolidation, moderation in inflation and easing of monetary policy.

DEAR SHAREHOLDERS,

The global economic scenario continued to face headwinds in fiscal 2013. While certain parts of the developed world showed signs of recovery, the Eurozone continued to experience stress. The US economy, on the other hand, exhibited a clearer trajectory towards growth, though the same is expected to remain subdued in the near term. On the emerging markets front, several economies including some of the BRIC nations faced slowing growth. India too faced several challenges. However, our fundamental economic drivers

remain strong, and there have been some positive developments in recent months, including the progress on fiscal consolidation, moderation in inflation and easing of monetary policy.

The general insurance industry in India has significant untapped potential, given the low penetration and India's demographic dividend. In addition to rising urban demand, the increase in rural income levels and the continued focus on financial inclusion are expected to support robust growth in this sector in the years to come. The industry's performance in

In fiscal 2013, the Company's gross written premium grew by 19.8% to ₹ 64.20 billion. The Company returned to profitability path with a profit after tax of ₹ 3.06 billion. This level of profit translates into a return on equity of 18%.

At ICICI Lombard, our approach has been to identify profitable business opportunities and adopt a risk-focused business model to drive sustainable growth. This approach has enabled the Company to build a strong franchise as a leading player in the general insurance industry, with market leadership among the private sector players.

fiscal 2013 was encouraging, with growth being sustained. Further, the regulatory changes implemented to support the industry's development, including those related to dismantling of the Third Party Motor Pool, will help general insurance companies build profitable and sustainable long term business models.

At ICICI Lombard, our approach has been to identify profitable business opportunities and adopt a risk-focused business model to drive sustainable growth. This approach has enabled the Company to build a strong franchise as a leading player in the general insurance industry, with market leadership among the private sector players. In fiscal 2013, the Company's gross written premium grew by 19.8% to ₹ 64.20 billion. The Company returned to profitability path with a profit after tax of ₹ 3.06 billion. This level of profit translates into a return on equity of 18%, demonstrating the success of the Company's efforts to build a robust and sustainable business model that creates value for the stakeholders.

We continue to focus on enhancing financial inclusion through customised and relevant products, working with the Government of India and other stakeholders. Our health insurance solutions seek to provide low income groups with convenient access to affordable

healthcare facilities. In addition to offering health insurance solutions, we have also been contributing towards efforts to mitigate risks for India's rural households, which predominantly rely on agriculture for their livelihood. Today, we cover more than 3 million farmers through our portfolio of weather insurance offerings, thereby helping them overcome the impact of unforeseen weather conditions. Financial inclusion currently constitutes over 15% of our business.

I would like to take this opportunity to acknowledge the contribution of our people in building a trustworthy and large yet nimble organisation that has been able to deliver high-quality risk management solutions to our esteemed customers. I am confident that ICICI Lombard will continue to strengthen its position as a significant player in India's general insurance industry in the years to come.

CHANDA KOCHHAR

Chairperson
ICICI Lombard GIC Limited

MESSAGE FROM THE CHAIRMAN, FAIRFAX ASIA



RAMASWAMY ATHAPPAN

Chairman
Fairfax Asia Limited

FY 2013 was an encouraging year with the Company showcasing outstanding performance across business units and also returning to profitability.

DEAR SHAREHOLDERS,

I would like to congratulate all the members of ICICI Lombard General Insurance for another year of robust performance. FY 2013 was an encouraging year with the Company showcasing outstanding performance across business units and also returning to profitability. At Fairfax Asia Ltd., we have always remained confident about the manner in which the senior management of ICICI Lombard has identified areas of opportunities amid challenges and pursued the same with serious intent and long term vision. As we look ahead, we are excited to be a part of this journey towards scaling newer heights in a promising industry.

The growth prospects for the General Insurance sector globally and especially in the Asia Pacific region look robust in the near future. The industry should witness rapid expansion led by countries in Emerging Asia, as corporations and individual customers become increasingly cognizant of unforeseen threats to life and assets, thereby taking steps towards mitigating these risks. The recent phenomenon related to catastrophes and political risks in several nations have resulted in the scope of general insurance solutions transcending domestic needs to encompass possibilities of risk over a larger geography. Given these encouraging trends, we expect non-life insurance

For India's General Insurance industry, the future holds a lot of promise given the low penetration and favourable demographics of an aspiring and young population.

Over the years, we have seen the Company continuously transform itself to become the market leader among the private players. This achievement is especially commendable given that the industry has undergone major changes, migrating from a fixed tariff environment to a market-driven mechanism.

premium in Emerging Asia to grow at 8% in 2013.

For India's General Insurance industry, the future holds a lot of promise given the low penetration and favourable demographics of an aspiring and young population. With per capita income inching closer to the point of inflection, we believe that the industry is poised to grow at a robust pace in the coming years. The only hindrance to this promising scenario would be the uncertain macroeconomic conditions on the global front. However, despite the global headwinds, we are confident that India's policy makers would take steps to stimulate demand and thus achieve the desired level of growth.

Being a leading player, ICICI Lombard is well poised to benefit from the growth prospects of the General Insurance industry. Over the years, we have seen the Company continuously transform itself to become the market leader among the private players. This achievement is especially commendable given that the industry has undergone major changes, migrating from a fixed tariff environment to a market-driven mechanism. In addition, ICICI Lombard has been able to maintain its leadership position despite increasing competition as more and more global brands vie for a share of the burgeoning Indian General Insurance market. It has been able to do this by adopting a prudent approach of developing a well-diversified product mix and

embracing technology to enhance its service benchmarks as well as points of customer interface. This has helped the Company to remain steadfast during testing times and provided the necessary platform to embrace opportunities during the growth phase.

We are also delighted by the Company's efforts to contribute to the underprivileged sections of the society by participating in the financial inclusion initiatives of the Government of India. For any nation to experience the benefits of inclusive growth, it is extremely important that the lives of a large mass of populace is touched by the process. ICICI Lombard has been consistently taking the lead in delivering affordable health insurance solutions to millions of Indians across India's hinterlands, thereby enabling them to improve their quality of life.

As our commitment to ICICI Lombard extends beyond a decade, we are confident that this partnership will help the Company reach newer heights in the coming years. Fairfax Group's global insight and technical expertise best complement the brand repute, distribution strength and industry experience of ICICI Lombard. We are sure that this association will continue to act as a catalyst for the partners to realise their true potential in the coming years.

RAMASWAMY ATHAPPAN

Chairman
Fairfax Asia Limited

MESSAGE FROM THE MANAGING DIRECTOR & CEO

Gross Written Premium increased to ₹ 64.20 billion and we grew by 19.8%, marginally outpacing the industry growth of 18.6%.

DEAR SHAREHOLDERS,

The global economy faced prolonged uncertainty in FY 2013. Countries, especially those in the Eurozone, continued to face economic turbulence in the aftermath of the global financial crisis and the consequent deleveraging. The Indian economy too was affected. GDP growth slipped amid burgeoning fiscal and current account deficits. Declining private consumption and investment spending added to the adverse impact. Looking ahead, with inflationary pressures subsiding and the government making efforts to restart the growth engine, one can expect the scenario to marginally improve in FY 2014.

The General Insurance industry on the other hand was better placed, registering a growth of 18.6% in FY 2013. We expect the sector to continue to outpace the GDP growth trajectory by two to three times, given the low



BHARGAV DASGUPTA

Managing Director & CEO
ICICI Lombard GIC Limited

penetration of General Insurance and demographic factors. In terms of profitability as well, General Insurance firms find themselves in a better position now with sharp drop in losses after the dismantling of the Third Party Motor Pool.

In fiscal year 2013, we further consolidated our leadership position in the Private Sector General Insurance space. Our market share improved to 9.5% from 9.4% achieved in FY 2012. Gross Written Premium increased to ₹ 64.20 billion and we grew by 19.8%, marginally outpacing the industry growth of 18.6%. The year also marked a turnaround as we returned to profitability, registering a Profit after Tax of ₹ 3.06 billion. This performance is

an outcome of diligently following a prudent business strategy, improving operational efficiencies and achieving breakthroughs in terms of new tie-ups on the distribution front. In addition, we continued to relentlessly focus on our underwriting discipline. Our Combined ratio (excluding Motor Pool) improved to 98.6%, compared to 99.9% in FY 2012.

Customer Centricity has always been one of the key focus areas for our Company. During the fiscal year 2013, we continued to stand by our customers during their hour of need, settling 5.07 million claims, the highest in the industry. This amounted to an increase of 17% over FY 2012. Despite the high transaction

volume, we settled 97% of the claims within a time span of 30 days across product categories. We significantly improved our customer service levels, with customer grievances declining by 36%. Technology played a crucial role in our efforts to deliver enhanced customer experience. In the last fiscal, we extended our capabilities on this front, both in terms of back-end infrastructure as well as front-facing consumer applications. One such customer-centred initiative was the launch of mobile applications which allow our customers to not only buy/renew insurance policies but also intimate claims directly from their smart phones.

At ICICI Lombard, our operational performance goes hand in hand with our drive for Financial Inclusion. We have been working closely with the Government of India on various state-run health insurance schemes. In association with the Government, we have pioneered the use of bio-metric smart cards in mass health policies, such as the Rashtriya Swasthya Bima Yojana (RSBY). To enhance the effectiveness of RSBY, we initiated an Outpatient Healthcare (OPD) pilot project in partnership with International Labour Organisation and ICICI Foundation for Inclusive Growth (ICICI Foundation). As on date, the project has been able to cover over 5.6 lakh families

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in Puri (Odisha) and Mehsana (Gujarat). Our efforts to insure the rural population continued as we reached out to cover nearly 3 million farmers under the weather-based insurance scheme.

As an organisation, we believe in doing business ethically and being socially responsible. We continue to be associated with various well-known projects, such as 'Healthy Lokshakti' for mother and child care, 'Apna Clinic' for the truck drivers among others. We also commenced 'Caring Hands' – an employee volunteering initiative to conduct health check-up camps for underprivileged children. Last fiscal, under this initiative, our employees reached out to over 19,600 children across 67 cities.

Our efforts to contribute to the industry have been recognised often. In FY 2013, among the various accolades, we received the prestigious 'Porter Prize' in the category of 'Creating Shared Value'. This award recognises our efforts in achieving responsible economic success in the area of mass and micro insurance for the economically weaker sections of the society. We were also conferred the 'Customer and Brand Loyalty Award' for the fifth consecutive year for our customer-centric approach. Our technological initiatives led us to be awarded with the 'Celent Asia Insurance Technology Award, 2012' in the category of Best Mobile Applications. At the same time, our social initiatives were recognised through the 'Golden Peacock Award for CSR, 2012'.

The milestones that we have crossed have been due to the passionate efforts of our employees. We believe that investing in learning and knowledge enhancement plays a critical role in building a sustainable and high performing organisation. During the fiscal, we launched our Knowledge Management portal 'Genie' to provide a unified platform to our employees to exchange information and share best practices. In FY 2013, our learning and development initiatives were recognised by the American Society for Training and Development (ASTD) for the second year in a row with the 'ASTD BEST 2012 Award'. This accolade placed us among the Top 8 BEST organisations across the globe.

As we set higher goals for our business in FY 2014, I would like to thank our stakeholders for their continued support and encouragement. In the coming months, we shall continue to work towards enhancing our capabilities and identifying the right opportunities in a growing market. With the vast pool of talented personnel that we employ, I am confident that we will be able to scale new heights in the year ahead.

BHARGAV DASGUPTA

Managing Director & CEO
 ICICI Lombard GIC Limited

FULFILLING PROMISES

Our customer's moment of truth. Our moment of delivery.

We are committed to support our customers, when they need us most. We have settled 5.07 million claims, leveraging our expertise and experience. The number of claims settled is a testimony of our operational excellence.





REACHING FAR AND WIDE

Our robust distribution channels help us reach more people across a wide cross-section of society.

To reach out to and serve more and more customers, we have enhanced our focus on distribution considerably. We have 275 branches across the country. We have developed a multi-channel distribution model to cater to our diverse and geographically dispersed customer base.

GENERAL INSURANCE SECTOR OVERVIEW



In FY 2013, the Motor Insurance segment propelled growth in the General Insurance sector registering a growth of 23%. The business increased from ₹ 242.42 billion to ₹ 297.77 billion. This was followed by Health Insurance business which grew from ₹ 132.11 billion to ₹ 153.41 billion.

The Indian General Insurance industry has witnessed remarkable growth in the last few years led by the private sector.

During the year under review, despite sluggish economic growth, Gross Written Premium (GWP) of the 25 players that operated in the Indian General Insurance industry stood at ₹ 646.87 billion. It, thus, witnessed a growth of 18.6%, as compared to GWP of ₹ 545.37 billion in fiscal 2012. ICICI Lombard capitalised on the opportunities of the industry amidst economic volatility and strengthened its position as the leading private sector player, with an overall market share of 9.5%.

In FY 2013, the Motor Insurance segment propelled growth in the General Insurance sector registering a growth of 23%. The business increased from ₹ 242.42

billion to ₹ 297.77 billion. This was followed by Health Insurance business which grew from ₹ 132.11 billion to ₹ 153.41 billion (including specialised health institutions). Motor and Health Insurance segments lead the General Insurance market by contributing 70% of industry premiums. The property segments comprising fire and engineering registered GWP of ₹ 90.82 billion, witnessing a growth of 18.5%.

The last fiscal also witnessed the shift to the newly introduced Declined Third Party Motor Insurance Pool. The new regulation on this front led to a significant decrease in the size of the Motor Pool to approximately ₹ 3 billion, compared to ₹ 63.07 billion recorded in FY 2012. This favourable regulatory change aided the growth of the industry and in turn the Company.

ORGANISATION STRUCTURE



ICICI Lombard's operating structure is designed from a customer viewpoint. The organisation 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 primarily 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, business analytics unit, administration and fraud control.

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

CORPORATE SOLUTIONS GROUP

Focussing on the general insurance needs of both private and government corporate bodies, the Corporate Solutions Group (CSG) comprises the following divisions:

SPECIALISED INDUSTRY GROUP (SIG)

SIG caters to the requirements of large clients in specialised business segments like aviation and energy, using a knowledge-based approach.

INTERNATIONAL BUSINESS GROUP (IBG)

Provides coverage for international risks of Indian business interests.

SMALL AND MEDIUM ENTERPRISES GROUP (SMEG)

This division focuses on the small and medium enterprises across industries and geographies.

FINANCIAL INSTITUTIONS GROUP (FIG)

FIG caters to the risk management requirements of the financial services sector.

OPERATIONAL OVERVIEW

The Specialised Industry Group (SIG) continued to push the Company's penetration and market share in specialised sectors, by providing advanced risk management solutions to ICICI Lombard's clients. The segment has been carving out a niche by specially designing in-depth training modules to create knowledge differentiation. This, in turn, enabled the team to capitalise on the opportunities in the mentioned industries. The group focuses predominantly on aviation, energy and petrochemicals where they have been a spurt in global expansion.

A sharpened focus on the less volatile markets and developing capabilities around the globe helped the International Business Group (IBG) achieve noteworthy growth. The property and the liability lines of business witnessed excellent opportunities generated by the global network partners. In the current fiscal, the Company has continued to grow at an impressive pace.

The Small and Medium Enterprises Group (SMEG) worked on distribution channels to achieve growth in all quality parameters across channels

Wellness is a proactive, lifelong endeavour towards becoming aware of choices and consequently making decisions to achieve a more balanced and fulfilling life.

ICICI Lombard, in its attempt to provide complete wellness solutions to its esteemed clients, has always been eager to serve them better. It has also remained committed to being not just the delivery partner for their health products and services, but to also serve as a single platform for all the customer's health and wellness needs.

and product lines. In addition, enhanced focus on partner training strengthened the Company's relationship with its business associates.

The Financial Institutions Group (FIG) continued to serve its target segment with a focus on the corporate employee wellness programmes, which have been its key driver. Online master policies generated excellent opportunities for the co-operative banks and their customers. This initiative resulted in improving the turn-around time (TAT) from 20 days to 4 days.

With a commitment to continuously evolve its business processes, ICICI Lombard adopted

best practices and innovated continuously to remain the frontrunner in the industry. The Company has also adopted an active approach towards 'Wellness and Value-added Services (VAS)' in the recent past.

The organisation achieved significant growth by specially designing VAS for corporates in marine and property portfolio solutions. This acted as a differentiator in the highly price-sensitive market environment. The key initiatives resulted in lowering the loss ratio of marine cargo from 101% in FY 2012 to 83% in FY 2013 and the loss ratio of property segment from 75% in FY 2012 to

67% in FY 2013. This would help in further maintaining a profitable growth in these segments in the coming years.

On the other hand, the wellness services offered, like annual and pre-employment health check-ups, eye and dental camps, talk shows, online wellness services and interactive sessions (for example, health risk assessment, maternity, stress management, smoking cessation, cancer awareness) provided clients with an opportunity to extend employee benefits beyond insurance. These services were highly customised based on industry, group size and group demography.

FINANCIAL INCLUSION SOLUTIONS GROUP

Mindful of the Company's social responsibility towards the less fortunate in the country, ICICI Lombard's Financial Inclusion Solutions Group (FISG) focuses on providing insurance solutions for government welfare initiatives, primarily in the rural areas. Working closely with the government, ICICI Lombard has designed innovative products to deliver insurance solutions to the economically disadvantaged beneficiaries. For those who can least afford the setback of a failed crop or a major illness, these low-cost products are a critical need. ICICI Lombard has remained committed to this segment and put in serious efforts in the form of scalable models, innovative product design, technology, claim processing capabilities. This has enabled the Company to offer affordable and quality insurance solutions to the rural mass.

RASHTRIYA SWASTHYA BIMA YOJANA

One of the world's largest mass health insurance programmes, Rashtriya Swasthya Bima Yojana (RSBY) is a shining example of how the government can help insurance touch the lives in the country's poorest segment. Providing health insurance to five members of every BPL family - including the family head, his spouse, up to three children and parents, the scheme empowers the beneficiary with the freedom to choose treatment for his family from the list of empanelled private as well as public hospitals. This is regarded as one of the key benefits of RSBY. The scheme



has successfully delivered health cover to India's economically challenged households.

ICICI Lombard's contribution to the scheme

- Covered 5.37 million BPL families last year
- Implemented across seven states and Union Territories, including 65 districts
- Empanelled 1,514 hospitals, including 1,080 private and 434 public
- Smart cards, embedded with biometric technology, issued to each and every beneficiary

Despite the availability of hospitalisation expenses cover, BPL families are constrained to spend their earnings on outpatient services. As a step forward to enhance the effectiveness

of RSBY, ICICI Lombard is currently engaged in a pilot project to provide affordable outpatient insurance benefits that complement those of RSBY. The pilot project is supported by Ministry of Labour and Employment, ICICI Foundation and International Labour Organisation and has been implemented in Puri (Orissa) and Mehsana (Gujarat). Leveraging RSBY's administrative and technology platform (smart cards and point-of-service devices), the project enrolled beneficiaries, while using electronic transfer of member and healthcare provider data. The Company expects the insurance scheme to have a transformative impact on healthcare delivery for the poor and to contribute towards achieving inclusive growth.

HEALTH INSURANCE SCHEME FOR HANDLOOM WEAVERS

India's handloom sector, which is mostly unorganised, contributes significantly to the country's economic progress. Besides, it is the second largest employment generator after agriculture. Weavers and ancillary workers are an important segment of the unorganised sector. The weaver's scheme covers workers engaged in warping, winding, dyeing, printing, finishing, sizing, jhala-making and jacquard cutting. It provides a family coverage of comprehensive healthcare and medical assistance to the weavers. It also includes a substantial provision for outpatient department (OPD) services. The scheme covers pre-existing as well as new diseases with an annual limit of ₹ 15,000 per family.

ICICI Lombard's contribution to the scheme

- ICICI Lombard covered 1.75 million families last year. Besides, it settled over 3.02 million claims under its health insurance scheme for handloom weavers and ancillary workers over the same time period.
- ICICI Lombard conducted weaver's healthcare camps across the country. As on March 31, 2013, it had organised over 400 health camps, treating approximately 2,26,000 weavers.

RAJIV GANDHI SHILPI SWASTHYA BIMA YOJANA

Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY) is the first health insurance initiative for India's

artisans. It is implemented by the Development Commissioner - Handicraft, Ministry of Textiles, along with ICICI Lombard.

ICICI Lombard's contribution to the scheme

- ICICI Lombard enrolled 0.42 million artisan families under the RGSSBY scheme last year.

Highlights of the scheme

- Covers the artisan, spouse and two children or parents for comprehensive health insurance, including OPD
- Pre- and post-annual hospitalisation limit of ₹ 15,000, including OPD limit of ₹ 7,500

HEALTH INSURANCE SCHEME FOR WOMEN SERICULTURIST AND WORKERS

Women healthcare requirements have come under the limelight in the last few years. The health insurance scheme for women sericulturist and workers aims at financially enabling women sericulture farmers and workers in private reeling units to access healthcare facilities.

ICICI Lombard's contribution to the scheme

- This scheme covers seven states, namely Karnataka, Tamil Nadu, Jammu and Kashmir, West Bengal, Jharkhand, Orissa, and Bihar. Last year, over 87,000 families were enrolled and issued health cards.

Highlights of the scheme

- Covers women beneficiaries (as the prime insured), her spouse and two children for

comprehensive healthcare, including provision for OPD services

- Emergence of out-patient department (OPD) as an effective tool
- OPDs have fulfilled the void of primary healthcare facilities in rural India. Over the years, it has covered people across various age groups and genders
- Generated awareness, resulting in considerable increase in the enrolment of weavers and artisans community. Moreover, with many women beneficiaries availing OPD services, it also improved their healthcare.

ICICI Lombard covered 1.75 million families last year. Besides, it settled over 3.02 million claims under its health insurance scheme for handloom weavers and ancillary workers over the same time period.



WEATHER INSURANCE

Providing employment to two-third of India's population and contributing close to 14% of the country's GDP, the agricultural sector plays a pivotal role in the India growth story. Its primary importance lies in rural development, poverty alleviation and employment generation in the agrarian societies.

Agriculture in India is heavily weather-dependent and is mostly rain-fed. Erratic rainfall remains a grave issue and to address this uncertainty, weather insurance was conceived as a solution. Weather insurance schemes offer immediate compensation, based on objective data obtained from the meteorological department. This helps farmers exercise flexibility and provides them with the option to opt for insurance at the critical stages or for the entire crop cycle.

An index-based insurance product, Weather Based Crop Insurance

Scheme (WBCIS) was pioneered by ICICI Lombard in India in FY 2004. In FY 2013, ICICI Lombard successfully implemented the scheme in 12 states, covering as many as 3 million farmers across the loanee and non-loanee categories.

In FY 2013, Weather insurance contributed ₹ 39.25 billion to ICICI Lombard's direct business. The Company retained the position of the market leader amongst the private players for WBCIS. In fact, it increased its market penetration to 81 districts in FY 2013. Besides, it received mandates to implement WBCIS in Bihar, Chattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal.

The Modified National Agricultural Insurance Scheme (MNAIS) continues to be run by the Ministry of Agriculture, Government of India, on a pilot basis, across 35 selected districts. It is meant

to act as an alternative to the ongoing National Agricultural Insurance Scheme (NAIS) from the Rabi season, FY 2011. For the Rabi season of FY 2013, MNAIS is being implemented in approximately 50 districts, with ICICI Lombard already being notified in seven.

Aiming at sustainable agricultural production for food security and crop diversification, MNAIS ensures growth and competitiveness for farmers. It also protects them from production risks. The modified scheme has helped a large number of farmers to significantly mitigate agricultural production risks. It also stabilises farm income, particularly at the time of crop failure on account of natural calamities.

In the last financial year, ICICI Lombard continued its focus on expanding the scope of financial inclusion for the economically challenged sections of the society and worked with various intermediaries including commercial banks, cooperative banks and societies to create cost-effective delivery channels for farmers across 12 states.

Claims Servicing has always been critical to ICICI Lombard's core customer proposition. To facilitate faster claim processing, the Company availed the services of the National Collateral Management Services Limited, a group member of the National Commodities Exchange of India. Besides, it joined other public and private vendors in the Automated Weather Stations (AWS) installation and maintenance domain. Moreover, the Company subscribed to data for around 700 AWS across the country. This data was supplemented by the latest weather reports received from the Indian Meteorological Department.

SHARPENING THE TECHNOLOGICAL EDGE

Our technology-driven facilities are at the core of our service excellence.

We have always leveraged technology to serve our customer's better. Our latest initiative is a Motor Insurance mobile application – Insure, which allows customers to intimate a claim directly. This is the first time in India that any General Insurer has offered a claim intimation facility through a mobile application. It also allows our customers to locate the nearest network garage, hospital or ICICI Lombard branch through special geo-tagging software.





E-CHANNEL FOCUS

Advanced communication channels play a vital role in the way we engage with our customers and touch their lives.

We have always focused on strengthening communication channels with customers in every possible way. Our e-channel platform enables customers to purchase and renew insurance policies online for cars, two-wheelers, travel, health and home insurance schemes.

RETAIL GROUP

The retail segment is one of the key pillars in the Company's business model. With defined strategic objectives and having implemented best practices, this segment has boosted ICICI Lombard's growth over the years.



The launch of ICICI Lombard Complete Health Insurance, the Company's new health product, last year helped to take a step forward towards achieving the Company's milestones. With the theme "Find Your Fit", the product proposition focused on providing customers a perfect blend of solution based on their needs.

MOTOR INSURANCE

The Motor Insurance segment grew by 27% during FY 2012-13, with the private car insurance exhibiting a growth of 29% to register a market share of 9.1%. The growth in market share was driven by a significant contribution from insurance of old private cars.

The Company continued to invest in agency engagement programmes and direct platforms to further strengthen its core foundation. In the two wheeler segment, ICICI Lombard experienced robust growth at 35% during FY 2013. Key initiatives, like developing new relationships and targeting higher dealer activations from existing tie ups, boosted growth in the new vehicles

segment. Immense potential was identified in the large uninsured old vehicle segment, which was successfully catered through on-ground marketing activities and activation campaigns.

Other new models of distribution to increase insurance penetration like FINO and insurance on wheels were also designed. With dismantling of the Commercial Vehicle Third Party Pool, existing strategies were realigned to identify and deep mine various market segments with the help of data analytics. Further investments were made to ensure fraud control and loss minimisation.

HEALTH INSURANCE

ICICI Lombard's primary objective is to provide complete risk management solutions to its clients. The launch of ICICI Lombard Complete Health Insurance, the Company's new health product, helped to take a step forward towards this objective. With the theme "Find Your Fit", the product proposition focused on providing customers a perfect blend of solution based on their needs. This included a wide array of sum insured with no cap on maximum entry age and host of other benefits, for example, maternity benefits and out-patient cover.

The product also offers two year pre-existing disease benefits, cashless hospitalisation across

With the re-launch of International Travel Insurance, ICICI Lombard's travel product was embellished into an extremely comprehensive travel solution package loaded with benefits and some unique first-time coverages.

4000+ network providers and 24X7 customer support for facilitating convenience for the consumers. Customers are also given the opportunity to upgrade in future from the current plans, ensuring adaptability to their growing needs in all life stages.

TRAVEL INSURANCE

India offers enormous potential for growth in case of outbound travel, which will eventually lead to high growth for travel insurance in the years to come. With a large untapped market, this was a focus for the Company last year. With the re-launch of International Travel Insurance, ICICI Lombard's travel product was embellished into an extremely comprehensive travel solution package loaded with benefits and some unique first-time coverages, such as handbag cover, compassionate

visit and bounced booking. It thus reiterated the focus on providing innovative and comprehensive risk management solutions to the customers.

TECHNICAL ADVANTAGES

The organisation continued to invest in its online platforms - website as well as the agent portal, iPartner. It focused on improving customer experience and increasing the number of online quotes generation. During the year, many new products were made live on the platform; these include New Comprehensive Health Insurance, Motor add-on covers like zero depreciation, return to invoice covers and so on. The agent portal has been well received by the intermediaries. Besides, it has helped move about 40% of the overall branch transactions (primarily done by retail agents) out of office. This has saved operational expenditure as well as empowered agents to issue policy at customer doorstep.

Various developments have been initiated on the mobile front to ride the mobility platform. The Company launched many new Android platform-based mobile applications for agents as well as customers.

Driven by its customer-centric approach, ICICI Lombard launched mobile application - "Insure". The application is an extremely interactive and useful tool for customers to buy or renew a policy or intimate and track claims. Its locator service also helps locate the nearest garage or

network hospital. ICICI Lombard has also launched mobile-based quote applications for employees and agents called iQuote and iAgent, respectively.

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SHARED SERVICES

REINSURANCE

The Company's reinsurance programme continued to be a combination of proportional and non-proportional treaties. The reinsurance programme was structured keeping in mind the organisation's philosophy of purchasing adequate cover in order to protect value-at-risk at all times.

For the year, ICICI Lombard increased its retention across key product segments. To protect the net account against single large losses and financial disasters, the Company continued to buy appropriate risk and catastrophe reinsurance protection. The Company gets its net retained exposures modelled by international agencies to ensure adequate catastrophe protection.

ICICI Lombard continued to purchase non-proportional reinsurance protection for its liability, aviation and offshore energy portfolio, thereby maximising retentions and ensuring protection of value at risk. Weather insurance has emerged as a key portfolio for the Company and the reinsurance programme structured is a combination of proportional and stop loss reinsurance.

The Company also continued its association with major global reinsurers, such as Scor Re, Swiss Re and Hannover Re for its key reinsurance programmes, even

as General Insurance Corporation (GIC) remained the Company's largest reinsurance partner.

UNDERWRITING

In FY 2012-13, the Company further improvised on the micro-segmentation strategy and built its competitive strength in niche segments. In the motor line of business, ICICI Lombard further strengthened its position while maintaining its No.3 position in the motor own damage insurance business last year. Moreover, adopting a risk-based pricing approach, along with an appropriate blend of model and geographies through selective sourcing, significantly improved the quality of the portfolio. Selective underwriting approach was adopted for the commercial vehicles segment in general and specifically for the declined risk pool, which has led to the improvement of loss ratios.

The micro-segmentation strategy has also enabled a deeper penetration into SME and tier-II cities for the health line of business. The Company has made major changes in its retail health insurance and international travel insurance products. These changes aim to incorporate many new features to suit changing customer needs to address risks. In line with its philosophy of being a risk management solutions provider for its customers, the Company also increased its focus on various wellness initiatives for its health customers last year.

In order to have better claims control, the Company in-housed all health insurance claims pertaining to the implementation of government schemes including RSBY. Its network of healthcare service providers now incorporates outpatient healthcare facilities, like diagnostic centres, in addition to the traditional hospitalisation option. Based on the same, the Company has also been able to bring the pre-policy medical tests for its retail customers in-house, thereby enabling better control over risk management. The portfolio for weather line of business has been diversified and better controls have been implemented last year, leading to lesser volatility in estimated outcomes. There has been extensive use of technology and EFT payments for claims processing.

An increased incidence of disasters across the globe has resulted in significant increase in coverage rates for Act of God (AOG) perils. The property portfolio has adopted a more localised underwriting framework, with increasing focus on target segments to improve the portfolio's quality. The team structure, including that of risk management team and the team for speciality lines of business, continues to be focussed around building functional and domain expertise. In line with its competence-building approach in niche segments, the Company has grown significantly in the Liability and Energy lines of business.

The Company has identified 28 enterprise-wide risks, which are categorised under five broad categories, viz. credit risk, market risk, underwriting risk, operational risk and strategic risk.



RISK MANAGEMENT

ICICI Lombard is exposed to various types of risks including underwriting, reinsurance, operational, market and liquidity, legal, compliance and reputation risks. It has a risk management framework in place to identify, measure and mitigate various risks. Besides, the framework also ensures that the policy, procedures and standards are established to address these risks for systemic response and strict adherence.

A risk management committee regularly monitors and reviews risks to enhance their impact on an enterprise-wide basis. The implementation of formulated mitigation plans is monitored along with the relevant functional heads from time to time.

1. Key Risk Exposures

The Company has identified 28 enterprise-wide risks, which are categorised under five broad categories, viz. credit risk, market risk, underwriting risk, operational risk and strategic risk. Each of these risks and their areas of evaluation are as follows:

i. Credit Risk

The Company runs a credit risk in two critical areas - its reinsurance and investment portfolios. These risks are monitored from the following perspectives:

- Default risk
- Concentration risk
- Sovereign risk

ii. Market Risk

Most of the risks that the Company carries from a market risk perspective

pertain to its investment book. In addition to the Investment Committee's risk oversight, the Risk Committee also monitors Foreign Currency risk that the Company carries on its transactions with overseas entities. The Company monitors the following risks:

- Equity risk
- Interest rate risk
- Liquidity risk
- Currency risk
- Other risks

iii. Underwriting Risk

The approach towards underwriting is articulated in the Underwriting Policy. This policy covers product offering, risk selection, risk evaluation, pricing approach and underwriting authority's delegation. Following risks are monitored from an underwriting risk perspective:

- Underwriting process risk
- Pricing risk
- Reserving risk
- Product design risk
- Catastrophe risk
- Major single risk
- Concentration risk

iv. Operational Risk

In order to streamline the Company's operations, standard processes are defined for each of the functions/departments. IT applications, processes

and manuals are in place to ensure adequacy of operations. The following aspects are monitored from an Operational Risk perspective:

- System risk
- Process risk
- Fraud risk
- Compliance risk
- Legal risk
- Business continuity and disaster management
- People risk

v. Strategic Risk

Apart from monitoring the Company's key day-to-day business risks, it is imperative to maintain oversight on the major strategic risks that may have an impact on the Company. The important strategic risks that the Company monitors are:

- Reputation risk
- Regulatory risk
- Competition risk
- Downgrade risk
- Business planning risk
- Economic environment

2. Risk mitigation

The Company has a formalised risk framework that is further strengthened through a coordinated central function, thereby keeping an overview at an Enterprise-wide level. Accordingly, periodic discussions are conducted with individual functional heads, wherein, key risks are identified and corresponding mitigation plans are formulated. In

The Company has a Chief Risk Officer, responsible for monitoring and implementing the framework. The Senior Management of the Company is responsible for periodic reviews of the risk management process to ensure that the initiatives are aligned to the desired objectives.

addition, the risk management team works in coordination with the internal audit team and use their rating as a proxy for the risk management purpose.

3. Risk organisation structure

The risk management framework of the Company is overseen by the Board's Risk Committee. The Company has a Chief Risk Officer, responsible for monitoring and implementing the framework. The Senior Management of the Company is responsible for periodic reviews of the risk management process to ensure that the initiatives are aligned to the desired objectives. The internal audit function is responsible for review of the Company's risk management processes.

4. Risk control framework

The Company's risk management framework is broadly structured as follows:

- Risk identification, assessment and mitigation process
- Risk management and oversight structure
- Risk monitoring and reporting mechanism

As part of the Enterprises Risk Management (ERM) exercise, critical risks along with the detailed mitigation plan have been presented to the Risk Committee. The risk mitigation plans are monitored regularly by the Company to ensure their timely and appropriate execution. The Risk Management Committee is updated on the progress on a quarterly basis.

5. Risk management policy and limits

The Company's underwriting policy defines product-wise approval limits for various underwriters. The investment policy lays down the asset allocation strategy to ensure financial liquidity, security and diversification. The capital adequacy and liquidity management policy covers maintenance of adequate level of capital at all times to meet diverse risks related to market and operations. The risk retention and reinsurance guidelines define the tolerance limits for losses on a per-risk and per-event basis. The reinsurance programme

defines the retention limit for various classes of products. The compliance policy ensures adherence to laid down guidelines by the regulator as well as those instituted by the Company. The operational risk policy defines the tolerance limits and lays down the framework for monitoring, supervising, reporting and managing the Company's operational risks

COST MANAGEMENT

Cost management group at ICICI Lombard plans, co-ordinates, controls and reports the cost aspects of the Company. During the year, cost efficiencies were brought into the key spend areas of travel, communication and printing.

As the Company grows in scale, it is important to deploy resources effectively to maximise value and to build cost-effective tools to benefit internal and external customers.

In recognition of its prudent cost management initiative, ICICI Lombard was recognised with the "Winners Edge" award under the cost management category organised by the CFO India Magazine.

INVESTMENTS

ICICI Lombard's core value investing principles continue to govern its investments. In fiscal 2013, the Company successfully achieved its investment objective of superior total return on the investment portfolio, while adhering to its investment



26.77%

INCREASE IN INVESTMENT PORTFOLIO



19.73%

CAGR OVER THE PAST FIVE YEARS

philosophy and applicable regulations.

ICICI Lombard's asset mix is determined by two primary factors: availability of superior investments at the right price and the Company's claim responsibilities. The implementation of the investment policies laid down by the Board is overseen by the investment committee. It also directs the asset allocation strategy that ensures financial liquidity, security and diversification. ICICI Lombard strictly follows commensurate risk management practices with an aim to strengthen the existing business and smoothly manage risks arising out of duration, market, credit, legal and operations.

As on March 31, 2013, investments amounted to ₹ 65.74 billion, increasing by 26.77% over the previous year. The investment

EMPLOYEE ENGAGEMENT

At ICICI Lombard, excellence is delivered by our people, who drive our brand.

We nurture an environment that encourages meritocracy and leadership qualities, so that people can develop their full potential. We also focus on recruiting the right talent and retaining them.





FINANCIAL INCLUSION

At ICICI Lombard, empowering the underprivileged remains a consistent strategy.

We believe that we have a responsibility towards making financial services accessible to all sections of the society. We work closely with the Government of India to implement a number of health insurance schemes to empower those at the bottom of the social pyramid.

portfolio has grown at a compound annual growth rate (CAGR) of 19.73% over the past five years. The realised return and total return for the year ended March 31, 2013 was 9.05% and 11.55%, respectively. On a five year basis, the realised return averaged 10.81% and total return averaged 10.66%. The ratio of year-end investment assets to net worth stood at 3.53 times. Over the last 11 years, the average total return has been 10.57%, compared to 9% for the benchmark composite. This has resulted in a superior average return of 1.57% over the benchmark.

In addition to the above, investment assets of the funds representing the Third Party Motor Pool amounted to ₹11.70 billion with YTM of 8.92%. Realised return for FY 2012 from this portfolio was 8.58%.

OPERATIONS

ICICI Lombard adopted a well laid out strategy to retain and enhance its market leadership in sales and customer service in a widespread market. The operating model of the Company focused on processes, technology and people to achieve operational excellence in an ever challenging market with dynamic customer needs, economic and regulatory changes, and competition. The four pillars which have helped the Company's operations sustain and scale over a period of time, are:

- Centralisation of activities to ensure uniform processes

- Automation to ensure speed and accuracy
- Self-service to guarantee customer independence
- Decentralisation of power to empower people

The Company has always endeavoured to serve its stakeholders, i.e. customers, employees, agents and brokers. It has empowered its employees to provide customised and efficient services across all centres so as to meet customer requirements.

The Company has centralised its customer servicing activities under Corporate Health and Non-Health segments through hubs consolidation. This, in conjunction with decentralisation of power through matrix based approval rights to employees, helped the Company to serve both retail and corporate customers well within the turn around time (TAT). Corporate policy issuance TAT improved from 77% in FY 2012 to 99% in FY 2013.

The Branch Service Group too worked in line with the business focus, as it upgraded its bandwidth at 36 branches, reducing processing time. Automation of ILPOS, along with redundancy elimination in processes, improved process TAT.

The Company focused immensely on technological streamlining of processes. To conduct motor break-in and claim surveys, its Android-based mobile application helped empower its employees to facilitate real-time upload of data and photos. This has helped ensure

Payment processing was automated to ensure accuracy. Currently 97% of all payments being processed by the ICICI Lombard are through designated software. Customer refunds and claim settlements are done largely through electronic mode of transfer to the bank account of customers, rather than through cheque.

customer delight with decreased TAT, real-time customer intimation and better productivity, apart from enhancing process efficiency.

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Introduction of record management systems helped improve efficiency and effectiveness in managing records of all policies, claims and other stored records, thus

enhancing real-time monitoring, tracking, reconciliation and retrieval.

The Company's strategy of streamlining processes and enhancing efficiency across its various touch points – branch, website, partners, agents, call centre – helped it to raise the bar in terms of operational excellence. As a result, ICICI Lombard managed to issue 9.5 million policies last year – the highest ever in the Company's record.

CUSTOMER SUPPORT AND PROCESS EXCELLENCE

Customer Support (CS) and Process Excellence Group (PEG) moved in full zest towards customer experience transformation (CxT) by improving customer service architecture across touch points through technology-driven sustainable process improvements.

In order to enhance customer experience across the organisation's touch points, the Customer Support team at ICICI Lombard formulated the theme - Smile > Service > Speed. This ensured that customer's experience with the Company at various stages during the life cycle is met with utmost courtesy and best-in-class service.

SMILE

Quality initiatives undertaken at the call centre sensitise customer-facing staff on how their brief conversation help customers create a perception

about the organisation and its service culture. The call centre's induction programme for new agents was modified to include communication workshops and engaging with the customer on call. In the actual calls handled by the agents on floor, they were encouraged to give their views by stepping into the customer's shoes. The quality monitoring mechanism was also modified to include qualitative parameters.

SERVICE

The focus last fiscal was on front-end empowerment, where the agent on call could help resolve customer requirements at the first go. Various projects on process improvements and automation initiatives were undertaken to ensure that the first call resolution moves up. To measure the effectiveness of service, the senior management team of the Company listened to calls and shared their feedback. These feedbacks were converted into action items for the customer support team, along with periodic update to management on the progress of these initiatives. As a result, complaints reduced by a significant 36% on a year-on-year basis.

SPEED

The Company leveraged technology as the primary tool to service customer requirements in a quick and accurate manner. The objective was to reduce delivery timeline by decreasing steps and eliminating redundancies in the process. This was done through

a detailed study on the steps involved and time spent, from the customer touch point to delivery confirmation from the customer to close the loop. This helped improve TAT of call centre's service requests from 89% in FY 2012 to 95% in FY 2013.

Idea Manch, a platform for employees to share ideas that can help improve Company's processes continued to remain in focus. This initiative went from strength to strength, as it witnessed 275 ideas getting implemented during the last fiscal. The emphasis was on quality rather than number of ideas. Hence, theme-based campaigns were initiated to encourage employees to 'think different' and engage experts to build on thoughts to create innovations.



Process Excellence Group (PEG) manages the organisation's business processes. The team has designed a process architecture blueprint to maintain an extensive process repository. PEG also ensures that the organisation's processes are measured along key parameters and have mandatory endorsement of the Process Approval Committee (PAC) before they are rolled out. The PAC, under the convenership of PEG, meet periodically to review all processes.

In the last fiscal, PEG monitored and optimised the existing company processes through benchmarking, both internal as well as with its competitors.

The group maintained Voice of Customer (VoC), a month-on-

month dashboard to measure and track performances of internally benchmarked customer impacting processes. PEG and CS worked closely to settle the process gaps emerging out of VoC's review.

Competition benchmarking was used as an effective tool to achieve CxT in the last fiscal. PEG benchmarked the experience of customers, during their engagement with ICICI Lombard on policy purchase, endorsement and claims, vis-à-vis competitors. Best industry practices were then reviewed and implemented across the organisation.

Another initiative, Five-S taken by PEG helped the organisation enhance workplace hygiene and safety. Moreover, it helped reduce TAT of documents retrieval,

supported by appropriate storage method adopted for documents.

Taking forward last year's initiative, the Customer Support team continued to reach out to customers via social media. The team rigourously tracked company-related content on the web, registering any negative content or complaint on its CRM proactively. It also benchmarked the data gathered from various social media platforms with competition. This helped the Company understand the sentiment of customers better. The pain points of customers were studied and the data was gathered and analysed with the objective of enhancing services.

HUMAN RESOURCE



11 years and caring...

Central to sustaining and nurturing the mantra of being an "Employer of Choice" has been the promise of Care. At ICICI Lombard, this unwavering commitment to the employees translates to providing enriching and diverse roles with development opportunities and building a culture which empowers and enables performance. Care for people- Care for performance is thus a cornerstone of all people, practices and policies.

Learning & development plays a critical role in ensuring that employees have the requisite skills and knowledge to perform on all

measures especially customer, process and profitability. It means providing access to the best of knowledge, investing in building deep capabilities within the organisation and providing employees opportunities to grow and make meaningful careers.

Honing multi-dimensional skills and deep knowledge is a strategic agenda and the mandate for “Deeksha Learning Centre” (DLC), the learning brand at ICICI Lombard. An integrated competency development plan (Learning Ladder) with modules from both functional and behavioral programs, aligned to role requirements and individual performance needs address individual competencies and facilitate team learning. Learning ladders chart-out interventions over 3 years and entail employees to progress from Code Orange Certification-combination addressing threshold knowledge requirements; to Code Maroon Certification, the advanced level and finally Code Maroon (+), an advanced specialised programme that offers incumbents a unique privilege of studying international curriculum and being exposed to industry acclaimed experts.

The journey of knowledge is further nurtured by “Leaders as Teachers” who provide contextualised content and share best practices. In the last financial year, 307 leaders sought opportunities to work with colleagues in ways that help them realise their KPIs, building a collaborative learning enterprise. This initiative has facilitated in fortifying knowledge and enabled delivering a learning

outcome through a rigorous certification road map for each of the team members. At ICICI Lombard, care is taken to invest in developing calibre specialists who can prudently manage risks, create innovative customer-centric solutions and service the customers with knowledge and passion.

Another critical aspect of providing a rewarding environment is recognising that there is increasing demands that employees face in their personal and work lives. Last year, the Company initiated several new activities under the aegis of ‘Caring Hands’. Various policies related to work flexibility like sabbatical, part-time work addressed the specific needs of employees during times of constraint. On the other hand, Executive health check-ups, road safety and counseling services assisted employees in proactively managing their health and well being.

Not restricted to employee care, ICICI Lombard continued with its initiatives towards Caring for the Community, reaching out to 19,644 students from 112 locations across 51 cities through health check-up camps in a single day. It is a part of the Company’s vision statement to go beyond the business goals and contribute to further the well being of all the stakeholders, to take care and positively impact every individual that ICICI Lombard reaches out to. This year’s initiative entailed eye check-ups in addition to health and dental check-ups for children of Municipal schools.

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COMMUNITY COUNTS

As a responsible corporate citizen, we are committed to serve the community in more ways than one.

We have worked closely with ICICI Foundation to accelerate inclusive growth and enhance community empowerment. In fiscal 2013, we have successfully conducted employee-volunteered free health check-up of 19,644 underprivileged children, over 950 mothers and more than 10,000 truck drivers.





GL BALLY ACCLAIMED

Our efforts are recognised at various global platforms, a testimony of our service excellence.

To ensure the efficiency of our business model and deliver best-in-class services, we have continuously strengthened our facilities, process execution and human capital. Our initiatives have received global acknowledgement, starting from value creation for stakeholders, implementation of superior technology, community development initiatives to nurturing talent.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, ICICI Lombard dreams of a society that offers equal growth opportunity to everyone and works towards realising it. It is committed to enabling inclusive growth and community empowerment through socio-economic development of the communities belonging to the bottom of the pyramid. Fulfilling its Corporate Social Responsibility enabled the Company to add value to the community at large, thereby transcending its immediate business priorities. The Company aims to mitigate the social, ethical and environmental concerns and is determined to participate proactively to promote community well-being and growth. It clearly understands its corporate responsibilities and constantly drives the CSR programmes in the areas of healthcare, road safety, disaster management and environmental activities through various campaigns. With the vision and philosophy to take insurance to the society's marginalised section, ICICI Lombard is actively involved in various long-term and sustainable social initiatives.

Over 19,644 underprivileged children across 112 locations benefited from this employee-volunteered outreach programme.

CARING HANDS CAMPAIGN

ICICI Lombard's social activities include Caring Hands - its employee - volunteering CSR campaign of free health check-ups for the underprivileged children for the second time in a row. ICICI Lombard employees across locations joined hands aiming to contribute to the society by focusing on preventive healthcare for children who are the future of our nation. Employees across 51 cities came together to participate in the CSR Campaign. As a part of this initiative, doctors from reputed hospitals helped the Company organise free eye, dental and health check-up camps for the underprivileged school students across the country. Over 19,644 underprivileged children across 112 locations benefited from this employee-volunteered outreach programme.



ELEVATING THE LIVES OF TRUCK DRIVERS

There remains an urgent need to increase the healthcare seeking behaviour and knowledge of road safety among India's truck drivers. As an initiative to fill this gap, ICICI Lombard along with ICICI Foundation had launched a three-year project at Transport Nagar in Nigdi, Pune. The Company has a vision to increase people's healthcare seeking as

well as social behaviour. The two-pronged project offers healthcare solutions through various Apna Clinics and creates health awareness through counselling and training. Through this project, the Company aims to reach out to 10,000 truck drivers and the trucking community members in the first year. Thereafter, it aims to scale up the project to

other locations. Launched in July 2011, the project has reached out to more than 20,000 truckers through various activities. Around 10,831 truckers availed treatment for various illnesses at the clinic. 2,000 truckers have undergone diagnostic tests and 83 health camps were conducted that reached out to 1,634 truckers.

HEALTHY LOKSHAKTI

ICICI Lombard, in association with ICICI Foundation, focuses on building a sustainable future for those at the bottom of the pyramid. It provides various healthcare facilities for mother and child up to one year of age. The programme was launched across two tribal blocks at Nasik, Maharashtra. Implemented by Vachan, an NGO, Healthy Lokshakti seeks to overcome obstacles faced by the mothers and their babies in receiving medical care. To link the communities, grass-root health workers and healthcare institutions, a health helpline and transportation facility for emergency care is being set up. The project has extended its services to over 1,508 pregnant and lactating women and 250 children between the age group of 0-1 year along with offering institutional deliveries, maternal emergencies and medical attention to infants.



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirteenth Annual Report of ICICI Lombard General Insurance Company Limited (ICICI Lombard) with the audited statement of accounts for the financial year ended March 31, 2013.

INDUSTRY OVERVIEW

The gross premium (excluding monoline companies) of the industry for the period April 2012 - March 2013 grew from ₹ 527.86 billion to ₹ 629.80 billion on a year-on-year basis, a growth of about 19.3%. The market share of private sector general insurance companies for the corresponding period grew from 42.3% to 44.4%. ICICI Lombard continued to lead the private players in the general insurance sector with a market share of 22.0% and an overall industry market share of 9.7%.

FINANCIAL HIGHLIGHTS

Particulars	FY2012	FY2013
No. of Policies	7,574,172	9,184,196 (₹ billion)
Gross written premium	53.58	64.20
Earned premium	35.49	40.09
Income from Investments	4.09	5.73
Profit/(Loss) before tax	(3.95)	2.82
Profit/(Loss) after tax	(4.16)	3.06

APPROPRIATIONS

The profit after tax for the year ended March 31, 2013 is ₹ 3.06 billion. Since the Company had accumulated losses in earlier years, no profits are available for appropriation. Your Directors have not recommended any dividend for the year.

WHISTLE BLOWER POLICY

ICICI Lombard has formulated a whistle blower policy which is designed to provide its employees, a channel for communicating instances of breach in the code of conduct, legal violation, actual or suspected fraud and other irregularities. The framework of the policy strives to foster responsible and secure whistle blowing. This mechanism has been communicated and posted on the Company's intranet.

REGISTRATION

The certificate of registration of ICICI Lombard has been renewed by IRDA for FY2014.

CAPITAL

ICICI Lombard required an additional capital infusion of ₹ 1.00 billion during FY2013 in order to maintain the solvency ratio required by applicable regulations and to support further business growth. ICICI Lombard had raised this capital through private placement aggregating to ₹ 1.00 billion, including premium, which was subscribed by its promoters – ICICI Bank Limited (ICICI Bank) and Fairfax Financial Holdings Limited (Fairfax) through their affiliate FAL Corporation.

The total capital invested by shareholders till March 31, 2013 including share premium, was ₹ 19.27 billion. The net worth of ICICI Lombard stood at ₹ 19.35 billion at March 31, 2013 as compared to ₹ 15.07 billion at March 31, 2012. The solvency position of ICICI Lombard at March 31, 2013 was 1.55.

RURAL AND SOCIAL RESPONSIBILITY

ICICI Lombard issued more than 370,000 policies in rural areas and covered more than 75,000 lives falling within the norms of social responsibility.

PUBLIC DEPOSITS

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

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of ICICI Lombard, Zarin Daruwala, Chandran Ratnaswami and M. K. Sharma would retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Zarin Daruwala, Chandran Ratnaswami and M. K. Sharma have offered themselves for re-appointment.

ICICI Lombard had adopted norms governing tenure of non-executive independent Directors. In accordance with these norms, maximum tenure of a non-executive independent Director of a Company shall be nine years.

AUDITORS

The Joint Statutory Auditors, PKF Sridhar & Santhanam, Chartered Accountants and Khandelwal Jain & Co., Chartered Accountants will retire at the ensuing Annual General Meeting. PKF Sridhar & Santhanam would complete their tenure of five years as statutory auditor of ICICI Lombard at the conclusion of the ensuing Annual General Meeting which is the maximum term of appointment of auditors permitted by IRDA. Hence, PKF Sridhar & Santhanam, Chartered Accountants, shall not be eligible for re-appointment. The Audit Committee and the Board of Directors have placed on record their sincere appreciation of the professional services rendered by PKF Sridhar & Santhanam as statutory auditors.

DIRECTORS' REPORT

On the basis of the recommendation of the Audit Committee, the Board, at its Meeting held on April 15, 2013 has proposed the appointment of Chaturvedi & Co., Chartered Accountants (in place of PKF Sridhar & Santhanam, Chartered Accountants) and re-appointment of Khandelwal Jain & Co., Chartered Accountants, as Joint Statutory Auditors to audit the accounts of the ICICI Lombard for the financial year ending March 31, 2014. You are requested to consider their appointment/re-appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

During FY2013, expenditure in foreign currencies amounted to ₹ 4,611.4 million and earning in foreign currencies amounted to ₹ 1,747.8 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. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders of the Company excluding the Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary.

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 namely, Dileep Choksi, S. Mukherji, H. N. Sinor and R. Athappan. There were five 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 FY2006, ICICI Lombard had 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 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 (net of forfeited/lapsed) is limited to 5% of ICICI Lombard's issued equity shares on the date of the grant.

Options granted in the years 2005, 2006, 2007, 2008 and 2010 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 subsequent four years. Options granted for the year 2011 vest in a gradual manner over a two-

year period, with 40% and 60% of the grants vesting each year, commencing not earlier than 12 months from the date of grant. 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, 2013 are given below:

Options granted	23,572,260
Options vested	16,384,218
Options exercised	4,433,380
Number of shares allotted pursuant to exercise of options	4,322,580
Options forfeited/lapsed	8,040,956
Extinguishment or modification of options	—
Amount realised by exercise of options (₹)	181,700,430
Total number of options in force	11,097,924

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards 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 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 IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and 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.

CORPORATE GOVERNANCE

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 viz. integrity, equity, transparency, fairness, sound disclosure practices, accountability and commitment to values. It also aims to increase and sustain its corporate value through growth and innovation.

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 several voluntary practices aimed at maximising shareholders' value legally, ethically and on a sustainable basis.

I. 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 to ensure 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 to stakeholders;
- Delegation of decision making with accountability is achieved;
- Financial and operating control and integrity are maintained at an optimal level;

- Risk is suitably evaluated and dealt with;
- Compliance with applicable acts and regulations is achieved;
- Corporate culture that recognises and rewards adherence to ethical standards is developed.

This multi-tier management structure besides ensuring greater management accountability and credibility, facilitates increased autonomy of businesses, performance discipline and development of business leaders, leading to enhanced public confidence.

II. BOARD STRUCTURE

At March 31, 2013, the Company's Board of Directors consisted of twelve members. Out of the twelve members of the Board, four are nominated by ICICI Bank, two are nominated by Fairfax, three are independent Directors and three are wholetime Directors including the Managing Director & CEO. Except the wholetime Directors, all other Directors, including the Chairperson of the Board, are non-executive Directors. The composition of Board of Directors is in compliance with provisions of the Companies Act, 1956 and in accordance with Corporate Governance guidelines prescribed for insurance companies by IRDA. There is a clear segregation of responsibility and authority between the Chairperson and the wholetime Directors. The Board functions either as an entity per se, or through various committees constituted to oversee specific operational areas. 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 Kochhar	Chairperson, Non- Executive, Nominee of ICICI Bank	B.A, MBA, ICWA, MMS (Finance)	Banking & finance
R. Athappan	Non- Executive, Nominee of Fairfax	B.E. (Electrical), A.I.I.I.	Insurance
Dileep Choksi	Non- Executive, Independent	F.C.A, LL.B, ICWA	Accounting, Taxation, Corporate Restructuring and Mergers & Acquisitions
Zarin Daruwala	Non- Executive, Nominee of ICICI Bank	A.C.A, A.C.S	Banking & finance
N. S. Kannan	Non- Executive, Nominee of ICICI Bank	B.E. (Hon), PGDM, IIM, Bangalore, CFA	Banking & finance
S. Mukherji	Non- Executive, Nominee of ICICI Bank	B.A. (Eco.), M.Sc Economics (London School of Economics), MMS	Banking & finance.
Chandran Ratnaswami	Non- Executive, Nominee of Fairfax	B.E. (Civil), MBA.	Investment & insurance.
M. K. Sharma	Non- Executive, Independent	B.A., LL.B, Diploma in Personnel Management	Corporate law, human resources management & risk management
H. N. Sinor	Non-Executive, Independent	B.Com, LL.B	Banking & finance.
Bhargav Dasgupta	Managing Director	PGDM, IIM Bangalore, B.E. (Mechanical)	Banking & insurance.
Alok Kumar Agarwal	Executive Director	B.E. (Chemical) PGDM, IIM Calcutta	Banking & insurance.
Neelesh Garg	Executive Director	PGDM, IIM Bangalore	Banking & insurance.

The Board met five times in the year under review on April 13, 2012, June 14, 2012, July 18, 2012, October 16, 2012 and January 22, 2013. The attendance record of the Directors is set out in the following table:

CORPORATE GOVERNANCE

Name of the Director	Number of Board Meetings
	Attended
Chanda Kochhar	5
R. Athappan	3
B. V. Bhargava ¹	1
Dileep Choksi	4
Zarin Daruwala	5
N. S. Kannan	4
S. Mukherji	5
Chandran Ratnaswami	2
M. K. Sharma	5
H. N. Sinor	5
Bhargav Dasgupta	5
Alok Kumar Agarwal	5
Neelesh Garg	5

1. Ceased to be Director w.e.f. June 14, 2012.

III. BOARD COMMITTEES ('THE COMMITTEES')

The Board has constituted seven 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 Chairman of the respective Committees briefs the Board on deliberations taken place at the Committee meetings in relation to important discussions, noting and approvals. The role and composition of these Committees, alongwith the number of meetings held during FY2013 and the attendance of the members are provided below:

(i) Board Governance Committee (BGC)

Composition

The Board Governance Committee (the Committee) comprises four non-executive Directors, two of whom are independent Directors. The Committee was chaired by M. K. Sharma, an independent Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met twice in the year under review on April 13, 2012 and January 22, 2013.

Attendance record of the Members:

Name	Number of Meetings attended
M. K. Sharma Chairman	2
Chanda Kochhar Non-executive Director	2
Chandran Ratnaswami Non-executive Director	NIL
H. N. Sinor Independent Director	2

Terms of reference

The functions of this Committee included recommendations of appointments to the Board, evaluation of the performances of the wholetime Directors and Managing Director & CEO on pre-determined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to wholetime Directors and 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 stock options to the employees and wholetime Directors of the Company.

(ii) Investment Committee

Composition

The Investment Committee (the Committee) comprises two non-executive Directors, one executive Director, the Appointed Actuary of the Company, the Head of Investments and the Chief Financial Officer. The

Committee was chaired by Chandran Ratnaswami, a non-executive nominee Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 13, 2012, July 18, 2012, October 16, 2012 and January 22, 2013.

Attendance record of the Members:

Name	Number of Meetings attended
Chandran Ratnaswami ¹ Chairman	1
N. S. Kannan Non-executive Director	4
Liyaquat Khan ² Appointed Actuary	2
Manalur Sandilya ³ Appointed Actuary	2
Bhargav Dasgupta Managing Director & CEO	4
Rajive Kumaraswami ⁴ Head Corporate Centre	1
Gopal Balachandran Chief Financial Officer	4

1. The meetings of the Committee held on April 13, 2012, October 16, 2012 and January 22, 2013 were chaired by Mr. N. S. Kannan in absence of Mr. Chandran Ratnaswami, Chairman of the Committee.
2. Ceased to be Member w.e.f October 1, 2012.
3. Appointed as Member w.e.f. October 1, 2012.
4. Ceased to be Member w.e.f. April 13, 2012

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 said policy, periodical updation to the Board with regard to investment activities of the Company, reviewing the Company's capital and solvency position, reviewing the investment strategies adopted from time to time and giving suitable directions as needed in the best interest

of the Company, reviewing the broker policy and making suitable amendments from time to time and reviewing counter party/intermediary exposure norms.

In addition to above the Committee also supervises the asset allocation strategy to ensure financial liquidity, security and diversification through liquidity contingency plan and asset liability management policy. The Committee also oversees the assessment, measurement and accounting for other than temporary impairment in investments in accordance with the policy adopted by the Company and reviews the broker empanelment/de-empanelment on an annual basis.

(iii) Audit Committee

Composition

The Audit Committee (the Committee) comprises four non-executive Directors, two of whom are independent Directors. The Chief Financial Officer, the Head of Internal Audit, Statutory Auditors and their representatives, Compliance Officer and Chief Risk Officer and other officials at senior management level are invitees to the Audit Committee. The Committee was chaired by Dileep Choksi, an independent Director. All members of the Committee are financially literate and the Chairman has accounting and financial expertise.

The composition of the Committee is given below along with the attendance of the members. The Committee met five times in the year under review on April 13, 2012, June 14, 2012, July 17, 2012, October 15, 2012 and January 22, 2013.

Attendance record of the Members:

Name	Number of Meetings attended
Dileep Choksi ¹ Chairman	4
R. Athappan Non-executive Director	3
S. Mukherji Non-executive Director	5
H. N. Sinor Non-executive Director	4

1. The meeting of the Committee held on January 22, 2013 was chaired by Mr. H. N. Sinor in absence of Mr. Dileep Choksi, Chairman of the Committee.

CORPORATE GOVERNANCE

Terms of reference

The functions of the Committee included overseeing the Company's financial reporting process under Indian GAAP and US GAAP 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, review of the quarterly and annual financial statements before submission to the Board, reviewing with the management, external auditors and internal auditors, the adequacy of internal control systems, discussing with external auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, 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, review of functioning of Whistle Blower Policy and reporting the matter to the Board, review of compliance with inspection and audit reports, 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

Composition

The Risk Management Committee (the Committee) has been formed in accordance with the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority (IRDA). It comprises of three non-executive Directors and one executive Director. The Chief Financial Officer and other officials at senior management level are invitees to the Committee meetings. The Chief Risk Officer of the Company is appointed by the Board who reports to the Risk Committee and is a permanent invitee at the Committee meetings. The Committee was chaired by S. Mukherji, a non-executive Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 13, 2012, July 17, 2012, October 15, 2012 and January 22, 2013.

Attendance record of the Members:

Name	Number of Meetings attended
S. Mukherji Chairman	4
R. Athappan Non-executive Director	2
H. N. Sinor Non-executive Director	3
Bhargav Dasgupta Managing Director & CEO	4

Terms of reference

The functions of the Committee included assisting the Board in effective operation of the risk management programme 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.

(v) Policyholder Protection Committee

Composition

The Policyholder Protection Committee (the Committee) has been formed in accordance with the Corporate Governance Guidelines issued by IRDA. It comprises three non-executive Directors and one executive Director. The Committee was chaired by M. K. Sharma, an independent Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 13, 2012, July 17, 2012, October 15, 2012 and January 22, 2013.

Attendance record of the Members:

Name	Number of Meetings attended
M. K. Sharma Chairman	4
S. Mukherji Non-executive Director	4
Chandran Ratnaswami Non-executive Director	NIL
Bhargav Dasgupta Managing Director & CEO	4

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.

IV. DETAILS OF MANAGERIAL REMUNERATION FOR FY2013:

(i) Wholetime Directors:

The Board based on the recommendation of the Board Governance Committee approved revision in the remuneration and performance bonus payable to the wholetime Directors. In terms of provisions of Insurance Act, 1938, prior approval of IRDA is obtained to effect the remuneration of wholetime Directors.

The details of remuneration of Wholetime Directors' are as under:

Particulars	(₹ in 000's)	
	FY2012	FY2013
Salaries	51,467	55,273
Contribution to provident fund	2,211	2,481
Perquisites	528	3,320

- Expenses towards gratuity, leave accrued and long term performance pay are determined actuarially on an overall basis and accordingly have not been considered for the above disclosure.

(ii) Non-executive Independent Directors:

Non-executive independent Directors are appointed for their professional expertise in their individual capacity as professionals. Non-executive independent Directors do not have any material

pecuniary relationship with the Company other than the sitting fees payable to them.

The details of sitting fees of non-executive independent Directors are as follows:

Names	Sitting fees for Board Meeting	Sitting fees for Committee Meeting	Total (in ₹)
B. V. Bhargava ¹	20,000	-	20,000
Dileep Choksi	80,000	80,000	1,60,000
M. K. Sharma	1,00,000	1,20,000	2,20,000
H. N. Sinor	1,00,000	1,80,000	2,80,000

- Ceased to be Director w.e.f June 14, 2012

(iii) Non-executive nominee Directors:

Non-executive nominee Directors were not paid any sitting fees during FY2013.

V. INTERNAL CONTROL

The Company has adopted the following Frameworks in accordance with the requirements laid down under Corporate Governance guidelines.

(i) Internal Audit Framework

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

The Company has designed its internal control framework to provide reasonable assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. An annual risk-based internal audit plan is drawn up on the basis of risk profiling of the businesses/departments of the Company which is approved by the Audit Committee. 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 in relation to the key audit findings.

CORPORATE GOVERNANCE

In accordance with IRDA directives, the Company carries out a concurrent audit of investment operations through a Chartered Accountant firm and reports the findings to the Audit Committee.

(ii) 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 encompasses, *inter alia*, a methodology for assessing and identifying risks on an ongoing basis, risk prioritising, risk mitigation, monitoring plan and comprehensive reporting on management of enterprise wide risks. Accordingly, Risk Committee reviews key risks in the areas such as credit risk, market risk, underwriting risk, operational risk and strategic risk on a regular basis.

The Company has put in place risk register as well as risk scoring methodology to analyse and manage risk effectively. The risk register consists of four sub-processes *viz.*, risk identification, risk assessment, risk mitigation & control and risk monitoring.

VI. OTHER INFORMATION:

(i) Annual General Meetings

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

Financial year ended	Day, Date	Time	Venue
March 31, 2010	Monday, June 28, 2010	11.30 a.m.	Zenith House, Keshavrao Khadye Marg, Opp. Mahalaxmi Race Course, Mumbai 400 034
March 31, 2011	Monday, June 20, 2011	11.00 a.m.	ICICI Lombard House, 414, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
March 21, 2012	Thursday, June 14, 2012	9.30 a.m.	ICICI Lombard House, 414, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025

(ii) History of Dividends declared during last five years

Financial year	Dividend type	Percentage
2012-13	–	–
2011-12	–	–
2010-11	Final Dividend	14%
2009-10	Final Dividend	16%
2008-09	–	–

(iii) Means of Communication

The Company's website www.icicilombard.com serves as a key awareness platform for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on business segment and financial

performance of the Company. The Company periodically publishes its financial performance in print media and also hosts the same on its website.

In accordance with IRDA circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, half-yearly financial results of the Company were published in two prominent daily newspapers. The quarterly, half-yearly and annual financial information are available on the website of the Company. Additionally, the Annual Reports of the Company are also available on the website.

(iv) Corporate Identity Number (CIN)

The Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is U67200MH2000PLC129408, and the Company registration number is 11-129408.

(v) Registrar and Transfer Agents

The Registrar and Transfer Agent of the Company is 3i Infotech Limited. Investor services related queries/requests/complaints may be directed at the address as under:

3i Infotech Limited

International Infotech Park
 Tower 5, 3rd Floor
 Vashi Railway Station Complex
 Vashi, Navi Mumbai 400 703
 Maharashtra, India
 Tel No. : +91-22-6792 8000
 Fax No. : +91-22-6792 8099

(vi) Correspondence Address

Correspondence relating to the financial performance of the Company may be addressed to:

Gopal Balachandran/Vikas Mehra
 ICICI Lombard General Insurance Company Limited
 414, Veer Savarkar Marg, Prabhadevi
 Mumbai 400 025
 Tel No. : +91-22-6196 1100
 Fax No. : +91-22-6196 1323

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, Insurance Agents and Brokers.

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

The Directors express their deep sense of appreciation of all the employees, whose outstanding professionalism, commitment and initiative have made the organisation's growth and success possible and continue to drive its progress. The Directors also wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

Chanda Kochhar
 Chairperson

Mumbai, April 15, 2013

CERTIFICATE FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES

I, Vikas Mehra, hereby certify that the Company has complied with the corporate governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

Vikas Mehra
 Company Secretary

MANAGEMENT REPORT

In accordance with the provisions of the Insurance Regulatory & Development Authority (IRDA) (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('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 2013-14 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 receipts, debt securities which are stated at cost / amortised cost.
7. The entire gross risk exposure of the portfolio consists of fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, rural and credit insurance and other lines of business.

The overall 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 ₹ 2,500.0 million on a PML basis (previous year: ₹ 2,500.0 million) in any single risk, this also gets graded down to between ₹ 5.0 million to ₹ 2,500.0 million (previous year: between ₹ 5.0 million to ₹ 2,500.0 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 regulation.

For the purpose of comparison, the fair value of debt securities has 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 as at the balance sheet date are stated at fair value, being the lower of last quoted closing price on the National Stock Exchange or Bombay Stock Exchange Limited.

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

Investments other than those mentioned above are valued at cost.

In accordance with the Regulation, 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 as on March 31, 2013 amount to ₹ 75,025.2 million (Refer schedule 8, previous year: ₹ 60,336.2 million). Income from Investments amounted to ₹ 5,730.3 million (previous year: ₹ 4,084.4 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's debt investment comprises largely 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 accounting standards, 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 ended;
- (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 4.

For and on behalf of the Board

Chanda Kochhar
Chairperson

Dileep Choksi
Director

Alok Kumar Agarwal
Executive Director

Gopal Balachandran
Chief Financial Officer

S. Mukherji
Director

Bhargav Dasgupta
Managing Director & CEO

Neelesh Garg
Executive Director

Vikas Mehra
Company Secretary

Mumbai, April 15, 2013

DETAILS OF CLAIMS OUTSTANDING DURING THE PRECEDING FIVE YEARS

ANNEXURE –1

As at March 31, 2013

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
0-30 days	560	776.9	831	269.2	4	22.5	21,963	2,529.7	1,720	33,279.1	93	159.9
30 days to 6 months	249	469.0	548	246.0	5	13.9	5,712	429.0	7,548	1,465.3	611	76.6
6 months to 1 year	231	393.2	123	41.4	13	8.1	276	91.7	7,796	1,805.3	193	25.3
1 year to 5 years	1,244	2,005.7	723	559.1	109	147.5	15	7.3	41,815	9,146.1	11	2.0
More than 5 years	48	62.8	11	2.3	36	216.9	–	0.0	5,013	838.3	–	0.0
GRAND TOTAL	2,332	3,707.6	2,236	1,118.0	167	408.9	27,966	3,057.7	63,892	46,534.1	908	263.8

As at March 31, 2012

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
0-30 days	98	658.6	1,864	266.7	8	23.4	16,861	1,754.7	2,056	31,938.7	55	109.5
30 days to 6 months	209	1,737.6	1,000	337.5	8	48.0	8,984	451.8	8,600	1,764.4	310	46.5
6 months to 1 year	94	165.9	140	64.6	12	34.9	602	104.1	8,605	1,950.5	148	28.5
1 year to 5 years	1,271	1,989.5	631	546.3	144	681.8	362	90.2	39,880	7,912.9	54	7.4
More than 5 years	24	21.2	–	–	19	90.7	–	–	1,284	222.7	–	–
GRAND TOTAL	1,696	4,572.8	3,635	1,215.1	191	878.8	26,809	2,400.8	60,425	43,789.2	567	192.0

As at March 31, 2011

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
0-30 days	263	921.4	1,975	229.5	21	49.7	14,246	1,323.3	2,390	14,378.6	32	67.4
30 days to 6 months	222	790.8	1,174	292.1	15	9.9	8,443	475.8	10,260	2,006.2	116	22.8
6 months to 1 year	187	793.7	532	350.4	17	44.4	1,005	143.1	11,144	2,148.3	68	9.5
1 year to 5 years	890	2,202.5	428	224.1	151	977.1	479	106.2	35,939	6,664.7	94	8.1
More than 5 years	17	29.4	3	0.4	18	40.2	–	–	149	29.6	–	–
GRAND TOTAL	1,579	4,737.8	4,112	1,096.5	222	1,121.3	24,173	2,048.4	59,882	25,227.4	310	107.8

(₹ in million)

Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Credit Insurance		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	No of Claims	Amount	No of Claims	Amount
372	59.6	458	259.2	11	158.3	975	656.6	724,369	3,259.5	2	15.6	1,848	1,255.2	753,206	42,701.3
638	22.2	202	213.3	74	410.7	1,079	178.9	3,378	238.3	12	78.8	1,114	742.9	21,170	4,584.9
90	4.0	77	253.1	71	110.9	294	86.5	241	23.9	3	0.3	97	23.7	9,505	2,867.4
51	10.4	397	832.6	83	152.7	174	68.1	1,698	134.8	37	26.1	308	800.7	46,665	13,893.1
1	0.3	26	21.5	–	0.0	–	0.0	–	0.0	2	8.4	70	35.2	5,207	1,185.7
1,152	96.5	1,160	1,579.7	239	832.6	2,522	990.1	729,686	3,656.5	56	129.2	3,437	2,857.7	835,753	65,232.4

(₹ in million)

Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Credit Insurance		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	No of Claims	Amount	No of Claims	Amount
353	18.8	115	154.4	21	146.9	426	376.9	455,408	2,397.8	0	4.7	753	576.7	478,018	38,427.7
510	17.6	208	284.0	27	79.0	1,526	252.1	748,125	553.1	3	1.1	1,432	675.8	770,942	6,248.3
21	1.6	107	436.9	20	59.2	388	49.8	236,938	88.0	2	1.6	685	189.0	247,762	3,174.9
16	9.2	326	468.8	64	132.1	148	22.0	10,376	400.2	66	116.3	1,371	944.9	54,709	13,321.5
3	0.3	20	12.7	2	3.5	–	–	–	–	3	–	8	24.4	1,363	375.6
903	47.5	776	1,356.7	134	420.7	2,488	700.8	1,450,847	3,439.1	74	123.7	4,249	2,410.8	1,552,794	61,548.0

(₹ in million)

Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Credit Insurance		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	No of Claims	Amount	No of Claims	Amount
91	11.6	129	136.4	22	46.5	526	254.0	345,054	1,781.0	35	15.5	831	635.7	365,615	19,850.5
0	0.0	183	275.9	30	54.4	892	95.9	19,186	279.9	5	3.3	1,580	279.8	42,106	4,586.8
0	0.0	99	238.8	9	18.1	424	53.6	20,071	172.5	2	0.2	632	182.8	34,190	4,155.4
15	4.5	330	503.5	26	80.2	463	46.5	8,630	309.1	33	108.5	727	825.5	48,205	12,060.5
1	0.5	16	37.2	–	–	–	–	1	0.2	–	–	2	0.0	207	137.5
107	16.6	757	1,191.8	87	199.2	2,305	450.0	392,942	2,542.7	75	127.5	3,772	1,923.8	490,323	40,790.7

DETAILS OF CLAIMS OUTSTANDING DURING THE PRECEDING FIVE YEARS

ANNEXURE –1

As at March 31, 2010

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
0-30 days	619	731.4	713	112.0	12	9.0	15,100	1,167.2	2,854	8,929.5	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
More than 5 years	9	2.7	19	6.1	13	9.0	–	–	12	2.8	–	–
GRAND TOTAL	1,240	4,947.5	2,051	674.2	200	1,214.6	25,218	1,925.4	48,609	17,217.3	316	43.5

As at March 31, 2009

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
0-30 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	–	–
More than 5 years	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

(₹ in million)

Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Credit Insurance		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	No of Claims	Amount	No of Claims	Amount
52	3.6	126	141.5	1	385.5	484	205.7	208,163	1,367.5	2	–	968	158.4	229,138	13,230.9
2	0.1	262	432.5	3	53.6	1,161	110.4	135,130	446.9	6	–	2,376	231.9	159,955	5,667.4
3	0.1	198	253.9	8	220.0	350	42.7	6,605	108.9	12	–	1,184	500.6	20,365	3,810.6
15	5.0	306	548.5	16	39.0	307	38.6	2,217	182.7	20	0.5	1,140	697.6	29,240	9,468.6
–	–	7	7.5	–	–	–	–	–	–	–	–	1	–	61	28.1
72	8.8	899	1,383.9	28	698.1	2,302	397.4	352,115	2,106.0	40	0.5	5,669	1,588.5	438,759	32,205.6

(₹ in million)

Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Credit Insurance		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	No of Claims	Amount	No of Claims	Amount
190	10.1	157	124.2	8	23.4	745	334.9	62,155	1,034.5	11	39.1	684	96.9	82,722	10,592.0
122	8.0	338	435.7	2	123.4	1,276	130.5	44,082	605.4	6	47.7	1,500	138.9	67,455	5,206.1
12	2.4	232	363.3	3	6.2	165	31.1	3,713	110.0	9	12.5	855	157.3	16,149	3,303.8
4	4.8	118	246.4	6	54.2	267	39.8	1,267	49.3	9	15.7	552	236.4	14,929	4,641.8
–	–	2	0.9	–	–	–	–	–	–	–	–	1	–	9	5.9
328	25.3	847	1,170.5	19	207.2	2,453	536.3	111,217	1,799.2	35	115.0	3,592	629.5	181,264	23,749.6

DETAILS OF AVERAGE CLAIM SETTLEMENT TIME FOR THE PRECEDING FIVE YEARS*

ANNEXURE –2

Product	For the year ended March 31, 2013		For the year ended March 31, 2012		For the year ended March 31, 2011		For the year ended March 31, 2010		For the year ended March 31, 2009	
	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	1,837	141	1,326	120	1,436	133	1,552	176	2,089	145
Marine Cargo	24,058	55	22,763	59	16,989	56	13,501	67	12,139	84
Marine Others	56	894	74	728	54	435	105	431	82	350
Motor	544,309	15	454,501	16	451,362	17	405,163	20	298,161	20
Workmen's Compensation	1,149	162	699	80	577	83	376	107	685	48
Public/Product Liability	13,413	58	9,784	26	11,877	28	6,261	50	3,142	16
Engineering	1,520	113	1,606	107	1,563	229	1,551	167	2,667	167
Aviation	105	256	52	177	18	99	16	139	10	26
Personal Accident	7,356	92	9,277	54	7,925	96	12,561	49	39,302	51
Health	4,443,879	15	3,827,703	15	7,620,495	15	5,795,126	22	2,947,748	26
Credit Insurance	56	598	15	165	75	222	24	294	7	138
Others	12,729	102	11,659	87	16,030	121	14,347	68	7,798	58
GRAND TOTAL	5,050,467	16	4,339,459	16	8,128,401	16	6,250,583	23	3,313,830	26

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

DETAILS OF CLAIMS INTIMATED

ANNEXURE –3

Product	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Claims intimated	Amount (₹ in million)*	Claims intimated	Amount (₹ in million)*
Fire	2,473	1,774.3	1,443	3,311.2
Marine Cargo	22,659	1,368.0	22,286	1,631.5
Marine Others	32	(59.0)	43	108.1
Motor OD	545,466	10,375.3	457,137	7,770.4
Motor TP	22,840	6,430.1	26,043	5,201.6
Workmen's Compensation	1,490	209.5	956	183.7
Public/Product Liability	13,662	435.8	10,580	352.5
Engineering	1,904	936.3	1,625	1,322.8
Aviation	210	714.1	99	409.6
Personal Accident	7,390	1,239.5	9,460	1,259.6
Health	3,722,718	13,547.6	4,885,608	13,077.6
Credit Insurance	38	227.4	14	29.3
Others	11,926	3,568.9	12,136	3,630.4
GRAND TOTAL	4,352,808	40,767.9	5,427,430	38,288.4

* Amount of claims intimated includes change in reserve.

LIST OF PAYMENTS TO PARTIES IN WHICH DIRECTORS ARE INTERESTED

ANNEXURE – 4

				(₹ in million)	
Sl. No.	Entity in which Director is interested	Name of Director	Interested as	For the year ended March 31, 2013	For the year ended March 31, 2012
1	3i Infotech Limited	Mr. H. N. Sinor	Director	15.9	14.4
		Mr. Dileep Choksi	Director		
2	Asian Paints Limited	Mr. M.K.Sharma ¹	Director	26.3	–
3	Birla Corporation Limited	Mr. M.K.Sharma ²	Director	0.6	0.0
4	Confederation of Indian Industry	Ms. Chanda Kochhar	Member	0.3	1.3
5	Cricket Club of India	Ms. Chanda Kochhar	Member	0.3	0.2
		Mr. Dileep Choksi	Member		
		Mr. N. S. Kannan	Member		
6	CRISIL Limited	Mr. B.V.Bhargava ³	Director	0.9	0.8
		Mr. H.N. Sinor	Director		
7	Excel Crop Care Limited	Mr. B.V.Bhargava ³	Director	–	0.1
8	Grasim Industries Limited	Mr. B.V.Bhargava ³	Director	0.0	5.1
9	ICICI Bank Limited	Ms. Chanda Kochhar	Director	1,042.7	989.9
		Mr. N. S. Kannan	Director		
10	ICICI Home Finance Company Limited	Mr. Dileep Choksi	Director	1.8	35.2
11	ICICI Prudential Asset Management Company Limited	Ms. Chanda Kochhar	Director	–	0.1
		Mr. N. S. Kannan	Director		
		Mr. Dileep Choksi	Director		
12	ICICI Prudential Life Insurance Company Limited	Ms. Chanda Kochhar	Director	18.8	17.3
		Mr. N. S. Kannan	Director		
13	ICICI Securities Limited	Ms. Chanda Kochhar	Director	45.9	122.9
		Ms. Zarin Daruwala	Director		
14	ICICI Securities Primary Dealership Limited	Mr. N. S. Kannan	Chairman	1.7	1.7
15	ICICI Ventures Fund Management Company Limited	Mr. H. N. Sinor	Director	0.1	0.4
		Mr. S. Mukherji	Director		
16	Indian Institute of Management, Lucknow	Ms. Chanda Kochhar	Member	–	0.1
17	JSW Steel Limited	Ms. Zarin Daruwala	Director	9.0	27.7
18	KEC International Limited	Mr. M.K.Sharma	Director	88.8	–
19	Lakshmi Precision Screws Limited	Mr. B.V.Bhargava ⁴	Director	0.1	0.4
20	McKinsey & Company	Mr. H. N. Sinor	Member	11.5	–
21	NSE IT Limited	Mr. Dileep Choksi	Director	1.5	1.8
22	Schrader Duncan Limited	Mr. M.K.Sharma ⁵	Director	0.3	0.1
23	State Bank of India	Mr. Dileep Choksi	Director	0.2	0.0
24	Wipro Limited	Mr. M.K.Sharma	Member	4.1	–
25	Others ⁶				
	Bombay Gymkhana Limited	Ms. Chanda Kochhar	Member		
		Mr. Dileep Choksi	Member		
	J. K. Lakshmi Cement Limited	Mr. B.V.Bhargava ³	Director		
	National Sports Club of India	Ms. Chanda Kochhar	Member		
		Ms. Zarin Daruwala	Member		
	The Supreme Industries Limited	Mr. B.V.Bhargava	Director		
	Thomas Cook India Limited	Mr. M.K.Sharma	Chairman		
	Total Others				0.1

1 appointed as Director in Asian Paints Limited w.e.f. October 25, 2012

2 ceased to be Director in Birla Corporation Limited w.e.f. May 18, 2012

3 ceased to be Director in ICICI Lombard GIC Limited w.e.f. June 14, 2012

4 ceased to be Director in Lakshmi Precision Screws Limited w.e.f. May 24, 2012

5 ceased to be Director & Member in Schrader Duncan Limited w.e.f. April 12, 2012

6 pertaining to previous year where individual payments are less than ₹ 0.1 million

INDEPENDENT AUDITORS' REPORT

To the Members of
ICICI Lombard General Insurance Company Limited

REPORT ON FINANCIAL STATEMENTS

1. We have audited the accompanying Financial Statements of ICICI Lombard General Insurance Company Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the revenue accounts of fire, marine and miscellaneous insurance (collectively known as the 'Revenue accounts'), the profit and loss account and the receipts and payments account for the year then ended, the schedules annex thereto, a summary of significant accounting policies and other explanatory notes thereon.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, underwriting results, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the Insurance Regulatory and Development Authority ('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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. In our opinion and according to the information and explanations given to us, we report that the balance sheet, the revenue accounts, the profit and loss account and the receipts and payments account read together with the schedules, the significant accounting policies and 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 the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
 - in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - in the case of Revenue Accounts, 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 case of Receipts and Payments Account, of the receipts and payments for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies Regulations), 2002, in our opinion and according to the information and explanations given to us we further report that:
 - a) 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;
 - b) 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 Companies Act, to the extent applicable, and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDA in this regard. The balance sheet, the revenue accounts, the profit and loss account and the receipts and payments account referred to in this report are in compliance with the accounting standards referred to under sub-section (3C) of Section 211 of the Companies Act, 1956 to extent applicable;

- c) 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;
- d) 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;
- e) The balance sheet, the revenue accounts, the profit and loss account and the receipts and payments account referred to in this report are in agreement with the books of account;
- f) 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
- g) The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2013, other than for reinsurance accepted from Declined Risk Pool ('DR 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. In respect of reinsurance accepted from DR Pool, IBNR / IBNER has been recognised based on estimates received from DR Pool.
- h) On the basis of the written representations received from the Directors of the Company, as on March 31, 2013 and taken on record by the Board of Directors, no Director of the Company is disqualified as on March 31, 2013 from being appointed as Director of the Company under clause (g) of sub-section (1) of Section 274 of the Act.
8. Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- a) We have reviewed the management report attached to the financial statements for the year ended March 31, 2013 and there are no apparent mistakes or material inconsistency with the financial statements; and
- b) Based on the information and explanations received during the 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 **Khandelwal Jain & Co.**
 Chartered Accountants
 Firm Regn No.: 105049W

Narendra Jain
 Partner
 Membership No:048725
 Mumbai, April 15, 2013

For **PKF Sridhar & Santhanam**
 Chartered Accountants
 Firm Regn No.: 003990S

R. Suriyanarayanan
 Partner
 Membership No: 201402

INDEPENDENT AUDITORS' CERTIFICATE

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books and records maintained by ICICI Lombard General Insurance Company Limited ('the Company') for the year ended March 31, 2013, 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 the trustee of any trust; and
- 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 **Khandelwal Jain & Co.**
 Chartered Accountants
 Firm Regn No.: 105049W

Narendra Jain
 Partner
 Membership No:048725
 Mumbai, April 15, 2013

For **PKF Sridhar & Santhanam**
 Chartered Accountants
 Firm Regn No.: 003990S

R. Suriyanarayanan
 Partner
 Membership No: 201402

BALANCE SHEET

AT MARCH 31, 2013

Registration No. 115 dated August 3, 2001

(₹ in 000's)

Particulars	Schedule	At March 31, 2013	At March 31, 2012
SOURCES OF FUNDS			
Share capital	5	4,370,152	4,365,839
Reserves and Surplus	6	14,216,414	14,201,514
Share application money-pending allotment		1,004,353	1,882
Fair value change account		690,462	495,909
Borrowings	7	-	-
TOTAL		20,281,381	19,065,144
APPLICATION OF FUNDS			
Investments	8	75,025,187	60,336,193
Loans	9	-	-
Fixed assets	10	4,004,329	3,995,973
Deferred tax asset (Refer note 5.2.16)		502,710	261,721
Current assets			
Cash and bank balances	11	5,796,152	4,257,374
Advances and other assets	12	33,358,591	36,400,293
SUB-TOTAL (A)		39,154,743	40,657,667
Current liabilities	13	77,459,950	70,106,135
Provisions	14	21,874,638	20,067,028
SUB-TOTAL (B)		99,334,588	90,173,163
NET CURRENT ASSETS (C) = (A - B)		(60,179,845)	(49,515,496)
Miscellaneous expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in profit and loss account		929,000	3,986,753
TOTAL		20,281,381	19,065,144
Significant accounting policies and notes to accounts	16		

The schedules referred to above & notes to accounts form an integral part of the Financial Statements.

As per our attached report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No.: 105049W

For **PKF Sridhar & Santhanam**
Chartered Accountants
Firm Regn No.: 003990S

Narendra Jain
Partner
Membership No: 048725

R. Suriyanarayanan
Partner
Membership No: 201402

Mumbai, April 15, 2013

For and on behalf of the Board

Chanda Kochhar
Chairperson

S. Mukherji
Director

Dileep Choksi
Director

Bhargav Dasgupta
Managing Director & CEO

Alok Kumar Agarwal
Executive Director

Neelesh Garg
Executive Director

Gopal Balachandran
Chief Financial Officer

Vikas Mehra
Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2013

Registration No. 115 dated August 3, 2001

(₹ in 000's)

Particulars	Schedule	Year ended March 31, 2013	Year ended March 31, 2012
1. OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		(37,439)	(235,993)
(b) Marine Insurance		(207,858)	(209,348)
(c) Miscellaneous Insurance		2,966,385	(4,223,039)
2. INCOME FROM INVESTMENTS			
(a) Interest /Dividend & Rent – Gross		1,004,751	872,639
(b) Profit on sale/redemption of investments		150,991	179,494
Less: loss on sale/redemption of investments		(38,588)	(50,551)
3. OTHER INCOME			
(a) Interest income on tax refund		9,159	32,381
(b) Profit on sale/discard of fixed assets		14,336	15,467
TOTAL (A)		3,861,737	(3,618,950)
4. PROVISIONS (OTHER THAN TAXATION)			
(a) For diminution in the value of investments		21,090	–
(b) For doubtful debts		541,920	279,591
(c) For recoverable under reinsurance contracts		235,277	–
(d) Others		–	–
5. OTHER EXPENSES			
(a) Expenses other than those related to Insurance Business			
(i) Employees' remuneration and other expenses		9,736	10,098
(ii) Managerial remuneration		16,073	9,206
(iii) Directors' fees		692	660
(b) Bad debts written off		196,681	735
(c) Loss on sale/discard of fixed assets		23,504	32,405
(d) Penalty		–	500
TOTAL (B)		1,044,973	333,195
PROFIT / (LOSS) BEFORE TAX		2,816,764	(3,952,145)
Provision for taxation:			
(a) Current tax /MAT payable		582,004	–
Less: MAT credit entitlement (Refer note 4.15)		(582,004)	–
(b) Deferred tax (Income) / Expense		(240,989)	211,147
PROFIT / (LOSS) AFTER TAX		3,057,753	(4,163,292)
Appropriations			
(a) Interim dividends paid during the year		–	–
(b) Proposed final dividend		–	–
(c) Dividend distribution tax		–	–
(d) Transfer to General Reserves		–	–
Balance of Profit / (Loss) brought forward from last year		(3,986,753)	176,539
BALANCE CARRIED FORWARD TO BALANCE SHEET		(929,000)	(3,986,753)
Basic earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 7.00	₹ (9.56)
Diluted earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 6.91	₹ (9.56)
Significant accounting policies and notes to accounts	16		

The schedules referred to above & notes to accounts form an integral part of the Financial Statements.

As per our attached report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No.: 105049W

For **PKF Sridhar & Santhanam**
Chartered Accountants
Firm Regn No.: 003990S

Narendra Jain
Partner
Membership No:048725
Mumbai, April 15, 2013

R. Suriyanarayanan
Partner
Membership No: 201402

For and on behalf of the Board

Chanda Kochhar
Chairperson

Dileep Choksi
Director

Alok Kumar Agarwal
Executive Director

Gopal Balachandran
Chief Financial Officer

S. Mukherji
Director

Bhargav Dasgupta
Managing Director & CEO

Neelesh Garg
Executive Director

Vikas Mehra
Company Secretary

REVENUE ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

Registration No. 115 dated August 3, 2001

Particulars	Schedule	Fire	
		2012-13	2011-12
1. Premium earned (net)	1	1,385,410	1,145,919
2. Profit on sale/redemption of investments		16,471	15,918
Less: Loss on sale/redemption of investments		(4,209)	(4,483)
3. Others -			
Foreign exchange gain / (loss)		(6,828)	17,139
Investment income from pool (Terrorism and Motor)		117,109	10,221
4. Interest, Dividend & Rent – Gross (Refer note 5.2.5)		97,368	67,860
TOTAL (A)		1,605,321	1,252,574
1. Claims Incurred (net)	2	968,594	904,947
2. Commission (net)	3	36,383	59,205
3. Operating expenses related to insurance business	4	637,783	524,415
4. Premium deficiency		–	–
TOTAL (B)		1,642,760	1,488,567
Operating Profit / (Loss) C = (A – B)		(37,439)	(235,993)
APPROPRIATIONS			
Transfer to Shareholders' Account		(37,439)	(235,993)
Transfer to Catastrophe Reserve		–	–
Transfer to Other Reserves		–	–
TOTAL (C)		(37,439)	(235,993)
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 an expense.

The schedules referred to above & notes to accounts form an integral part of the Financial Statements.

As per our attached report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No.: 105049W

Narendra Jain
Partner
Membership No:048725

For **PKF Sridhar & Santhanam**
Chartered Accountants
Firm Regn No.: 003990S

R. Suriyanarayanan
Partner
Membership No: 201402

Mumbai, April 15, 2013

(₹ in 000's)

Marine		Miscellaneous		Total	
2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
882,274	538,931	37,824,831	33,805,148	40,092,515	35,489,998
11,234	8,511	744,425	594,429	772,130	618,858
(2,871)	(2,397)	(190,251)	(167,408)	(197,331)	(174,288)
(1,679)	1,838	617	4,057	(7,890)	23,034
–	–	23,523	848,273	140,632	858,494
66,409	36,285	3,895,635	2,534,118	4,059,412	2,638,263
955,367	583,168	42,298,780	37,618,617	44,859,468	39,454,359
744,148	515,712	32,093,447	34,588,395	33,806,189	36,009,054
56,171	(59,104)	(1,923,736)	(613,639)	(1,831,182)	(613,538)
380,206	337,108	9,162,684	7,866,900	10,180,673	8,728,423
(17,300)	(1,200)	–	–	(17,300)	(1,200)
1,163,225	792,516	39,332,395	41,841,656	42,138,380	44,122,739
(207,858)	(209,348)	2,966,385	(4,223,039)	2,721,088	(4,668,380)
(207,858)	(209,348)	2,966,385	(4,223,039)	2,721,088	(4,668,380)
–	–	–	–	–	–
–	–	–	–	–	–
(207,858)	(209,348)	2,966,385	(4,223,039)	2,721,088	(4,668,380)

For and on behalf of the Board

Chanda Kochhar
 Chairperson

Dileep Choksi
 Director

Alok Kumar Agarwal
 Executive Director

Gopal Balachandran
 Chief Financial Officer

S. Mukherji
 Director

Bhargav Dasgupta
 Managing Director & CEO

Neelesh Garg
 Executive Director

Vikas Mehra
 Company Secretary

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 1 PREMIUM EARNED (NET)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2012-13	2012-13	2012-13	2012-13			
Premium from direct business written-net of service tax	3,803,403	1,605,594	686,296	2,291,890	18,297,738	8,759,869	27,057,607
Add: Premium on reinsurance accepted	1,091,655	110,430	81,231	191,661	1,605	(108,821)	(107,216)
Less: Premium on reinsurance ceded	3,464,884	585,698	727,637	1,313,335	4,501,510	2,200,199	6,701,709
NET PREMIUM	1,430,174	1,130,326	39,890	1,170,216	13,797,833	6,450,849	20,248,682
Adjustment for change in reserve for unexpired risks	44,764	248,092	39,850	287,942	(111,400)	(1,058,519)	(1,169,919)
TOTAL PREMIUM EARNED (NET)	1,385,410	882,234	40	882,274	13,909,233	7,509,368	21,418,601

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2011-12	2011-12	2011-12	2011-12			
Premium from direct business written-net of service tax	3,083,635	1,281,978	707,158	1,989,136	15,022,624	6,365,732	21,388,356
Add: Premium on reinsurance accepted	1,266,790	113,709	14,455	128,164	(1,168)	6,560,495	6,559,327
Less: Premium on reinsurance ceded	3,045,627	838,102	694,235	1,532,337	1,522,051	3,787,067	5,309,118
NET PREMIUM	1,304,798	557,585	27,378	584,963	13,499,405	9,139,160	22,638,565
Adjustment for change in reserve for unexpired risks	158,879	34,273	11,759	46,032	1,748,374	1,871,663	3,620,037
TOTAL PREMIUM EARNED (NET)	1,145,919	523,312	15,619	538,931	11,751,031	7,267,497	19,018,528

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	
2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
342,488	201,874	1,885,015	706,936	1,689,683	15,931,111	210,235	7,219,608	55,244,557	61,339,850
–	2,671	226,153	508,531	6,677	815,494	–	15,223	1,467,533	2,750,849
34,646	109,584	1,609,242	791,187	483,877	4,138,558	194,019	3,794,731	17,857,553	22,635,772
307,842	94,961	501,926	424,280	1,212,483	12,608,047	16,216	3,440,100	38,854,537	41,454,927
18,246	(89,969)	42,415	(14,636)	384,485	1,442,606	1,477	415,001	1,029,706	1,362,412
289,596	184,930	459,511	438,916	827,998	11,165,441	14,739	3,025,099	37,824,831	40,092,515

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	
2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
278,635	383,771	1,788,060	1,183,360	1,387,332	14,358,351	198,495	5,462,255	46,428,615	51,501,386
281	624	189,710	351,373	2,534	122,258	–	21,771	7,247,878	8,642,832
28,253	247,537	1,554,219	1,170,520	451,615	2,113,390	183,029	3,421,179	14,478,860	19,056,824
250,663	136,858	423,551	364,213	938,251	12,367,219	15,466	2,062,847	39,197,633	41,087,394
22,309	(61,992)	89,411	105,624	301,610	1,375,760	2,946	(63,220)	5,392,485	5,597,396
228,354	198,850	334,140	258,589	636,641	10,991,459	12,520	2,126,067	33,805,148	35,489,998

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 2 CLAIMS INCURRED (NET)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
Claims paid- Direct	950,396	1,120,511	367,739	1,488,250	9,070,315	4,266,800	13,337,115
Add: Re-insurance accepted	1,575,440	14,075	–	14,075	3,251	6,944,817	6,948,068
Less: Re-insurance ceded	1,778,258	514,486	345,302	859,788	1,425,771	2,987,548	4,413,319
NET CLAIMS PAID	747,578	620,100	22,437	642,537	7,647,795	8,224,069	15,871,864
Add: Claims outstanding at the end of the period	978,180	510,697	65,970	576,667	2,754,597	31,657,721	34,412,318
Less: Claims outstanding at the beginning of the period	757,164	383,014	92,042	475,056	2,295,472	28,965,186	31,260,658
TOTAL CLAIMS INCURRED	968,594	747,783	(3,635)	744,148	8,106,920	10,916,604	19,023,524

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
Claims paid- Direct	2,124,621	1,228,992	212,230	1,441,222	7,554,417	4,769,299	12,323,716
Add: Re-insurance accepted	1,042,978	1,186	–	1,186	3,946	1,972,310	1,976,256
Less: Re-insurance ceded	1,980,157	766,726	180,736	947,462	786,169	3,449,888	4,236,057
NET CLAIMS PAID	1,187,442	463,452	31,494	494,946	6,772,194	3,291,721	10,063,915
Add: Claims outstanding at the end of the period	757,164	383,014	92,042	475,056	2,295,472	28,965,186	31,260,658
Less: Claims outstanding at the beginning of the period	1,039,659	317,386	136,904	454,290	1,930,974	16,937,099	18,868,073
TOTAL CLAIMS INCURRED	904,947	529,080	(13,368)	515,712	7,136,692	15,319,808	22,456,500

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	
2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
96,597	337,199	655,639	242,847	763,009	10,492,977	180,037	3,018,361	29,123,781	31,562,427
–	–	9,129	119,811	4,488	370,423	–	729	7,452,648	9,042,163
10,591	133,934	483,923	235,616	327,780	1,771,971	158,651	1,830,668	9,366,453	12,004,499
86,006	203,265	180,845	127,042	439,717	9,091,429	21,386	1,188,422	27,209,976	28,600,091
251,181	72,151	333,888	264,170	763,963	3,265,839	20,146	1,622,080	41,005,736	42,560,583
182,134	26,443	246,759	124,582	565,490	2,886,275	12,346	817,578	36,122,265	37,354,485
155,053	248,973	267,974	266,630	638,190	9,470,993	29,186	1,992,924	32,093,447	33,806,189

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	
2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
69,130	228,777	742,486	126,403	657,772	8,964,346	21,792	3,057,492	26,191,914	29,757,757
–	–	21,882	132,010	3,960	35,468	–	108	2,169,684	3,213,848
8,205	82,994	592,885	122,283	311,923	294,580	19,962	2,039,213	7,708,102	10,635,721
60,925	145,783	171,483	136,130	349,809	8,705,234	1,830	1,018,387	20,653,496	22,335,884
182,134	26,443	246,759	124,582	565,490	2,886,275	12,346	817,578	36,122,265	37,354,485
101,539	6,630	208,584	22,935	346,947	2,117,592	8,913	506,153	22,187,366	23,681,315
141,520	165,596	209,658	237,777	568,352	9,473,917	5,263	1,329,812	34,588,395	36,009,054

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 3 COMMISSION

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
Commission paid							
– Direct	109,540	131,675	4,080	135,755	896,174	–	896,174
Add: Commission on re-insurance accepted	132,940	6,742	2,395	9,137	81	1	82
Less: Commission on re-insurance ceded	206,097	54,857	33,864	88,721	1,002,465	477,075	1,479,540
NET COMMISSION	36,383	83,560	(27,389)	56,171	(106,210)	(477,074)	(583,284)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
Commission paid							
– Direct	74,148	88,102	5,426	93,528	584,202	–	584,202
Add: Commission on re-insurance Accepted	216,939	6,549	1,598	8,147	64	–	64
Less: Commission on re-Insurance Ceded	231,882	145,132	15,647	160,779	227,423	(2,972)	224,451
NET COMMISSION	59,205	(50,481)	(8,623)	(59,104)	356,843	2,972	359,815

SCHEDULE – 3A

(₹ in 000's)

Particulars	FY 2012-13	FY 2011-12
Agents	743,854	597,672
Brokers	1,093,487	662,384
Corporate agency	654,268	644,814
Referral	–	–
TOTAL	2,491,609	1,904,870

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	
2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
27,282	5,735	86,272	7,424	145,111	855,026	9,090	214,200	2,246,314	2,491,609
–	192	16,425	90,748	286	23,887	–	517	132,137	274,214
5,137	9,027	346,730	22,439	226,763	1,620,675	22,279	569,597	4,302,187	4,597,005
22,145	(3,100)	(244,033)	75,733	(81,366)	(741,762)	(13,189)	(354,880)	(1,923,736)	(1,831,182)

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	
2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
22,940	5,880	93,489	7,959	113,684	691,522	9,328	208,190	1,737,194	1,904,870
14	32	16,379	54,217	100	14,090	–	1,795	86,691	311,777
4,181	9,708	343,096	26,411	199,485	966,200	18,176	645,816	2,437,524	2,830,185
18,773	(3,796)	(233,228)	35,765	(85,701)	(260,588)	(8,848)	(435,831)	(613,639)	(613,538)

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 4 OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
Employees' remuneration & welfare benefits	186,040	78,536	33,569	112,105	895,016	428,480	1,323,496
Travel, conveyance and vehicle running expenses	19,122	8,072	3,450	11,522	91,993	44,041	136,034
Training expenses	2,119	895	382	1,277	10,196	4,881	15,077
Rents, rates & taxes*	29,224	12,337	5,273	17,610	140,592	67,307	207,899
Repairs & maintenance	14,395	6,077	2,597	8,674	69,252	33,154	102,406
Printing & stationery	3,666	1,548	662	2,210	17,637	8,443	26,080
Communication	18,930	7,991	3,416	11,407	91,069	43,598	134,667
Legal & professional charges	45,587	16,362	6,994	23,356	186,467	89,269	275,736
Auditors' fees, expenses etc							
(a) as auditor	416	175	75	250	2,000	957	2,957
(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	70	30	13	43	339	162	501
Advertisement and publicity	35,690	15,066	6,440	21,506	171,698	82,199	253,897
Interest & Bank charges	4,899	2,068	884	2,952	23,570	11,284	34,854
Others							
(a) Miscellaneous expenses	192,548	81,284	34,744	116,028	925,007	442,838	1,367,845
(b) Business & Sales promotion	54,823	23,143	9,892	33,035	263,748	126,267	390,015
Depreciation	30,254	12,772	5,459	18,231	145,550	69,680	215,230
Service tax on premium account	–	–	–	–	–	–	–
TOTAL	637,783	266,356	113,850	380,206	3,034,134	1,452,560	4,486,694

* Rent expense is net of rental income of ₹ 20,451 thousand (previous period ₹ 74,158 thousand).

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total
		Marine-Cargo	Marine-Others	Marine-Total			
	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
Employees' remuneration & welfare benefits	155,074	64,470	35,563	100,033	755,480	320,129	1,075,609
Travel, conveyance and vehicle running expenses	16,289	6,772	3,736	10,508	79,356	33,627	112,983
Training expenses	2,115	879	485	1,364	10,306	4,367	14,673
Rents, rates & taxes *	22,029	9,158	5,052	14,210	107,319	45,475	152,794
Repairs & maintenance	13,202	5,489	3,028	8,517	64,316	27,254	91,570
Printing & stationery	3,458	1,438	793	2,231	16,846	7,138	23,984
Communication	19,221	7,991	4,408	12,399	93,640	39,680	133,320
Legal & professional charges	50,833	20,376	11,240	31,616	238,772	101,178	339,950
Auditors' fees, expenses etc							
(a) as auditor	295	122	68	190	1,435	608	2,043
(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	46	19	10	29	222	94	316
Advertisement and publicity	35,058	14,575	8,040	22,615	170,792	72,372	243,164
Interest & Bank Charges	4,332	1,801	993	2,794	21,105	8,943	30,048
Others							
(a) Miscellaneous expenses	148,058	61,553	33,954	95,507	720,238	305,196	1,025,434
(b) Business & Sales Promotion	27,714	11,522	6,356	17,878	135,015	57,211	192,226
Depreciation	26,691	11,096	6,121	17,217	130,029	55,099	185,128
Service tax on premium account	–	–	–	–	–	–	–
TOTAL	524,415	217,261	119,847	337,108	2,544,871	1,078,371	3,623,242

* Rent expense is net of rental income of ₹ 74,158 thousand (previous period ₹ 103,064 thousand).

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	Total
2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
16,752	9,874	92,204	34,579	82,649	779,255	10,283	353,139	2,702,231	3,000,376
1,722	1,015	9,477	3,554	8,495	80,095	1,057	36,297	277,746	308,390
191	112	1,050	394	942	8,877	117	4,025	30,785	34,181
2,632	1,551	14,484	5,432	12,983	122,408	1,615	55,473	424,477	471,311
1,296	764	7,134	2,676	6,395	60,295	796	27,323	209,085	232,154
330	195	1,817	681	1,629	15,356	203	6,959	53,250	59,126
1,705	1,005	9,382	3,518	8,410	79,290	1,046	35,932	274,955	305,292
3,490	2,057	19,210	7,204	17,219	162,349	2,142	73,572	562,979	631,922
37	22	206	77	185	1,741	23	789	6,037	6,703
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
6	4	35	13	31	295	4	134	1,023	1,136
3,214	1,894	17,688	6,634	15,855	149,491	1,973	67,745	518,391	575,587
441	260	2,428	911	2,177	20,521	271	9,301	71,164	79,015
17,338	10,219	95,430	35,788	85,540	806,516	10,643	365,495	2,794,814	3,103,390
4,937	2,910	27,171	10,190	24,355	229,635	3,030	104,064	796,307	884,165
2,724	1,606	14,994	5,623	13,441	126,724	1,672	57,426	439,440	487,925
–	–	–	–	–	–	–	–	–	–
56,815	33,488	312,710	117,274	280,306	2,642,848	34,875	1,197,674	9,162,684	10,180,673

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total Miscellaneous	Total
2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12	2011-12
14,012	19,300	89,921	59,511	69,768	722,074	9,982	274,693	2,334,870	2,589,977
1,472	2,027	9,445	6,251	7,329	75,847	1,049	28,854	245,257	272,054
191	263	1,227	812	952	9,850	136	3,749	31,853	35,332
1,991	2,742	12,774	8,454	9,911	102,573	1,418	39,022	331,679	367,918
1,193	1,643	7,655	5,066	5,940	61,472	850	23,384	198,773	220,492
312	430	2,005	1,327	1,556	16,101	223	6,125	52,063	57,752
1,737	2,392	11,145	7,376	8,648	89,500	1,237	34,048	289,403	321,023
4,429	6,100	28,420	18,809	22,050	228,214	3,155	86,817	737,944	820,393
27	37	171	113	133	1,372	19	520	4,435	4,920
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
4	6	26	17	20	212	3	81	685	760
3,168	4,363	20,328	13,454	15,773	163,240	2,257	62,099	527,846	585,519
391	539	2,512	1,662	1,949	20,172	279	7,675	65,227	72,353
13,379	18,426	85,852	56,819	66,612	689,407	9,531	262,267	2,227,727	2,471,292
2,504	3,449	16,070	10,635	12,469	129,045	1,784	49,091	417,273	462,865
2,412	3,322	15,477	10,243	12,008	124,280	1,718	47,277	401,865	445,773
–	–	–	–	–	–	–	–	–	–
47,222	65,039	303,028	200,549	235,118	2,433,359	33,641	925,702	7,866,900	8,728,423

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 5 SHARE CAPITAL

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
AUTHORISED CAPITAL		
475,000,000 (previous year : 450,000,000) Equity Shares of ₹ 10 each	4,750,000	4,500,000
ISSUED CAPITAL		
437,015,239 (previous year : 436,583,913) Equity Shares of ₹ 10 each	4,370,152	4,365,839
SUBSCRIBED CAPITAL		
437,015,239 (previous year : 436,583,913) Equity Shares of ₹ 10 each	4,370,152	4,365,839
CALLED UP CAPITAL		
437,015,239 (previous year : 436,583,913) Equity Shares of ₹ 10 each	4,370,152	4,365,839
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	4,370,152	4,365,839

Note: Of the above, 320,635,518 shares are held by the holding company, ICICI Bank Limited (previous year : 320,635,518 shares)

SCHEDULE – 5A SHARE CAPITAL

Pattern of shareholding
[As certified by the management]

Shareholder	At March 31, 2013		At March 31, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
PROMOTERS				
– Indian	320,635,518	73.37%	320,635,518	73.44%
– Foreign	112,655,031	25.78%	112,655,031	25.80%
OTHERS-(EMPLOYEES/OTHERS)	3,724,690	0.85%	3,293,364	0.76%
TOTAL	437,015,239	100.00%	436,583,913	100.00%

SCHEDULE – 6 RESERVES AND SURPLUS

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium (refer note 4.16)		
Opening balance	13,867,872	10,752,412
Additions during the period	14,900	3,118,860
Deductions during the period- share issue expenses	-	3,400
Closing balance	13,882,772	13,867,872
4. General Reserves		
Opening balance	333,642	333,642
Additions during the period	-	-
Deductions during the period	-	-
Closing balance	333,642	333,642
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-back	-	-
5. Catastrophe Reserve	-	-
6. Other Reserves	-	-
7. Balance of Profit in Profit and Loss Account	-	-
TOTAL	14,216,414	14,201,514

SCHEDULE – 7 BORROWINGS

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Debentures/ Bonds	-	-
Banks	-	-
Financial Institutions	-	-
Others	-	-
TOTAL	-	-

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 8 INVESTMENTS

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
LONG TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills (note 3 below)	32,643,100	22,319,329
Other Approved Securities	-	-
Other Investments		
(a) Shares		
(aa) Equity (note 5 below)	5,428,577	5,196,697
(bb) Preference	-	10,649
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds (note 9 below)	10,086,243	9,634,264
(e) Other Securities (note 7 below)	7,750,000	3,000,000
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector	10,141,668	5,969,142
Other than Approved Investments (note 9 below)	1,531,660	1,205,953
TOTAL LONG TERM INVESTMENTS	67,581,248	47,336,034
SHORT TERM INVESTMENTS		
Government securities and Government guaranteed bonds including Treasury Bills	-	-
Other Approved Securities	-	-
Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	1,182,892	1,901,160
(e) Other Securities (note 8 below)	5,449,319	9,546,536
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector	300,000	453,030
Other than Approved Investments (note 4 below)	511,728	1,099,433
TOTAL SHORT TERM INVESTMENTS	7,443,939	13,000,159
TOTAL	75,025,187	60,336,193

- Notes:**
- Aggregate book value of investments (other than listed equities) is ₹ 68,788,542 thousand (previous year: ₹ 54,675,721 thousand).
 - Aggregate market value of investments (other than listed equities) is ₹ 69,215,605 thousand (previous year: ₹ 53,552,897 thousand).
 - Includes investment of FRB GOI 2014 of ₹ 100,000 thousand under Section 7 of Insurance Act, 1938 (previous year: FRB GOI 2014 of ₹ 100,000 thousand).
 - Includes investment in mutual fund amounting to ₹ 511,728 thousand (previous year ₹ 1,099,433 thousand).
 - Includes investments qualifying for infrastructure and social sector investments of ₹ 1,119,831 thousand (previous year ₹ 549,886 thousand).
 - Previous year figure Includes funds of motor TP pool invested in various asset classes aggregating to ₹ 10,836,041 thousand.
 - Long term other securities includes fixed deposit amounting to ₹ 7,750,000 thousand (previous year ₹ 3,000,000 thousand of Fixed deposits).
 - Short term other securities includes certificate of deposits amounting to ₹ 5,449,319 thousand and Pass through certificate amounting to ₹ Nil (previous year certificate of deposits amounting to ₹ 9,546,203 thousand and Pass through certificate amounting to ₹ 333 thousand).
 - 11.50% India Infoline Finance Ltd amounting to ₹ 300,000 thousand has been reclassified in current year and previous year from long term debenture and bonds to long term other than approved investments.

SCHEDULE – 9 LOANS

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
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 ₹ Nil).

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 10 FIXED ASSETS

Particulars	Cost/ Gross Block			March 31, 2013
	April 1, 2012	Additions	Deductions	
Goodwill	–	–	–	–
Intangibles - Computer Software *	1,520,106	367,559	8,113	1,879,552
Land-Freehold	2,410,852	918	–	2,411,770
Leasehold Property	–	–	–	–
Buildings	230,933	5,992	–	236,925
Furniture & Fittings	759,499	29,043	52,294	736,248
Information Technology Equipment	401,216	64,509	31,834	433,891
Vehicles	3,293	–	–	3,293
Office Equipment	347,579	21,024	16,778	351,825
Others	–	–	–	–
TOTAL	5,673,478	489,045	109,019	6,053,504
Work in Progress				
GRAND TOTAL	5,673,478	489,045	109,019	6,053,504
Previous year	5,024,469	765,162	116,153	5,673,478

* Additions is net of grant received of ₹ 7,411 thousand.

SCHEDULE – 11 CASH AND BANK BALANCES

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Cash (including cheques, drafts and stamps)	487,657	605,621
Balances with scheduled banks:		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	4,650,267	2,910,160
(bb) Others	–	–
(b) Current Accounts	658,228	741,593
(c) Others	–	–
Money at Call and Short Notice		
(a) With Banks	–	–
(b) With other institutions	–	–
Others	–	–
TOTAL	5,796,152	4,257,374

(₹ in 000's)

Depreciation			Net Block		
April 1, 2012	For the year	On Sales/ Adjustments	March 31, 2013	March 31, 2013	March 31, 2012
–	–	–	–	–	–
811,055	301,027	3,939	1,108,143	771,409	709,051
–	–	–	–	2,411,770	2,410,852
–	–	–	–	–	–
6,791	3,820	–	10,611	226,314	224,142
428,952	122,028	38,722	512,258	223,990	330,547
372,030	19,349	31,833	359,546	74,345	29,186
1,515	483	–	1,998	1,295	1,778
124,489	41,250	8,223	157,516	194,309	223,090
–	–	–	–	–	–
1,744,832	487,957	82,717	2,150,072	3,903,432	3,928,646
				100,897	67,327
1,744,832	487,957	82,717	2,150,072	4,004,329	3,995,973
1,373,830	445,825	74,823	1,744,832	3,995,973	

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE – 12 ADVANCES AND OTHER ASSETS

(₹ in 000's)

Particulars	At March 31, 2013		At March 31, 2012	
ADVANCES				
Reserve deposits with ceding companies		–		–
Application money for investments		–		–
Prepayments		84,256		93,983
Advances to Directors / Officers		–		–
Advance tax paid and taxes deducted at source (net of provision for tax)		1,383,906		1,363,668
MAT credit entitlement		837,978		255,974
Others				
– Sundry Deposits	158,254		167,458	
– Provision for doubtful debts	(3,606)		–	
– Surplus in Gratuity fund	–		8,654	
– Advance to Employees against expenses	117	154,765	64	176,176
TOTAL (A)		2,460,905		1,889,801
OTHER ASSETS				
Income accrued on investments/deposits		1,866,509		1,351,306
Outstanding Premiums		3,805,912		1,863,897
Agents' Balances		–		–
Foreign Agencies' Balances		–		–
Due from other Entities carrying on Insurance business (net) (including reinsurers)	26,205,879		31,825,796	
Less: Provisions for doubtful debts	1,118,944	25,086,935	580,630	31,245,166
Due from subsidiaries / holding company		–		–
Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]		–		–
Others				
– Service Tax unutilised credit	44,681		–	
– Service Tax paid in advance	63,467		–	
– Other receivables	30,182	138,330	50,123	50,123
TOTAL (B)		30,897,686		34,510,492
TOTAL (A+B)		33,358,591		36,400,293

SCHEDULE – 13 CURRENT LIABILITIES

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Agents' Balances	73,706	76,189
Balances due to other insurance companies (net)	1,843,425	1,520,526
Deposits held on re-insurance ceded	2,257,643	28,240
Premiums received in advance	1,114,336	558,339
Unallocated Premium	394,600	966,391
Sundry Creditors	3,320,141	1,841,090
Due to subsidiaries/ holding company	40,474	41,173
Claims Outstanding (gross)	65,232,383	61,548,048
Due to Officers/ Directors	–	–
Others		
– Statutory Dues	300,040	151,730
– Salary Payable	11,455	11,243
– Collections- Environment Relief fund	266	87
– Unclaimed amount of policyholders	1,187,206	1,559,921
– Book Overdraft	1,174,471	1,429,498
– Employee rewards	504,000	373,500
– Deposits	5,804	–
– Service Tax Liability	–	160
TOTAL	77,459,950	70,106,135

SCHEDULE – 14 PROVISIONS

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Reserve for unexpired risk	21,228,505	19,866,094
Reserve for premium deficiency (Refer note no. 5.1.9)	–	17,300
For taxation (less advance tax paid and taxes deducted at source)	–	–
For proposed dividends	–	–
For dividend distribution tax	–	–
Others		
– Gratuity	36,475	–
– Long term performance pay	311,597	23,500
– Accrued leave	62,784	160,134
– For future recoverable under reinsurance contracts	235,277	183,634
TOTAL	21,874,638	20,067,028

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SCHEDULE – 15 MISCELLANEOUS EXPENDITURE**(To the extent not written off or adjusted)**

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Discount allowed on issue of shares/ debentures	–	–
Others	–	–
TOTAL	–	–

SCHEDULE – 16**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****1 BACKGROUND**

ICICI Lombard General Insurance Company Limited ('the Company') was incorporated on October 30, 2000 and is a 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 with validity until March 31, 2014.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and presented under the historical cost convention, unless otherwise specifically stated, on the accrual basis of accounting, and comply with the applicable accounting standards 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 Auditors' 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 as on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

4 SIGNIFICANT ACCOUNTING POLICIES**4.1 Revenue recognition****Premium income**

Premium including reinsurance accepted is recorded for the policy period at the commencement of risk and for installment cases, it is recorded on installment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Premium earned including reinstatement premium and re-insurance accepted 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 revisions to premium as and when they occur are recognised over the remaining period of risk or contract period, as applicable.

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 funds the profit or loss on sale also includes the accumulated changes in the fair value previously recognised in the fair value change account.

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 in accordance with reinsurance arrangements with the reinsurers. 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 they are cancelled.

4.4 Reserve for unexpired risk (also refer note 5.2.3 and 5.2.4)

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 internal management estimates or on estimates from surveyors/insured in the respective revenue account(s).

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 the management on the basis of ultimate amounts likely to be paid on each claim based on the past experience and in cases where claim payment period exceeds four years based on actuarial valuation. These estimates are progressively revalidated on availability of further information.

IBNR reserves are provisions for claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, for claims that have been incurred but are not enough reported ('IBNER'). The provision for IBNR and IBNER is based on actuarial estimate duly certified by the Appointed Actuary of the Company. The actuarial estimate is derived in accordance with relevant IRDA regulations and Guidance Note GN 21 issued by the Institute of Actuaries of India (also refer note 5.2.1).

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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 and maintenance costs exceed the reserve for unexpired risks and is computed based on actuarially determined ultimate loss ratios 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 exclude 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.

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.

Mutual funds (other than venture capital fund)

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

Fair value change account

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 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 date of additions/deductions.

Depreciation on fixed assets is provided using higher of the rates based on economic useful lives of assets as estimated by the management and the straight-line method specified as per schedule XIV of the Companies Act, 1956 as below,

In case of following categories of fixed assets, the management's estimate of the useful lives is lower than prescribed in Schedule XIV of the Companies Act, 1956.

Nature of Fixed Assets	Management Estimate of useful life in years	Useful life as per the rates prescribed in Schedule XIV of the Companies Act, 1956 in years
Information Technology equipment	3.00	6.17
Furniture & Fittings	6.67	15.80
Office Equipment	10.00	21.05
Vehicles	5.00	10.53

Intangibles assets

Intangible assets comprising computer software are stated at cost less amortisation. Computer softwares including improvements are amortised over a period of 4 years, being the management's estimate of the useful life of such intangibles.

All assets including intangibles individually costing up to ₹ 5,000 are fully depreciated/amortised in the year in which they are 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 Operating lease

Operating Lease payments of 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.

4.12 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 prescribed percentage of salary and is charged to revenue account(s) and profit and loss account.

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 revenue account(s) and profit and loss account.

Accrued leave

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

Long term performance pay

Long Term Performance pay are provided based on actuarial valuation including actuarial gains/losses at balance sheet date and are recognised in the revenue account(s) and profit and loss account.

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4.13 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 restated at the rates prevalent at the date of the balance sheet. The gains/losses on account of restatement and settlement are recognised in the revenue account(s) and profit and loss account.

4.14 Grants

The Company recognises grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

Grants related to assets are presented in the balance sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value. Grants related to revenue are recognised over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Such grants are deducted in reporting the related expense.

Unspent balances of grants are carried forward to the subsequent years under the head "Current Liabilities" for adjustment against expenses in those years.

A grant that becomes refundable is treated as an extraordinary item. The amount of such refundable grant related to revenue is applied first against any unamortised deferred credit remaining in respect of the grant. To the extent that the amount refundable exceeds any such deferred credit, or where no deferred credit exists, the amount is charged immediately to the profit and loss account.

The amount refundable related to a specific fixed asset is recorded by increasing the book value of the asset. Where the book value of the asset is increased, depreciation on the revised book value is provided.

4.15 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 thereon 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.

4.16 Share issue expenses

Share issue expenses are adjusted against share premium account.

4.17 Earnings per share

The basic earnings per share is calculated by dividing the Net profit after tax by weighted average number of equity shares outstanding during the reporting period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for basic earnings per share and also weighted average number equity shares which would have been issued

on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are considered.

4.18 Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which 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

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
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)	548,338	728,615
Reinsurance obligations to the extent not provided for in accounts	-	-
Others	-	-

Note: The Company has disputed the demand raised by Income Tax Authorities of ₹ 474,794 thousand (previous year: ₹ 655,071 thousand) and Service Tax Authorities of ₹ 73,544 thousand (previous year: ₹ 73,544 thousand), the appeals of which are pending before the appropriate Authorities. This excludes demand related to Assessment Year 2008-09, in respect of which the Company has received favourable appellate order, which has not been given effect to by the assessing Authority.

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 ₹ 90,570 thousand (previous year: ₹ 61,262 thousand).

5.1.4 Commitment in respect of loans and investments is ₹ 110,459 thousand (previous year: ₹ 50,100 thousand).

5.1.5 Claims

Claims, less reinsurance paid to claimants in/outside India are as under:

Particulars	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
In India	28,128,562	22,260,191
Outside India	471,529	75,693

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Claims where the claim payment period exceeds four years:

As per circular F&A/CIR/017/May-04, the Appointed Actuary has to certify the valuation of claims paid for longer than four years. In this context, the following claims have been valued on the basis of a contractually defined benefit amount payable in monthly installments over a period of 60 months. As per instructions in circular no. 11/IRDA/ACTL/IBNR/2005-06, the outstanding claim amount has not been discounted and the value has been determined in full.

Product Name: Personal protect

Particulars	(₹ in 000's)			
	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Count	Amount	Count	Amount
Intimated	113	49,993	7	15,200
Paid	40	2,214	–	–
Outstanding	52	37,040	7	15,200

Ageing of gross claims outstanding is set out in the table below:

Particulars	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
More than six months	17,946,166	16,871,983
Others	47,286,217	44,676,065

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

5.1.6 Premium

Premium, less reinsurance, written from business in/outside India is given below:

Particulars	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
In India	40,858,008	40,827,862
Outside India	596,919	259,532

5.1.7 Sector wise details of the policies issued are given below:

Sector	For the year ended March 31, 2013				For the year ended March 31, 2012			
	GDPI (₹ in 000's)	No. of Policies	No. of lives	% of GDPI	GDPI (₹ in 000's)	No. of Policies	No. of lives	% of GDPI
Rural	7,728,998	370,896	–	12.60	8,041,568	380,325	–	15.61
Social	29,569	2	75,640	0.05	28,432	10	186,694	0.06
Urban	53,581,283	8,793,298	–	87.35	43,431,386	7,193,837	–	84.33
TOTAL	61,339,850	9,184,196		100.00	51,501,386	7,574,172		100.00

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

Particulars	Basis	For the year ended March 31, 2013		For the year ended March 31, 2012	
		Retention	Ceded	Retention	Ceded
Fire	Total sum insured	37%	63%	37%	63%
Marine – Cargo	Value at risk	71%	29%	42%	58%
Marine – Hull	Value at risk	12%	88%	6%	94%
Miscellaneous					
– Engineering	Total sum insured	31%	69%	29%	71%
– Motor (refer note 5.2.3)	Total sum insured	75%	25%	75%	25%
– Workmen Compensation	Value at risk	90%	10%	90%	10%
– Public Liability	Value at risk	57%	43%	40%	60%
– Personal Accident	Value at risk	72%	28%	69%	31%
– Health	Value at risk	75%	25%	85%	15%
– Credit Insurance	Value at risk	8%	92%	8%	92%
– Others	Value at risk	51%	49%	40%	60%

5.1.9 The Company determines the premium deficiency (excluding IMTPIP & Declined Risk Pool) on the basis of actuarially determined ultimate loss ratio.

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:

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Motor TP (other than IMTPIP)	52,200	–
Motor TP pool Inward (IMTPIP)*	–	1,408,900

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.

* Calculated as per actuarially determined ultimate loss ratio as prescribed by IRDA vide circular no. IRDA/NL/ORD/MPL/72/03/2012 dated March 22, 2012.

5.1.10 Investments

Value of contracts in relation to investments for:

- Purchases where deliveries are pending ₹ 7,612 thousand (previous year: ₹ 41,535 thousand); and
- Sales where payments are overdue ₹ NIL (previous year: ₹ NIL).

Historical cost of investments that are valued on fair value basis (General Portfolio) is ₹ 6,057,382 thousand (previous year: ₹ 5,601,995 thousand).

Historical cost of investments that are valued on fair value basis (Motor Pool Portfolio) is ₹ Nil (previous year: ₹ 668,378 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, 2013 (previous year: ₹ NIL).

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5.1.11 Employee benefit plans

(A) Defined contribution plan

	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Expenses on defined contribution plan		
Contribution to staff provident fund	105,261	94,513

(B) Defined benefit plan

Gratuity

The Company has a defined gratuity benefit plan payable to every employee on separation from employment. The Company makes the contribution to an approved gratuity fund which is maintained and managed by ICICI Prudential Life Insurance Company Limited.

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

	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Reconciliation of Benefit Obligations and Plan Assets		
CHANGE IN DEFINED BENEFIT OBLIGATION		
Opening Defined Benefit Obligation	228,357	189,667
Current Service Cost	41,212	39,852
Interest Cost	22,081	18,366
Actuarial Losses/(Gain)	7,089	3,235
Liabilities assumed on Acquisition	-	-
Benefits Paid	(25,790)	(22,763)
Closing Defined Benefit Obligation	272,949	228,357
CHANGE IN THE FAIR VALUE OF ASSETS		
Opening Fair Value of Plan Assets	237,011	209,384
Expected Return on Plan Assets	17,273	15,664
Actuarial Gains/(Losses)	7,996	(290)
Contributions by Employer	(16)	35,016
Assets acquired on acquisition	-	-
Benefits paid	(25,790)	(22,763)
Closing Fair Value of Plan Assets	236,474	237,011
Expected Employer's contribution Next Year	-	-

	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Reconciliation of Present Value of the obligation and the Fair Value of the Plan Assets		
Fair Value of Plan Assets at the end of the year	(236,474)	(237,011)
Present Value of the defined obligations at the end of the year	272,949	228,357
Liability recognised in the balance sheet	36,475	-
Asset recognised in the balance sheet	-	8,654
INVESTMENT DETAILS OF PLAN ASSETS		
100% Insurer Managed Funds	236,474	237,011
ASSUMPTIONS		
Discount Rate	8.23% p.a.	8.40% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	9.00% p.a.	8.00% p.a.

Expenses to be recognised in statement of Profit and Loss Account	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Current Service Cost	41,212	39,852
Interest on Defined Benefit Obligation	22,081	18,366
Expected return on Plan Assets	(17,273)	(15,664)
Net Actuarial Losses/(Gains) recognised in year	(907)	3,525
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Losses/(Gains) on "Acquisition/ Divestiture"	-	-
Effect of limit in Para 59 (b)	-	-
TOTAL INCLUDED IN EMPLOYEE BENEFIT EXPENSE	45,113	46,079

Experience adjustments of five years is given below:

Particulars	(₹ in 000's)				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined Benefit Obligation	272,949	228,357	189,667	145,128	141,813
Plan assets	236,474	237,011	209,384	149,821	70,875
Surplus / (Deficit)	(36,475)	8,654	19,717	4,693	(70,938)
Exp.Adj on Plan Liabilities	3,634	10,137	2,943	(18,518)	26,355
Exp.Adj on Plan Assets	7,996	(290)	231	9,860	(6,597)

Accrued leave

The Company has a scheme for accrual of leave for employees, the liability for which is determined on the basis of Actuarial Valuation carried out at the year end. Assumption stated above is applicable for accrued leaves also.

Particulars	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Balance	160,134	144,282
Add: Provision made during the year	(97,350)	15,852
Closing balance	62,784	160,134

Long term performance pay

The Company has schemes for Long Term Performance incentive plan. The plan is discretionary deferred compensation plan with a vesting period of three years. The liability for the year ended March, 2012 was accrued on a straight line method over the plan period. During the year ended March 31, 2013, the Company has determined the liability on the basis of Actuarial valuation. This change has resulted in additional charge of ₹ 165,326 thousand.

Particulars	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Balance	23,500	-
Add: Provision made during the year	288,097	23,500
Closing balance	311,597	23,500
Assumptions		
Discount Rate	8.23% p.a.	-

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5.1.12 Allocation of income and expenses

Allocation of investment income

Investment income which is directly identifiable is allocated on actuals between revenue account(s) and profit and loss account and which is not directly identifiable has been allocated on the basis of the ratio of average policyholders funds to average shareholders funds respectively; average being the balance at the beginning of the year and at the end of the year.

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.

5.1.13 Managerial remuneration

The details of remuneration of MD & CEO and two Wholetime Directors' as per the terms of appointment are as under:

Particulars (see note below)	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and allowances	55,273	51,467
Contribution to provident and other funds	2,481	2,211
Perquisites	3,320	528

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

Managerial remuneration in excess of ₹ 15,000 thousand, for each Managerial personnel has been charged to profit and loss account.

5.1.14 (A) Share capital

At March 31, 2013 the Company has allotted 431,326 equity shares (previous year: 824,024 shares) under ESOP raising ₹ 19,213 thousand (previous year: ₹ 39,027 thousand).

During the year the Company has not made any preferential allotment. In the previous year the Company had completed the allotment of shares under preferential issue of 31,192,659 equity share of ₹ 10 each at a premium of ₹ 99 per share to the promoters raising ₹ 3,400,000 thousand.

(B) Share application

At March 31, 2013 the Company had received share application money of ₹ 1,004,353 thousand (previous year: ₹ 1,882 thousand) against which shares are yet to be allotted.

5.1.15 Outsourcing, business development and marketing support expenses

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

Particulars	(₹ in 000's)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Outsourcing expenses	1,182,250	1,353,413
Business development	884,165	462,865
Marketing support	575,587	585,519

5.1.16 Details of penal actions taken by various Govt. authorities during year ended March 31, 2013:

Sl No.	Authority	(₹ in 000's)			
		Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	– (500)	– (500)	– (500)	– (–)
2	Service Tax Authorities	– (–)	– (–)	– (–)	– (–)
3	Income Tax Authorities	– (–)	– (–)	– (–)	– (–)
4	Any other Tax Authorities	– (–)	– (–)	– (–)	– (–)
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	– (–)	– (–)	– (–)	– (–)
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	– (–)	– (–)	– (–)	– (–)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	– (–)	– (–)	– (–)	– (–)
8	Securities and Exchange Board of India	NA (NA)	NA (NA)	NA (NA)	NA (NA)
9	Competition Commission of India	– (–)	– (–)	– (–)	– (–)
10	Any other Central/State/Local Govt / Statutory Authority (Tariff Advisory Committee)	26 (–)	26 (–)	– (–)	– (–)

Figures in brackets represent previous year figures.

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5.1.17 Summary of Financial Statements for five years:

Particulars	(₹ in 000's)				
	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09
OPERATING RESULT					
Gross premium written	64,090,699	60,144,218	47,348,983	36,947,821	37,492,110
Net premium income #	41,454,927	41,087,394	30,331,834	23,140,883	21,164,757
Income from investments (net)@	4,634,211	3,082,833	2,589,359	2,828,112	2,325,325
Other income	132,742	881,528	622,489	542,421	3,842
TOTAL INCOME	46,221,880	45,051,755	33,543,682	26,511,416	23,493,924
Commissions (net of reinsurance commission)	(1,831,182)	(613,538)	(543,007)	210,557	(755,837)
Brokerage	–	–	–	–	–
Operating expenses	10,180,673	8,728,920	6,797,879	5,551,359	6,785,799
Claims, increase in Unexpired Risk Reserve & other outgoes	35,151,301	41,605,250	29,095,116	20,597,980	18,341,597
Operating Profit/(Loss)	2,721,088	(4,668,878)	(1,806,306)	151,520	(877,635)
NON –OPERATING RESULT					
TOTAL INCOME UNDER SHAREHOLDER'S ACCOUNT(NET OF EXPENSES)	95,676	716,732	982,886	1,431,533	880,380
Profit/(Loss) before tax	2,816,764	(3,952,145)	(823,420)	1,583,053	2,745
Provision for tax	(240,989)	(211,147)	(19,992)	143,774	(233,500)
Profit/(Loss) after tax	3,057,753	(4,163,292)	(803,428)	1,439,279	236,245
MISCELLANEOUS					
Policy holder's account:					
TOTAL FUNDS	66,485,230	60,322,530	40,382,814	28,712,993	23,498,753
Total investments					
Yield on investments	Not applicable as investments are not earmarked				
Shareholder's account:					
TOTAL FUNDS	19,352,381	15,078,391	19,439,883	17,924,396	12,369,209
Total investments					
Yield on investments	Not applicable as investments are not earmarked				
Paid up equity capital	4,370,152	4,365,839	4,045,672	4,036,327	4,031,369
Net worth **	19,352,381	15,078,391	19,439,883	17,924,396	16,026,640
TOTAL ASSETS	118,686,969	105,251,554	82,286,865	67,320,168	54,842,026
Yield on total investments (annualised)	9%	8%	9%	13%	14%
Earnings per share (₹)	7.00	(9.56)	(1.99)	3.57	0.60
Book value per share (₹)	44.28	34.54	48.05	44.41	39.75
TOTAL DIVIDEND (EXCLUDING DIVIDEND TAX)	–	–	565,889	645,248	–
Dividend per share (₹)	–	–	1.40	1.60	–

Net of Reinsurance

@ Net of Losses

** Shareholders funds and Net worth is excluding fair value change account for financial year 2008-09

5.1.18 Ratio analysis:

(A) For ratios at March 31, 2013 refer Annexure 1a and 1b and for March 31, 2012 refer Annexure 2a and 2b.

(B) Solvency Margin

Solvency Margin	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
Required solvency margin under IRDA Regulations (A)	10,377,000	9,408,540
Available solvency margin (B)	16,093,200	12,826,136
Solvency ratio actual (times) (B/A)	1.55	1.36
Solvency ratio prescribed by Regulation	1.40	1.30

5.1.19 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 is stated below:

Founder ESOPs:

Scheme	
Date of grant	26-Apr-05
No. of Options granted (in 000's)	917
Grant Price	₹ 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	
Date of grant 2005	26-Apr-05
2006	24-Apr-06
2007	21-Apr-07
2008	24-Apr-08
No. of Options granted (in 000's)	18,372
Grant Price	₹ 35 – ₹ 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

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Performance ESOPs (2009):

Scheme	
Date of grant 2009	July 21, 2009
No. of Options granted (in 000's)	1,249
Grant Price	₹ 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

Performance ESOPs (2010):

Scheme	
Date of grant 2010	April 19, 2010
No. of Options granted (in 000's)	2,312
Grant Price	₹ 114
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 (2011):

Scheme	
Date of grant 2011	April 25, 2011
No. of Options granted (in 000's)	723
Grant Price	₹ 109
Graded Vesting Period	
1st Year	40% of option
2nd Year	60% 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 ₹ 7.72 to ₹ 73.62 per option. Accordingly, the compensation cost and charge to the profit and loss account for the year ended March 31, 2013 would have been higher by ₹ 7,450 thousand had the Company followed the fair valuation method for accounting the options issued.

On proforma basis the Company's basic and diluted earnings per share would have been ₹ 7.00 and ₹ 6.91. The key assumptions used to estimate the fair value of options granted during the previous year ended March 31, 2012 are given below:

Particulars	
Risk-free interest rate	7.96% - 8.41% p.a.
Expected life	5.8 years
Expected volatility*	38.62% p.a.
Expected dividend yield	1.28% p.a.

*Expected volatility is based on estimates of management in the absence of data on historical volatility at the period 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:

Particulars	(in 000's)			
	Other than Wholetime Directors'		Wholetime Directors'	
	At March 31, 2013	At March 31, 2012	At March 31, 2013	At March 31, 2012
Outstanding at the beginning of the year*	10,535	11,975	1,915	1,670
Add: Granted during the year	–	478	–	245
Less: Forfeited / lapsed during the year	856	1,101	–	–
Less: Exercised during the year	456	817	40	–
Outstanding at the end of the year	9,223	10,535	1,875	1,915
Exercisable at the end of the year	7,928	7,709	1,308	1,005

*Previous years balances are reclassified.

5.2 Other disclosures

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

IBNR (including IBNER) liability as at March 31, 2013 for all lines of business 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 IRDA/NL/CIR/Cre/205/12/2010 and the applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The provisions for Dismantled TP CV pool and Declined risk pool for the policies written by the Company have been included in the above estimate, for the first time and will form part of IBNR estimates on going forward basis.

In general, the Appointed Actuary has relied on the Chain Ladder method to arrive at the estimates. These estimates have been modified wherever needed based on the Bornheutter-Ferguson procedure.

These methods are standard actuarial procedures wherever sufficient claim development data points are available. In the case of Credit Insurance and the business ceded to Declined Risk Pool, the Appointed Actuary has adopted the loss ratio method due to the paucity of reliable development data.

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 ₹ 10 billion.

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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 intimation/confirmation received from GIC. Accordingly, reinsurance accepted, on account of the terrorism pool has been recorded only up to September 30, 2012 (previous year: September 30, 2011) as per the last confirmation received.

5.2.3 Declined Risk Pool

IRDA vide its ORDER NO. IRDA/NL/ORD/MPL/277/12/2011, dated December 23, 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 had directed the dismantling of the Indian Motor Third Party Insurance Pool (IMTPIP) and creation of the Declined Risk Pool for Act only Commercial Vehicle Third Party Insurance (DR Pool) w.e.f April 1, 2012.

In accordance with the directions of the IRDA, effective April 1, 2012, the Company, together with other insurance companies has participated in the DR Pool, a multilateral reinsurance arrangement, administered by the General Insurance Corporation of India ('GIC'). The declined risk pool shall apply to commercial vehicles for standalone third party liability insurance (Act only insurance). No comprehensive motor insurance policy or part thereof, is to be ceded to the pool. Every insurer is required to underwrite a minimum percentage of standalone (Act only) commercial vehicle motor third party insurance which shall be in proportion to the sum of 50% of the Company's percentage share in total gross premium and 50% of the Company's percentage share in total motor premium of the industry of the relevant year.

The cessions to the GIC shall be in accordance with the obligatory cession which currently stands at 10%. The ceding insurers shall retain 20% of the individual risk to their net account (after obligatory cessions) and cede the balance to the declined pool. Accordingly, the Company has ceded 70% of the third party premium collected to the DR Pool in accordance with the IRDA instructions and guidelines of the declined risks.

During the year ended March 31, 2013, the Company has received the audited statement from the DR Pool for the nine months ended December 31, 2012. The Company has recognised 100% of its share of premium as earned premium and claims based on such audited statement. For the quarter ended March 31, 2013 the Company has recognised its share based on internal estimates of market gross premiums, DR pool size, its share and the ultimate loss ratio as per audited statement received from the DR Pool. Necessary revision in estimates will be made upon receipt of final account statements from the DR pool.

5.2.4 Indian Motor Third Party Insurance Pool ('IMTPIP')

During the year ended March 31, 2012, in accordance with the directions of the IRDA, the Company had ceded 100% of the third party premium collected to the pool and had recorded its share of results in the pool based on unaudited statements received from the IMTPIP for the period March 2011 to February 2012 and on management's estimates for March 2012.

During the year ended March 31, 2013, the Company has received the audited statements from the IMTPIP for the period March 2011 to March 2012. On the basis of the audited statements, the Company has revised the provisionally estimated results. The impact of the revision has resulted in reduction of previously accounted losses to the tune of ₹ 203,729 thousand and increase in profit for the period by the same amount.

Consequent to dismantling of IMTPIP and the clean cut settlement the appointed actuary has additionally determined IBNR/IBNER on policies earlier ceded to IMTPIP for the risk period incepting from the year 2007-08 to 2011-12 at ₹ 1,018,626 thousand and has revised the position reflected in books.

5.2.5 Interest, rent and dividend income

Interest, Dividend & Rent income under Miscellaneous segment is net of interest expense of ₹ 505,015 thousand on dues to IMTPIP @ 7.5% p.a consequent to clean cut settlement.

5.2.6 Re-insurance inward

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

5.2.7 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.

5.2.8 Grants

The Company has received disbursement of ₹ 12,330 thousand (US\$ 242,000) from the International Labour Organisation (ILO) through its Microinsurance Innovation Facility, towards an Innovation Grant in order to carry out providing Outpatient Insurance to complement Rashtriya Swasthya Bima Yojana (RSBY). At March 31, 2013, the Company has incurred ₹ 7,411 thousand towards Capital Expenditure and ₹ 4,430 thousand towards Revenue Expenditure for the project, and the balance unspent amount of ₹ 489 thousand has been included under the head "Current Liabilities – Sundry Creditors".

Revenue expenditure included in Schedule – 4 is net of grant received in respect of the following expenditure.

Particulars	(₹ in 000's)	
	At March 31, 2013	
Employees' remuneration & welfare benefits	998	
Travel, conveyance and vehicle running expenses	147	
Legal & professional charges	1,625	
Miscellaneous expenses	300	
Business & Sales promotion	1,360	
TOTAL	4,430	

5.2.9 Environment Relief Fund

There is ₹ 266 thousand outstanding (Previous year ₹ 87 thousand) towards Environment Relief fund (ERF) under Public Liability policies.

5.2.10 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:

Particulars	(₹ in 000's)	
	At March 31, 2013	At March 31, 2012
a. not later than one year	1,841	1,483
b. later than one year and not later than five years	3,560	4,506
c. later than five years	–	–

An amount of ₹ 1,573 thousand (previous year: ₹ 1,381 thousand) towards said lease payments has been recognised in the statement of revenue account.

5.2.11 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 as at March 31, 2013. 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.

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5.2.12 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 5.1.12 above.

Segmental Assets & Liabilities to the extent identifiable to business segment:

Segment	Current liabilities		Current Assets
	Year	Claims Outstanding	Outstanding Premium
Fire	2012-13	3,707,635	15,679
	2011-12	4,572,678	17,862
Engineering	2012-13	1,579,686	657
	2011-12	1,356,748	5,691
Marine Cargo	2012-13	1,117,983	5,450
	2011-12	1,215,133	5,601
Marine Hull	2012-13	408,860	–
	2011-12	878,790	–
Motor OD	2012-13	3,057,666	27
	2011-12	2,400,845	48
Motor TP	2012-13	46,534,035	–
	2011-12	43,789,152	–
Workmen Compensation	2012-13	263,852	–
	2011-12	192,002	–
Public/Product Liability	2012-13	96,536	–
	2011-12	47,535	–
Personal Accident	2012-13	990,192	25
	2011-12	700,831	40
Aviation	2012-13	832,637	–
	2011-12	420,686	–
Health	2012-13	3,656,551	2,248,671
	2011-12	3,439,122	1,327,377
Credit Insurance	2012-13	129,209	–
	2011-12	123,699	–
Others	2012-13	2,857,541	1,535,403
	2011-12	2,410,827	507,278
TOTAL AMOUNT	2012-13	65,232,383	3,805,912
	2011-12	61,548,048	1,863,897

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.

5.2.13 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 related party	Relationship
ICICI Bank UK PLC	Fellow Subsidiary
ICICI Eco-net Internet & Technology Fund	Fellow Subsidiary
ICICI Emerging Sectors Fund	Fellow Subsidiary
ICICI Equity Fund	Fellow Subsidiary
ICICI Home Finance Company Limited	Fellow Subsidiary
ICICI Prudential Asset Management Company Limited	Fellow Subsidiary
ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary
ICICI Securities Limited	Fellow Subsidiary
ICICI Securities Primary Dealership Limited	Fellow Subsidiary
ICICI Strategic Investments Fund	Fellow Subsidiary
ICICI Venture Funds Management Company Limited	Fellow Subsidiary
FAL Corporation (Affiliate of Fairfax Financial Holdings Limited)	Venturer in Joint Venture

Key Management Personnel (KMP):

Bhargav Dasgupta, Managing Director & CEO
 Alok Kumar Agarwal, Executive Director
 Neelesh Garg, Executive Director

Relatives of KMP with whom transactions have taken place during the year:

Shubhra Sharma : Spouse of Neelesh Garg
 Dhruv Garg : Son of Neelesh Garg
 Sohan Lal Garg : Father of Neelesh Garg

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Details of transaction with related parties for the year ended March 31, 2013 are given below:

Particulars	(₹ in 000's)							
	ICICI Bank Ltd	With ICICI Home Finance Co Ltd	With ICICI Securities Primary Dealership Ltd	With ICICI Prudential Life Insurance Co Ltd	With ICICI Securities Ltd	With Others	FAL Corporation	With KMP & their relatives
	Holding company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary		Venturer in Joint Venture	
Premium income	871,708 (775,824)	8,910 (9,689)	2,598 (2,527)	154,624 (133,963)	70,741 (97,939)	35,790 (33,072)	– (–)	62 (33)
Income from interest & dividend	25,034 (41,963)	– (–)	– (6,930)	– (–)	– (–)	– (–)	– (–)	– (–)
Application money received	740,000 (–)	– (–)	– (–)	– (–)	– (–)	– (–)	260,000 (–)	1,400 (–)
Issue of share capital	– (230,826)	– (–)	– (–)	– (–)	– (–)	– (–)	– (81,101)	– (–)
Share premium on share issued	– (2,285,174)	– (–)	– (–)	– (–)	– (–)	– (–)	– (802,899)	– (–)
Claim payments net of claims received	444,272 (392,053)	– (33,177)	1,742 (1,474)	10,536 (9,659)	32,766 (78,926)	98 (444)	– (–)	– (–)
Commission/ Brokerage payouts	466,309 (369,950)	2,766 (-841)	– (–)	– (–)	12,519 (15,716)	– (–)	– (–)	– (–)
Investment								
– Purchases	8,381,218 (6,540,326)	– (–)	2,965,292 (5,151,165)	887,478 (713,039)	– (–)	– (–)	– (–)	– (–)
– Sales	9,824,536 (5,137,516)	– (–)	301,103 (1,121,594)	1,696,367 (2,426,103)	– (–)	– (–)	– (–)	– (–)
Purchase of Fixed Asset	– (2,678)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Sale of fixed assets	– (4,616)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Premium Paid	– (–)	– (–)	– (–)	6,206 (6,293)	– (–)	– (–)	– (–)	– (–)
Establishment & other expenditure	195,923 (184,623)	-7,656 (-3,365)	– (–)	-7,171 (-1,478)	-229 (-386)	– (–)	– (–)	61,073 (54,206)

Figures in brackets represent previous year figures.

Balances with related parties at March 31, 2013, are as under:

Particulars	(₹ in 000's)							
	ICICI Bank Ltd	With ICICI Home Finance Co Ltd	With ICICI Securities Primary Dealership Ltd	With ICICI Prudential Life Insurance Co Ltd	With ICICI Securities Ltd	With Others	FAL Corporation	With KMP & their relatives
	Holding company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary		Venturer in Joint Venture	
ASSETS								
Cash, Bank Balances & Deposits	-212,723	-	-	-	-	-	-	-
	(-1,397,931)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments	-	-	-	-	-	-	-	-
	(454,339)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Income accrued on investments	460	-	-	-	-	-	-	-
	(6,005)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
LIABILITIES								
Capital	3,206,355	-	-	-	-	-	1,126,550	150
	(3,206,355)	(-)	(-)	(-)	(-)	(-)	(1,126,550)	(150)
Share premium	10,184,674	-	-	-	-	-	3,578,399	375
	(10,184,674)	(-)	(-)	(-)	(-)	(-)	(3,578,399)	(375)
Application money	740,000	-	-	-	-	-	260,000	1,400
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Premium received in advance / Cash deposits	386,161	10,587	412	313	1,127	2,219	-	-
	(358,453)	(2,835)	(-)	(339)	(2,317)	(1,325)	(-)	(-)
Others liabilities/ Payables	220,392	138	125	21,686	6,251	1,522	-	-
	(300,830)	(-4,553)	(66)	(23,669)	(9,378)	(1,864)	(-)	(-)

Figures in brackets represent previous year figures.

Domestic Transfer Pricing

The Domestic Transfer Pricing Regulations as prescribed under section 92BA of the Income Tax Act, 1961 was introduced from April 1, 2012. The Company has been consistently transacting with related parties on an Arm's Length basis in accordance with Group Transfer Pricing Policy. The Company is of the opinion that there will be no significant changes to Arm's length price under determination in order to comply with the requirement of section 92BA of Income Tax Act. Hence, there will no material impact on the financial statements.

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

5.2.14 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31, 2013

At March 31, 2013 the Company has not appropriated / written back the unclaimed amount of policyholders. (Reference IRDA circular no IRDA/F&I/CIR/CMP/174/11/2010 dated November 4, 2010)

Particulars	(₹ in 000's)							
	Total Amount	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	– (-)	– (-)	– (-)	– (-)	– (-)	– (-)	– (-)	– (-)
Sum due to the insured/ policyholders on maturity or otherwise	– (-)	– (-)	– (-)	– (-)	– (-)	– (-)	– (-)	– (-)
Any excess collection of the premium/ tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	178,908 (170,107)	8,655 (8,909)	6,966 (6,095)	3,956 (15,342)	5,204 (3,559)	14,893 (4,849)	3,404 (5,442)	135,830 (125,911)
Cheques issued but not encashed by the policyholder/ insured	1,008,298 (1,389,814)	268,907 (674,199)	72,805 (260,420)	68,025 (89,789)	191,178 (50,572)	75,897 (55,200)	42,604 (30,384)	288,882 (229,250)
TOTAL	1,187,206 (1,559,921)	277,562 (683,108)	79,771 (266,515)	71,981 (105,131)	196,382 (54,131)	90,790 (60,049)	46,008 (35,826)	424,712 (355,161)

Figures in brackets represent previous year figures.

5.2.15 Details of earning per share for the year ended March 31, 2013

Particulars	(in 000's)	
	At March 31, 2013	At March 31, 2012
Profit/(loss) available to equity shareholders ₹	3,057,753	(4,163,292)
WEIGHTED AVERAGE NUMBER OF EQUITY SHARES		
Number of shares at the beginning of the year	436,584	404,567
Share issued during the year	431	32,017
Total number of equity share outstanding at the end of the year	437,015	436,584
Weighted average number of equity shares outstanding during the year	436,815	435,280
Add : Effect of dilutive issues of options and share application pending allotment	5,529	6,265
Diluted weighted average number of equity shares outstanding during the year	442,344	441,545
Nominal value of equity shares ₹	10	10
Basic earning per share ₹	7.00	(9.56)
Diluted earning per share ₹	6.91	(9.56)

As the Company had incurred loss during the previous year, potential equity shares are not resulting into dilution of EPS.

5.2.16 Deferred taxes

The major components of deferred tax are as under:

Particulars	(₹ in 000's)	
	Deferred tax asset at March 31, 2013	Deferred tax asset at March 31, 2012
Timing differences on account of:		
Reserve for Unexpired Risks / Premium deficiency	–	–
Provision for escalation in lease rentals	19,844	21,380
Leaves accrued	21,340	51,956
Provision for doubtful debts	461,526	188,385
TOTAL	502,710	261,721
Net deferred tax asset/(liability)	502,710	261,721
Deferred tax expense/(income) recognised in the Profit and Loss A/c	(240,989)	211,147

5.2.17 Prior year figures have been regrouped, reclassified in the respective schedule and notes wherever necessary, to conform to current year classifications.

For and on behalf of the Board

Chanda Kochhar
Chairperson

Dileep Choksi
Director

Alok Kumar Agarwal
Executive Director

Gopal Balachandran
Chief Financial Officer

S. Mukherji
Director

Bhargav Dasgupta
Managing Director & CEO

Neelesh Garg
Executive Director

Vikas Mehra
Company Secretary

Mumbai, April 15, 2013

ANNEXURE - 1a ANALYTICAL RATIOS AS AT MARCH 31, 2013

Sr. No.	Particulars	Total	Fire	Marine Cargo	Marine Others	Marine total	Motor OD	Motor TP	Motor Total	Workmen compensation	Public/Product Liability
1	Gross Premium Growth Rate	19%	23%	25%	-3%	15%	22%	38%	27%	23%	-47%
2	Gross Premium to shareholders' fund ratio	317%									
3	Growth rate of shareholders' fund	28%									
4	Net Retention Ratio	68%	38%	70%	6%	51%	75%	74%	75%	90%	47%
5	Net Commission Ratio	4%	3%	8%	1%	6%	5%	0%	3%	8%	3%
6	Expense of Management to Gross Direct Premium Ratio	21%									
7	Combined Ratio	72%									
8	Technical Reserves to net premium ratio	209%									
9	Underwriting balance ratio	-5%	-18%			-24%					
10	Operating Profit Ratio	7%									
11	Liquid Assets to liabilities ratio	15%									
12	Net earning ratio	7%									
13	Return on net worth ratio	16%									
14	Available Solvency margin Ratio to Required Solvency Margin Ratio (times)	1.55									
15	NPA Ratio										
	Gross NPA Ratio	-									
	Net NPA Ratio	-									

Notes :

Ratios are computed as per definitions laid down by IRDA circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010

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

Engineering	Aviation	PA	Health	Credit	Others	Total miscellaneous	Basis of calculations
5%	-40%	22%	11%	6%	32%	19%	(GDPI current year- GDPI previous year)/ GDPI previous year GDPI/ Shareholders' funds (Shareholders' funds current year- Shareholders' funds previous year) / Shareholders' funds previous year
27%	60%	72%	79%	8%	48%	70%	Net premium/ GDPI
5%	1%	9%	5%	4%	3%	4%	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
						-4%	(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 - 1b EQUITY HOLDING PATTERN AT MARCH 31, 2013

EQUITY HOLDING PATTERN

1	(a) No. of shares	437,015,239
2	(b) Percentage of shareholding (Indian / Foreign)	74.2%/ 25.8%
3	(c) %of Government holding (in case of public sector insurance companies)	—
4	(a) Basic and diluted EPS before extraordinary items (net of tax expense) for the period	₹ 7.00 and ₹ 6.91
5	(b) Basic and diluted EPS after extraordinary items (net of tax expense) for the period	₹ 7.00 and ₹ 6.91
6	(iv) Book value per share ₹	44.28

ANNEXURE - 2a ANALYTICAL RATIOS AS AT MARCH 31, 2012

Sr. No.	Particulars	Total	Fire	Marine Cargo	Marine Others	Marine total	Motor OD	Motor TP	Motor Total	Workmen compensation	Public/Product Liability
1	Gross Premium Growth Rate	21%	9%	17%	25%	20%	32%	56%	38%	39%	-14%
2	Gross Premium to shareholders' fund ratio	342%									
3	Growth rate of shareholders' fund	-22%									
4	Net Retention Ratio	80%	42%	43%	4%	29%	90%	144%	106%	90%	36%
5	Net Commission Ratio	4%	2%	7%	1%	5%	4%	0%	3%	8%	2%
6	Expense of Management to Gross Direct Premium Ratio	21%									
7	Combined Ratio	78%									
8	Technical Reserves to net premium ratio	198%									
9	Underwriting balance ratio	-21%	-26%			-43%					
10	Operating Profit Ratio	-10%									
11	Liquid Assets to liabilities ratio	21%									
12	Net earning ratio	-10%									
13	Return on net worth ratio	-28%									
14	Available Solvency margin Ratio to Required Solvency Margin Ratio (times)	1.36									
15	NPA Ratio										
	Gross NPA Ratio	-									
	Net NPA Ratio	-									

Notes :

Ratios are computed as per definitions laid down by IRDA circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010

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

Engineering	Aviation	PA	Health	Credit	Others	Total miscellaneous	Basis of calculations
20%	17%	47%	12%	-8%	0%	22%	(GDPI current year- GDPI previous year)/ GDPI previous year
							GDPI/ Shareholders' funds
							(Shareholders' funds current year- Shareholders' funds previous year) / Shareholders' funds previous year
24%	31%	68%	86%	8%	38%	84%	Net premium/ GDPI
5%	1%	8%	5%	5%	4%	4%	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
						-21%	(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 - 2b EQUITY HOLDING PATTERN AT MARCH 31, 2012

EQUITY HOLDING PATTERN		
1	(a) No. of shares	436,583,913
2	(b) Percentage of shareholding (Indian / Foreign)	74.2%/ 25.8%
3	(c) %of Government holding (in case of public sector insurance companies)	–
4	(a) Basic and diluted EPS before extraordinary items (net of tax expense) for the period	₹ (9.56) and ₹ (9.56)
5	(b) Basic and diluted EPS after extraordinary items (net of tax expense) for the period	₹ (9.56) and ₹ (9.56)
6	(iv) Book value per share (₹)	34.54

RECEIPTS & PAYMENT ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in 000's)

	Year ended March 31, 2013		Year ended March 31, 2012	
CASH FLOW FROM OPERATING ACTIVITIES				
– Premium received from policyholders, including advance receipt	65,678,913		56,951,264	
– Premium received from co-insurer	2,580,816		2,289,886	
– Other receipts (including-environment relief fund & Motor TP pool and Terrorism Pool)	165,472		2,501,807	
– Receipt / (payment) from/to re-insurer net of commissions & claims recovery	2,880,394		(1,815,404)	
– Receipt / (payment) from / to co-insurer net of claims recovery	(2,171,692)		231,005	
– Payments of claims (net of salvage)	(41,802,462)		(34,464,546)	
– Payments of commission and brokerage	(3,055,540)		(2,115,060)	
– Payments of other operating expenses	(9,596,800)		(8,689,397)	
– Deposits, advances & staff loans (net)	935,848		(213,789)	
– Receipt of Grant	4,106		8,224	
– Income tax paid (net)	(602,242)		(427,060)	
– Service taxes paid	(5,183,819)		(3,981,524)	
– Cash flows before extraordinary items		9,832,994		10,275,406
– Cash flows from extraordinary operations		–		–
NET CASH FROM OPERATING ACTIVITIES		9,832,994		10,275,406
CASH FLOW FROM INVESTING ACTIVITIES				
– Purchase of fixed assets (including capital advances)	(516,934)		(488,705)	
– Proceeds from sale of fixed assets	17,134	(499,800)	24,386	(464,319)
– Purchase of investments	(92,436,169)		(75,994,470)	
– Loans disbursed	–		–	
– Sale / Transfer of investments	72,734,195		62,293,657	
– Repayments received	–		–	
– Rent/interest/dividends received	4,278,424		2,848,241	
– Investments in money mkt instruments and liquid mutual fund (net)	5,617,186		(726,302)	
– Expenses related to investments	(9,736)	(9,816,100)	(10,099)	(11,588,973)
NET CASH FROM INVESTING ACTIVITIES		(10,315,900)		(12,053,292)

(₹ in 000's)

	Year ended March 31, 2013		Year ended March 31, 2012	
CASH FLOW FROM FINANCING ACTIVITIES				
– Proceeds from issuance of share capital / application money (including share premium & net of share issue expenses)	1,021,684		35,205	
– Proceeds from borrowing	–		–	
– Repayments of borrowing	–		–	
– Dividends paid (including dividend tax)	–		–	
NET CASH FROM FINANCING ACTIVITIES		1,021,684		35,205
EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS, NET		–		–
Net increase/(decrease) in cash and cash equivalents		538,778		(1,742,681)
Cash and cash equivalents at the beginning of the year		2,157,374		3,900,055
Cash and cash equivalents at end of the year **		2,696,152		2,157,374

(₹ in 000's)

	Year ended March 31, 2013		Year ended March 31, 2012	
CASH AND CASH EQUIVALENTS*				
Cash and bank balance as per Schedule 11		5,796,152		4,257,374
Less: Fixed deposit maturity more than 3 months		3,100,000		2,100,000
Cash and cash equivalent at the end of the year*		2,696,152		2,157,374

*Cash and cash equivalent at the end of the year includes short term deposits of ₹ 1,550,267 thousand (previous year: ₹ 810,160 thousand), balances with banks in current accounts ₹ 658,228 thousand (previous year: ₹ 741,593 thousand) and cash including cheques and stamps in hand amounting to ₹ 487,657 thousand (previous year: ₹ 605,621 thousand)

As per our attached report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No.: 105049W

Narendra Jain
Partner
Membership No:048725

For **PKF Sridhar & Santhanam**
Chartered Accountants
Firm Regn No.: 003990S

R. Suriyanarayanan
Partner
Membership No: 201402

For and on behalf of the Board

Chanda Kochhar
Chairperson

Dileep Choksi
Director

Alok Kumar Agarwal
Executive Director

Gopal Balachandran
Chief Financial Officer

S. Mukherji
Director

Bhargav Dasgupta
Managing Director & CEO

Neelesh Garg
Executive Director

Vikas Mehra
Company Secretary

Mumbai, April 15, 2013





Registered Office

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

Mailing Address

ICICI Lombard General Insurance Company Limited
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Insurance is the subject matter of solicitation.