

ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED

8TH ANNUAL REPORT AND ACCOUNTS 2007-2008

Directors

K. V. Kamath, *Chairman*
 Kalpana Morparia, *Vice-Chairperson*
 R. Athappan
 B. V. Bhargava
 Dileep Choksi
 James Dowd
 S. Mukherji
 Chandran Ratnaswami
 M. K. Sharma
 H. N. Sinor
 V. Vaidyanathan
 Vishakha Mulye, *Executive Director*
 Sandeep Bakhshi, *Managing Director & CEO*

Auditors

Lodha & Co.
Chartered Accountants

N. M. Rajji & Co.
Chartered Accountants

Registered Office

ICICI Bank Towers
 Bandra-Kurla Complex
 Mumbai - 400 051

Rajesh Saxena
Company Secretary

directors' report

to the members

Your Directors have pleasure in presenting the Eighth Annual Report of ICICI Lombard General Insurance Company Limited ("ICICI Lombard") with the audited statement of accounts for the financial year ended March 31, 2008.

INDUSTRY OVERVIEW

The gross written premium of the industry for the year ended March 31, 2008 was Rs. 281.31 billion compared to Rs. 249.75 billion for the year ended March 31, 2007, leading a growth of 13%. The market share of private sector insurance companies for the corresponding period increased from 35% in fiscal 2007 to 40% in fiscal 2008. ICICI Lombard was the private player with a market share of 31% in the private sector and an overall private sector market share of 12%.

FINANCIAL HIGHLIGHTS

	<i>Fiscal 2007</i>	Fiscal 2008
		(Rs. in million)
Number of policies sold	3,136,478	3,526,961
Gross written premium - Direct	30,034.5	33,444.2
Earned premium	10,666.5	15,671.9
Profit before tax	801.2	1,302.2
Profit after tax	683.6	1,028.7

APPROPRIATIONS

The profit after tax for the year ended March 31, 2008 is Rs.1,028.7 million. The profit available for appropriation is Rs. 1,710.3 million after taking into account the balance of Rs. 681.6 million brought forward from the previous year. The Board has declared three interim dividends aggregating to 16%, reflecting sound financial performance during the fiscal year and has appropriated the disposable profit as follows:

	<i>Fiscal 2007</i>	Fiscal 2008
		(Rs. in million)
Dividend for the year (interim)		
- On equity shares	438.4	591.1
Dividend distribution tax	61.5	100.5
Transfer to General Reserve	34.2	86.3
Leaving balance to be carried forward to the next year	681.6	932.4

Your Directors have not recommended any final dividend for the year.

OPERATIONAL REVIEW

Company Performance

The general insurance industry has witnessed complete de-tariffing of price effective November 1, 2007 for all products except motor third party. The transition to total tariff free regime has impacted market growth, whereby the industry witnessed downward pressure on the pricing of fire, engineering and motor products and upward trend

in the pricing of health and marine products. ICICI Lombard has responded to these changes in the market by following a balanced approach in terms of increased focus on enhancing quality and maintaining its combined ratio. ICICI Lombard's approach in terms of right clientele and risk based pricing led to a marginal growth in the fire and engineering portfolio. Further, ICICI Lombard's focus on the non subsidized approach led to substantial growth in the health and marine portfolio. ICICI Lombard expects that the impact of de-tariffing would moderate in the near future.

Another major development during the year was the constitution of the Indian Motor Third Party Insurance Pool (IMTPIP) effective April 1, 2007 for covering third party risks for commercial vehicles. The IMTPIP is a multilateral reinsurance arrangement, in which all general insurance companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India ('GIC').

During fiscal 2008, ICICI Lombard has achieved a gross written premium of Rs. 33,444.2 million (excluding share of premium from motor third party pool) compared to Rs. 30,034.5 million for fiscal 2007 - a growth of 11%. ICICI Lombard's approach on risk based pricing and focus on combined ratio resulted in an increase in profit after tax from Rs. 683.6 million during fiscal 2007 to Rs. 1,028.7 million in fiscal 2008, a growth of 50.5%. During fiscal 2008, the number of policies sold increased to 3,526,961 compared to 3,136,478 in fiscal 2007, a growth of about 12%.

Information Technology

In the de-tariffed regime and with increased competition, profitability is driven by risk-based pricing. Applications like the "Sector Intelligence System" and "Physical Risk Rating System" have been built to provide specific inputs to the underwriting team to equip them with relevant information for risk management and underwriting. The data warehouse and business intelligence solutions have further strengthened the analytics and forecasting capabilities. ICICI Lombard has recently installed an actuarial software which will be useful in risk based pricing and claims reserving.

With the rapid increase in the distribution network to remote locations, the Point-of-Sale (ILPOS) application has reduced the dependency on internet connectivity. These applications allow policies to be issued in the offline mode which are synchronized with the central services. Further, ICICI Lombard's virtual presence has improved nationwide, with the "Dial-a-Policy" solution, which provides access to the customer through a single toll free number. For servicing customers, web-chat has also proven to be an efficient platform. ICICI Lombard will continue to explore various other technological solutions to augment its distribution network. ICICI Lombard is investing in new age technology platforms like Mobile Telephony, IPTV etc, to further build upon its leadership in providing innovative solutions to customers and agents.

ICICI Lombard has built robust systems for improving its servicing capabilities. The core policy administration system has been tested for its scalability. The Customer Relationship Management (CRM) tool with a single screen view of the customers' transactions enhances the servicing capabilities. The workflow system (ITS) enables end-to-end tracking of applications, ensuring quality service to the customers. The claims management system for various products facilitates prompt claim servicing in an efficient manner.

Customer Service

The past year has witnessed some high value claims in the industry. ICICI Lombard has leveraged its customer service teams coupled with loss minimization teams to service/minimize/mitigate all such losses.

ICICI Lombard has been able to match the rapid penetration of its distribution channels with significant geographical reach in claims servicing abilities, which extend to a number of international markets. Processes for timely servicing of customers at international locations with tie-up with surveyors' and ability to make payments at such locations are firmly in place.

ICICI Lombard remains committed to setting higher standards in terms of response time and providing immediate relief to the insured. It handled 812,096 claims during fiscal 2008.

Underwriting

The transition to a regime of complete price de-tariffing has led to multiple challenges for industry players with a paradigm shift in the approach to underwriting. Setting up systems and processes to adapt to the revised approach to underwriting, building up and retention of the underwriting talent pool, educating the front-end staff in the nuances of pricing and implementation of analytical tools for periodic portfolio review have been the key focus areas in the last financial year.

In order to build a distinctive expertise in customers servicing, ICICI Lombard has formed a focused Health and Accident Insurance team. This will provide a unified and seamless approach to the health and accident portfolio, inclusive of retail, group and mass health business. Underwriting of motor line will become sophisticated with the introduction of more rating factors to aid further classification of risk segments and appropriate pricing.

Reinsurance

ICICI Lombard reinsurance program is formulated in line with the guidelines of the Insurance Regulatory and Development Authority (IRDA), which aim at adequate risk coverage and optimum retention of premium within the country. ICICI Lombard has further augmented the fire, engineering and marine cargo insurance capacity keeping in mind the increased growth potential of the portfolio in the country. In order to mitigate the risk of a single large loss or catastrophe affecting retentions, ICICI Lombard continues to take excess of loss and catastrophe protection with a catastrophe cover limit to protect itself for a 1-in-500 year catastrophe event, based on exposure modeling by international agencies.

Capital

In order to meet the solvency requirements, ICICI Lombard raised private placements, aggregating to Rs. 0.99 billion including a premium of Rs. 0.83 billion, which was subscribed by its promoters - ICICI Bank Limited and Fairfax Financial Holdings Limited.

Registration

The certificate of registration of ICICI Lombard has been renewed by the Insurance Regulatory and Development Authority for the year 2008-09.

Employees

The employee base has grown to meet resource requirements in line with growth in business. The number of employees increased from 4,770 in fiscal 2007 to 5,570 in fiscal 2008. Over 95% of the employees are professionally qualified.

To achieve strong growth, ICICI Lombard further strengthened its human resource processes to enable staffing at all levels. ICICI Lombard believes that its value systems have been the largest contributor to its growth over the years. This has allowed ICICI Lombard an opportunity to recruit experienced people from diverse industries. Further, with a widening distribution network, employees are being recruited more for smaller towns than urban cities. ICICI Lombard believes that a deep non-metro presence will be the driver of its competitive advantage in the years ahead.

ICICI Lombard has focused on upgrading the skills of its employees. Towards this, a company wide training initiative "Deeksha" has been launched. The senior management has also gone through various leadership management programs. Further, training in processes, products as well as customer service is imparted by specialists at various locations to ensure consistent customer experience across all delivery channels.

Social Responsibility

ICICI Lombard issued more than 400,000 policies in rural areas, amounting to over 12% of total policies issued by it during the year under review and covered over 4.5 million lives under various health insurance schemes across the country. It also covered more than 100,000 lives falling within the norms of social business.

PUBLIC DEPOSITS

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

DIRECTORS

The Board, at its meeting held on November 28, 2007, appointed M. K. Sharma and Vishakha Mulye as additional Directors of the Company. In terms of Section 260 of the Companies Act, 1956, M. K. Sharma and Vishakha Mulye hold office as additional Directors upto the date of the forthcoming Annual General Meeting of the Company but are eligible for appointment.

Further, the Board, at its meeting held on November 28, 2007, approved the appointment of Vishakha Mulye as wholtime Director (designated as Executive Director) for a period of five years from November 28, 2007 till November 27, 2012. The appointment was subsequently approved by the Members and IRDA.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of ICICI Lombard, Kalpana Morparia, Dileep Choksi and H. N. Sinor will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS

The Joint Statutory Auditors, Lodha & Co., Chartered Accountants and N. M. Rajji & Co. Chartered Accountants, will retire at the ensuing Annual General Meeting. Lodha & Co. will complete their tenure of five years as statutory auditor of ICICI Lombard at the conclusion of the ensuing Annual General Meeting. As per the IRDA guidelines for appointment of statutory auditors of insurance companies, an audit firm, which completes a tenure of five years, should not accept statutory audit assignment of that insurance company for the next two years. Therefore Lodha & Co. are not 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 Lodha & Co. as statutory auditors.

On the basis of the recommendation of the Audit Committee, the Board, at its meeting held on April 24, 2008, proposed the appointment of PKF Sridhar & Santhanam, Chartered Accountants (in place of Lodha & Co., Chartered Accountants) and N. M. Rajji & Co., Chartered Accountants, as Joint Statutory Auditors to audit the accounts of ICICI Lombard for the financial year ending March 31, 2009. You are requested to consider their appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

During fiscal 2008 expenditure in foreign currencies amounted to Rs.1,609.8 million and earnings in foreign currencies amounted to Rs.1,434.4 million.

PERSONNEL AND OTHER MATTERS

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

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

AUDIT COMMITTEE

The Audit Committee consists of four Directors - S. Mukherji, James Dowd, Dileep Choksi and H. N. Sinor and is chaired by S. Mukherji. There were four meetings of the Committee during the year. The functions of the Committee include reviewing the quarterly and annual financial statements, internal control systems and significant accounting policies of ICICI Lombard and discussing the audit findings and recommendations of the internal and statutory auditors of ICICI Lombard.

EMPLOYEE STOCK OPTION SCHEME

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

Options granted 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 can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later.

On the basis of recommendation of the Board Governance Committee, the Board at its meeting held on April 24, 2008 approved a grant of 5.05 million options for fiscal 2008 to eligible employees (including 300,000 options granted to Sandeep Bakhshi, Managing Director & CEO and 275,000 options granted to Vishakha Mulye, Executive Director). Each option confers on the employee a right to apply for one equity share of face value of Rs. 10 at Rs. 200.

Particulars of options granted by ICICI Lombard upto March 31, 2008 are given below:

Options granted*	14,238,560
Options vested	3,136,624
Options exercised	857,772
Number of shares allotted pursuant to exercise of options	857,772
Options forfeited/lapsed	1,002,532
Extinguishment or modification of options	—
Amount realised by exercise of options (Rs.)	30,207,020
Total number of options in force	12,378,256

* includes 1,012,500 options granted to Sandeep Bakhshi, Managing Director & CEO.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of ICICI Lombard at the end of the financial year and of the profit or loss of ICICI Lombard for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956

for safeguarding the assets of ICICI Lombard and for preventing and detecting fraud and other irregularities; and

4. they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

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

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

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

For and on behalf of the Board

K. V. KAMATH
Chairman

Mumbai, May 29, 2008

management report



to the members

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

1. The Certificate of Registration under Section 3 of the Insurance Act, 1938 was granted by IRDA on August 03, 2001. The Company has obtained renewal of registration certificate from IRDA for the financial year 2008-09 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 is in accordance with statutory and regulatory requirements. We further confirm that there was no transfer of shares during the year;
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 other entities carrying on insurance business, interest and dividend accrued, cash and several items specified under other accounts except debt securities which are stated at amortised cost;
7. The entire gross risk exposure of the portfolio is consisting of fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, rural and credit insurance and other lines of business.;

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

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

While in property lines (Fire) the net retention has not exceeded Rs. 250 million on a PML basis (Previous year: Rs. 100 million) in any single risk, this also gets graded down to between Rs. 5 million to Rs. 250 million (Previous year: between Rs. 5 million to Rs.100 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 risks, a risk inspection is carried out, and on being satisfied about the acceptability of risk, the same is accepted. In addition various loss prevention / risk-mitigating measures are also suggested to the clients to help improve the risks.

8. We confirm that there are no operations of the Company outside India;
9. a) For ageing analysis of claims outstanding during the preceding five years, please refer Annexure 1.
b) For average claims settlement time during the preceding five years, please refer Annexure 2.
10. We certify that the Investments made in debt securities have been valued at historical cost subject to amortisation of premium / discount. The same is in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

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

Listed equity shares and convertible preference shares 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.

Unlisted equity shares are stated at/under cost.

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

In accordance with the Regulations, unrealized gain / loss arising due to changes in fair value of listed equity shares and mutual fund investments are not taken to revenue(s)/profit and loss account but are taken to the Fair value change account. This balance in the fair value change account is not available for distribution, pending realization.

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 recognized 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, 2008 amount to Rs. 23,737.60 million (Previous year: Rs. 17,104.68 million. Income from Investments amounted to Rs. 2,197.27 million (Previous year: Rs. 1,359.00 million). Unrealised gains/ (loss) on the balance sheet date amounted to (Rs 269.34) million (Previous year: (Rs 380.63) million).

Investments other than deposits with the banks, loans and units of mutual fund are only in regularly traded instruments in the secondary markets. Of the investments held in other than government securities, Rs. 3,573.95 million (Previous year: 1,988.76 million) is secured additionally by central government guarantees, 48.87% (Previous year 44.31%) is in AAA and equivalent rated securities and 4.80% (Previous year 3.74%) is in AA+/P1 rated security and the balance in equity, deposits and Mutual funds.

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, a conservative approach is adopted having regards to low risk tolerance level at the initial stage.

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 at the end of the financial year and of the operating profit and of the profit of the company for the year;
 - (c) the management has taken proper and sufficient care for the maintenance of adequate accounts records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - (d) the management has prepared the financial statements on a going concern basis;
 - (e) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.
13. For payments made to individuals, firms, companies and organizations in which Directors are interested, please refer to Annexure 3

For and on behalf of the Board

K. V. KAMATH
Chairman

KALPANA MORPARIA
Vice-Chairperson

S. MUKHERJI
Director

V. VAIDYANATHAN
Director

SANDEEP BAKSHI
Managing Director & CEO

VISHAKHA MULYE
Executive Director

RAKESH JAIN
Head -Corporate Centre & CFO

RAJESH SAXENA
Company Secretary

Mumbai, April 24, 2008

Annexure 1
Details of Claims Outstanding during the preceding five years
As on March 31, 2004

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Others		Grand Total			
	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.
30 days	35	28.6	95	16.6	1	0.8	37	0.6	694	16.8	—	—	—	—	63	23.1	—	0.2	213	13.8	1,000	28.7	107	5.4	2,245	134.6		
30 days to 6 months	66	210.3	317	45.7	3	17.3	7	0.8	136	16.0	—	—	—	—	140	49.4	—	—	390	13.3	520	12.7	237	72.6	1,816	481.1		
6 months to 1 year	52	287.0	127	48.8	1	3.5	1	0.2	15	3.0	—	—	—	—	56	25.8	—	—	7	3.9	13	0.1	65	9.3	337	381.7		
1 year to 5 years	25	40.1	1	0.1	—	—	—	—	2	1.3	—	—	—	—	20	6.1	—	—	1	0.9	—	—	7	3.7	56	52.2		
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Grand Total	178	568.0	540	111.2	5	21.6	45	1.7	846	37.1	—	—	—	—	279	104.4	—	0.2	611	31.9	1,533	41.5	416	91.0	4,463	1,006.6		

As on March 31, 2005

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Others		Grand Total			
	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.
30 days	109	83.5	231	42.8	10	9.7	2,041	57.9	17	15.4	—	0.7	—	—	134	32.5	1	1.7	361	27.6	1,632	55.6	116	29.6	4,652	357.6		
30 days to 6 months	157	325.2	410	61.3	26	40.4	1,233	53.3	73	37.2	—	—	—	—	290	104.9	—	—	557	35.5	612	12.0	333	40.6	3,694	710.7		
6 months to 1 year	50	53.6	119	23.9	9	23.8	154	6.9	32	10.5	1	0.3	—	—	69	93.0	—	—	97	7.9	28	0.5	94	8.6	654	230.8		
1 year to 5 years	41	269.8	19	12.1	—	—	—	—	13	6.3	—	—	—	—	25	10.3	—	—	8	1.6	—	—	28	23.0	139	324.4		
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Grand Total	357	732.1	779	140.1	45	73.9	3,433	119.5	135	69.4	1	1.0	4	2.6	518	240.7	1	1.7	1,023	72.6	2,272	68.1	571	101.8	9,139	1,623.5		

As on March 31, 2006

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Others		Grand Total			
	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.
30 days	69	54.9	344	82.3	5	11.9	4,325	141.3	131	179.7	—	1.4	—	—	85	45.1	3	44.4	455	153.2	5,396	175.9	444	44.4	11,237	934.5		
30 days to 6 months	192	1,273.4	454	61.5	16	829.0	1,722	125.3	388	116.4	7	0.2	—	—	251	183.7	1	3.4	677	43.7	1,823	33.5	1,015	124.3	6,546	2,794.4		
6 months to 1 year	98	422.9	116	15.4	19	145.1	153	15.1	225	67.4	—	—	—	—	101	96.9	—	—	113	9.3	167	26.9	299	46.5	1,292	846.0		
1 year to 5 years	35	135.6	23	35.6	27	51.4	36	5.4	79	30.1	—	—	—	—	54	35.4	—	—	10	2.0	131	1.8	66	13.9	461	311.2		
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Grand Total	394	1,886.8	937	194.8	67	1,037.4	6,236	287.2	823	383.4	7	1.6	1	0.5	491	361.1	4	47.8	1,235	208.2	7,517	238.1	1,824	229.1	19,536	4,886.0		

As on March 31, 2007

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Others		Grand Total			
	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.
30 days	71	477.7	729	49.8	3	0.5	13,623	514.6	528	473.2	2	0.1	—	—	84	213.1	—	2.2	890	284.7	9,832	470.3	449	183.2	26,211	2,669.4		
30 days to 6 months	201	623.9	1,094	165.6	28	33.2	6,024	371.1	3,377	632.6	19	1.0	3	8.2	359	201.3	—	—	1,291	134.7	5,444	321.0	1,262	581.7	19,042	3,074.2		
6 months to 1 year	161	359.9	303	73.6	17	161.8	369	10.5	929	189.2	—	—	—	—	165	181.2	2	3.4	17	2.4	593	15.1	420	93.3	2,977	1,090.7		
1 year to 5 years	76	946.8	73	27.8	36	551.0	120	4.7	551	108.6	—	—	—	—	98	103.9	2	43.1	1	0.1	140	3.1	135	16.3	1,233	1,805.9		
5 years and above	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Grand Total	509	2,408.3	2,189	316.8	84	746.5	20,136	900.9	5,335	1,403.6	21	1.1	5	9.0	706	699.5	4	48.7	2,199	421.9	16,009	809.5	2,266	874.5	49,463	8,640.2		

As on March 31, 2008

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability		Engineering		Aviation		Personal Accident		Health		Others		Grand Total			
	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.	No of Claims	Amt.
30 days	118	327.9	588	71.2	9	476.2	12,912	706.8	1,941	2,556.7	21	8.6	—	—	171	82.0	1	6.7	824	189.0	15,223	685.7	439	58.2	32,247	5,169.6		
30 days to 6 months	295	680.2	1,035	112.7	36	123.7	6,616	475.4	7,329	983.4	39	4.3	1	0.1	361	267.3	—	—	1,057	156.4	14,784	267.4	1,585	161.2	33,138	3,222.1		
6 months to 1 year	194	250.5	529	57.6	34	411.0	512	48.1	4,785	919.1	5	0.6	—	—	243	243.7	2	10.5	267	31.3	1,759	35.4	1,099	171.4	9,429	2,179.2		
1 year to 5 years	146	699.3	250	121.8	54	248.7	17	1.8	3,084	591.7	1	0.1	4	9.0	172	245.3	3	44.0	91	16.0	763	12.0	506	116.1	5,091	2,105.8		
5 years and above	4	5.8	—	—	—	—	—	—	1	0.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	5.9	
Grand Total	757	1,963.7	2,402	363.3	133	1,259.6	20,057	1,232.1	17,140	5,051.0	66	13.6	5	9.7	947	838.3	6	61.2	2,239	392.7	32,529	1,000.5	3,629	506.9	79,910	12,682.6		

management report



Continued

Annexure – 2

Details of Average Claim Settlement time for the preceding five years

Particulars	For the year ended March 31, 2008		For the year ended March 31, 2007		For the year ended March 31, 2006		For the year ended March 31, 2005		For the year ended March 31, 2004	
	No. of claims settled	Average Settlement Time								
Fire	1,636	129	1,605	111	2,138	92	832	110	308	102
Marine Cargo	12,992	75	13,858	53	9,500	51	7,725	51	3,408	31
Marine Hull	108	147	91	173	74	160	41	82	7	26
Motor	278,240	19	211,010	20	81,066	15	11,353	21	868	36
Workmen Compensation	389	26	262	13	338	12	281	9	150	9
Public/Product Liability	1	1	9	78	15	117	15	75	0	0
Engineering	1,755	144	1,572	119	1,897	112	1,709	94	591	76
Aviation	10	73	7	176	6	11	1	19	0	0
Personal Accident	15,744	35	23,949	58	19,359	32	5,533	38	3,716	65
Health	493,867	26	353,752	18	121,470	24	51,138	15	13,699	9
Others	7,354	68	7,273	64	7,702	65	6,342	40	740	42
Total Amount	812,096	26	613,388	22	243,565	25	84,970	25	23,487	26

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

Annexure 3

List of payments to parties in which Directors are interested

(Rs. in million)

Sl. No.	Entity in which Director is interested	Name of Director	Interested as	For the year March 31, 2008	For the year March 31, 2007
1	3i Infotech Limited	H. N. Sinor Vishakha Mulye	Director Director	58.1	13.2
2	Bata India Limited	M. K. Sharma	Director	37.1	36.1
3	Bhushan Steel and Scrips Limited	Sandeep Bakhshi	Director	127.4	4.9
4	CMC Limited	Kalpna Morparia	Director	41.3	86.8
5	CRISIL Limited	B. V. Bhargava H. N. Sinor	Director Director	11.9	0.8
6	Dr. Reddy Laboratories Company Limited	Kalpna Morparia	Director	7.3	11.2
7	Excel Crop Care Limited	B. V. Bhargava	Director	0.2	3.8
8	Grasim Industries Limited	B. V. Bhargava	Director	13.3	12.5
9	Gujarat Alkalies and Chemicals Limited	H. N. Sinor	Director	1.6	1.2
10	ICICI Bank Limited	K. V. Kamath M. K. Sharma V. Vaidyanathan	Director Director Director	2,214.2	2,481.9
11	ICICI Home Finance Company Limited	V. Vaidyanathan	Director	82.7	83.7
12	ICICI Prudential Life Insurance Company Limited	K. V. Kamath Kalpana Morparia	Director Director	56.8	36.0
13	ICICI Securities Limited	K. V. Kamath S. Mukherji V. Vaidyanathan Kalpana Morparia	Director Director Director Director	27.6	2.2
14	ICICI Securities Primary Dealership Limited	S. Mukherji Vishakha Mulye	Director Director	1.1	2.2
15	ICICI Venture Funds Management Co. Limited	H. N. Sinor	Director	0.5	1.3
16	Indian School of Business	K. V. Kamath	Director	0.3	—
17	J.K. Lakshmi Cement Limited	B. V. Bhargava	Director	—	1.6
18	L & T Infrastructure Finance Company Limited	B. V. Bhargava	Director	0.6	—
19	National Collateral Management Services Limited	H. N. Sinor	Director	6.7	5.2
20	National Commodity & Derivative – Exchange Limited	B. V. Bhargava	Director	2.1	1.3
21	NSE IT Limited	Dileep Choksi	Director	2.8	2.9
22	ICICI Prudential Asset Management Company Limited	K. V. Kamath Kalpana Morparia	Director Director	5.3	1.7
23	Raymond Limited	B. V. Bhargava	Director	0.3	0.9
24	Sanmar Group of Companies	M. K. Sharma	Director	2.0	2.3
25	SI Group – India Limited	B. V. Bhargava	Director	39.2	2.8
25	Singapore Realty Pvt. Limited	R. Athappan	Director	—	0.2
26	Supreme Industries Limited	B. V. Bhargava	Director	0.5	4.8
27	Tata Motors Finance Limited	H. N. Sinor	Director	—	0.1
28	Odyssey Re	James F Dowd	Director	65.4	83.8

auditors' report

to the Members of ICICI Lombard General Insurance Company Limited

We have audited the attached balance sheet of ICICI Lombard General Insurance Company Limited ('the Company') as at March 31, 2008, 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 ended on that date annexed thereto.

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

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

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

We report thereon as follows:

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
- As the Company's accounts are centralized and maintained at the Corporate office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company;
- The balance sheet, the revenue accounts, the profit and loss account and receipts and payments account referred to in this report are in agreement with the books of account;
- The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported (IBNER) at March 31, 2008 other than for reinsurance accepted from Indian Motor Third Party Insurance Pool has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDA and the Actuarial Society of India in concurrence with the IRDA; and
- On the basis of the written representations received from the directors of the Company, as on March 31, 2008 and taken on record by the Board of Directors, no director of the Company is disqualified as on March 31, 2008 from being appointed as director of the Company under clause (g) of sub-section (1) of Section 274 of the Act.

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

- Investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders/directions issued by IRDA in this regard;

- The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub-section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDA in this regard;
- The balance sheet, the revenue accounts, the profit and loss account and receipts and payments account referred to in this report comply with the accounting standards referred to under sub-section 3C of Section 211 of the Act;
- Proper books of accounts as required by law have been maintained by the Company so far as appears from our examination of those books; and
- The balance sheet, the revenue accounts, the profit and loss account and receipts and payments account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act, 1956 to the extent applicable, and in a manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
 - in the case of balance sheet, of the state affairs of the Company as at March 31, 2008;
 - in the case of revenue accounts, of the surplus or the deficit as the case may be, for the year ended on that date;
 - in the case of profit and loss account, of the profit for the year ended on that date; and
 - in the case of receipts and payments account, of the receipts and payments for the year ended on that date.

Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

- We have reviewed the management report attached to the financial statements for the year ended March 31, 2008 and there are no apparent mistakes or material inconsistency with the financial statements; and
- Based on the information and explanations received during the normal course of our audit and management representation by officers of the Company charged with compliance, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of the registration as stipulated by the IRDA.

For LODHA & CO.
Chartered Accountants

R. P. BARADIYA
Partner
Membership Number: 44101
Mumbai, April 24, 2008

For N. M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner
Membership Number: 37924

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, 2008, 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 dematerialized 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 Auditor's 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 LODHA & CO.
Chartered Accountants

R. P. BARADIYA
Partner
Membership Number: 44101
Mumbai, April 24, 2008

For N. M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner
Membership Number: 37924

balance sheet

profit and loss account



as at March 31, 2008

for the year ended March 31, 2008

Registration No. 115 dated August 3, 2001

Registration No. 115 dated August 3, 2001

Schedule	(Rs. in 000's)		Schedule	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007		As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS			1. Operating profit/(loss)		
Share capital	5	3,773,578	(a) Fire Insurance	160,455	738,455
Reserves and Surplus	6	6,986,011	(b) Marine Insurance	(381,160)	(120,373)
Share application money-pending allotment (Refer note 5.1.15)		—	(c) Miscellaneous Insurance	693,981	(388,930)
Fair value change account		(178,715)	2. Income from investments		
Borrowings	7	—	(a) Interest, Dividend & Rent – Gross	667,875	391,836
Total		10,580,874	(b) Profit on sale/redemption of investments	225,841	193,273
			Less : loss on sale/redemption of investments	(13,355)	(9,772)
			3. Other income		
			(a) Interest income on tax refund	2,027	1,976
			(b) Profit on sale of fixed assets	6	—
			Total (A)	1,355,670	806,465
APPLICATION OF FUNDS			4. Provisions (Other than taxation)		
Investments	8	23,737,603	(a) For diminution in the value of investments	47,509	—
Loans	9	—	(b) For doubtful debts	—	—
Fixed assets	10	1,253,088	(c) Others	—	—
Deferred tax asset (Refer note 5.2.11)		298,150	5. Other expenses		
Current assets			(a) Expenses other than those related to Insurance Business		
Cash and bank balances	11	1,363,317	(i) Employees' remuneration and welfare benefits	5,267	4,828
Advances and other assets	12	11,289,692	(ii) Directors' fees	660	400
Sub-Total (A)		12,653,009	(b) Bad debts written off	—	—
Current liabilities	13	17,362,211	(c) Loss on sale of fixed assets	—	26
Provisions	14	9,998,765	Total (B)	53,436	5,254
Sub-Total (B)		27,360,976	Profit before tax	1,302,234	801,211
Net current assets (C) = (A - B)		(14,707,967)	Provision for taxation:		
Miscellaneous expenditure (to the extent not written off or adjusted)	15	—	(a) Current tax	393,000	127,700
Debit balance in profit and loss account		—	(b) Deferred tax	(175,000)	(67,100)
Total		10,580,874	(c) Fringe benefit tax	55,500	57,000
				273,500	117,600
			Profit after tax	1,028,734	683,611
			Appropriations		
			(a) Interim dividends paid during the year	591,157	438,365
			(b) Proposed final dividend	—	—
			(c) Dividend distribution tax	100,467	61,481
			(d) Transfer to General Reserves	86,328	34,178
				777,952	534,024
			Balance of profit brought forward from last year	681,588	532,001
			Balance carried forward to balance sheet	932,370	681,588
			Basic earnings per share of Rs. 10 face value (refer note 5.2.10)	Rs. 2.76	Rs. 2.35
			Diluted earnings per share of Rs. 10 face value (refer note 5.2.10)	Rs. 2.74	Rs. 2.15
			Significant accounting policies & notes to accounts	16	

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

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

As per attached report of even date

For LODHA & CO.
Chartered Accountants

R. P. BARADIYA
Partner

Membership Number: 44101

For N. M. RAIJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

Membership Number: 37924

For and on behalf of the Board

K.V. KAMATH
Chairman

S. MUKHERJI
Director

SANDEEP BAKSHI
Managing Director & CEO

RAKESH JAIN
Head - Corporate Centre & CFO

KALPANA MORPARIA
Vice-Chairperson

V. VAIDYANATHAN
Director

VISHAKHA MULYE
Executive Director

RAJESH SAXENA
Company Secretary

Mumbai, April 24, 2008

revenue accounts

for the year ended March 31, 2008

Registration No. 115 dated August 3, 2001

(Rs. in 000's)

Particulars	Schedule	Fire	Marine	Miscellaneous	Total				
		2007-08	2006-07	2007-08	2006-07	2007-08	2006-07		
1. Premium earned (net)	1	1,086,452	698,236	183,046	122,366	14,402,350	9,845,858	15,671,848	10,666,460
2. Profit on sale/redemption of investments		15,384	15,977	5,322	3,381	329,311	243,900	350,017	263,258
Less : Loss on sale/redemption of investments		(910)	(808)	(315)	(171)	(19,474)	(12,332)	(20,699)	(13,311)
3. Others - Foreign exchange gain/(loss)		—	—	(2,293)	—	(1,039)	(4)	(3,332)	(4)
4. Interest, Dividend and Rent – Gross		45,493	32,392	15,737	6,854	973,866	494,474	1,035,096	533,720
Total (A)		1,146,419	745,797	201,497	132,430	15,685,014	10,571,896	17,032,930	11,450,123
1. Claims Incurred (net)	2	579,398	247,356	322,036	115,589	11,381,770	7,775,449	12,283,204	8,138,394
2. Commission (net)	3	(362,918)	(933,864)	(133,010)	(119,264)	(869,712)	(851,623)	(1,365,640)	(1,904,751)
3. Operating expenses related to insurance business	4	769,484	693,850	363,131	256,478	4,478,975	4,037,000	5,611,590	4,987,328
4. Premium deficiency		—	—	30,500	—	—	—	30,500	—
Total (B)		985,964	7,342	582,657	252,803	14,991,033	10,960,826	16,559,654	11,220,971
Operating Profit/(Loss) C = (A - B)		160,455	738,455	(381,160)	(120,373)	693,981	(388,930)	473,276	229,152
APPROPRIATIONS									
Transfer to Shareholders' Account		160,455	738,455	(381,160)	(120,373)	693,981	(388,930)	473,276	229,152
Transfer to Catastrophe Reserve		—	—	—	—	—	—	—	—
Transfer to Other Reserves		—	—	—	—	—	—	—	—
Total (C)		160,455	738,455	(381,160)	(120,373)	693,981	(388,930)	473,276	229,152

Significant accounting policies and notes to accounts

16

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

The schedules referred to above form an integral part of the revenue accounts.

As per attached report of even date

For LODHA & CO.
Chartered Accountants

R. P. BARADIYA
Partner

Membership Number: 44101

For N. M. RAJI & CO.
Chartered Accountants

JAYESH M. GANDHI
Partner

Membership Number: 37924

For and on behalf of the Board

K.V. KAMATH
Chairman

S. MUKHERJI
Director

SANDEEP BAKHSHI
Managing Director & CEO

RAKESH JAIN
Head - Corporate Centre & CFO

KALPANA MORPARIA
Vice-Chairperson

V. VAIDYANATHAN
Director

VISHAKHA MULYE
Executive Director

RAJESH SAXENA
Company Secretary

Mumbai, April 24, 2008

schedules



forming part of the financial statements

SCHEDULE - 1 PREMIUM

(Rs. in 000's)

Particulars	Fire		Marine			Miscellaneous							Total					
	2007-08	2007-08	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total Miscellaneous	2007-08	2007-08
Premium from direct business written-net of service tax	4,173,495	668,279	1,498,893	2,167,172	9,057,810	3,732,935	12,790,745	100,854	107,572	1,717,593	413,061	1,081,824	8,158,892	2,360,002	26,730,543	33,071,210		
Add: Premium on reinsurance accepted	208,969	4,440	73,923	78,363	6,953	2,563,287	2,570,240	95	774	77,532	186	—	—	2,829	2,651,656	2,938,988		
Less: Premium on reinsurance ceded	3,237,694	485,299	1,537,253	2,032,552	3,192,609	2,978,304	6,170,913	20,392	46,130	1,411,143	358,756	921,711	2,750,618	1,262,617	12,942,260	18,212,526		
Net premium	1,144,770	177,420	35,563	212,983	5,872,154	3,317,918	9,190,072	80,557	62,216	383,982	54,491	160,113	5,408,274	1,100,214	16,439,919	17,797,672		
Adjustment for change in reserve for unexpired risks	58,318	21,976	7,961	29,937	(617,796)	1,074,536	456,740	4,978	20,244	39,939	37,439	(42,516)	1,342,043	178,702	2,037,569	2,125,824		
Total premium earned (Net)	1,086,452	155,444	27,602	183,046	6,489,950	2,243,382	8,733,332	75,579	41,972	344,043	17,052	202,629	4,066,231	921,512	14,402,350	15,671,948		

(Rs. in 000's)

Particulars	Fire		Marine			Miscellaneous							Total					
	2006-07	2006-07	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total Miscellaneous	2006-07	2006-07
Premium from direct business written-net of service tax	3,938,319	562,199	990,160	1,552,359	10,062,014	1,363,467	11,425,481	82,652	82,121	1,735,206	320,690	1,133,667	6,649,724	2,970,455	24,399,996	29,890,674		
Add: Premium on reinsurance accepted	92,142	125	—	125	6,929	939	7,868	—	—	40,232	—	3,438	—	—	51,538	143,805		
Less: Premium on reinsurance ceded	3,379,209	432,443	957,750	1,390,193	3,326,556	450,770	3,777,326	16,754	63,044	1,440,237	326,541	946,372	2,395,961	1,792,127	10,757,362	15,526,764		
Net premium	651,252	129,881	32,410	162,291	6,742,387	913,636	7,656,023	65,898	19,077	335,201	(5,851)	191,733	4,253,763	1,178,328	13,694,172	14,507,715		
Adjustment for change in reserve for unexpired risks	(46,984)	29,542	10,383	39,925	1,893,136	252,375	2,146,511	12,300	24,038	58,429	(6,501)	8,365	1,194,505	411,667	3,848,314	3,841,255		
Total premium earned (Net)	698,236	100,339	22,027	122,366	4,849,251	661,261	5,510,512	53,598	(4,961)	276,772	650	183,368	3,059,258	766,661	9,845,858	10,666,460		

**SCHEDULE – 2
CLAIMS INCURRED (NET)**

(Rs. in 000's)

Particulars	Fire		Marine			Miscellaneous							Total				
	2007-08	2007-08	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total Miscellaneous	2007-08
Claims paid – Direct	2,549,150	332,915	611,024	332,915	943,949	4,557,633	639,866	5,197,499	17,880	567	734,521	21,539	964,207	4,884,418	771,259	12,591,890	16,084,989
Add: Re-insurance accepted	11,262	—	—	—	—	—	—	—	—	—	—	—	776	—	—	776	12,038
Less: Re-insurance ceded	2,188,422	312,381	445,956	312,381	758,337	1,572,287	186,596	1,758,883	3,576	114	604,205	18,743	822,801	1,005,984	469,679	4,683,985	7,630,744
Net Claims paid	371,990	20,534	165,078	20,534	185,612	2,985,346	453,270	3,438,616	14,304	453	130,316	2,796	142,182	3,878,434	301,580	7,908,681	8,466,283
Add: Claims Outstanding at the end of the year	378,194	141,877	92,148	141,877	234,025	905,575	4,100,013	5,009,588	11,819	1,768	153,506	7,300	158,376	795,897	266,717	6,404,971	7,017,190
Less: Claims Outstanding at the beginning of the year	170,786	21,938	75,663	21,938	97,601	676,033	1,121,888	1,797,721	276	1,066	119,317	2,719	172,197	657,381	181,205	2,931,882	3,200,269
Total claims incurred	579,398	140,473	181,563	140,473	322,036	3,218,888	3,431,995	6,650,483	25,807	1,155	164,505	7,377	128,361	4,016,950	387,092	11,381,770	12,283,204

(Rs. in 000's)

Particulars	Fire		Marine			Miscellaneous							Total				
	2006-07	2006-07	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total Miscellaneous	2006-07
Claims paid – Direct	1,653,376	527,851	527,851	484,610	982,461	2,922,480	131,259	3,053,739	8,337	190	429,969	50,842	783,865	3,975,522	727,643	9,030,107	11,665,944
Add: Re-insurance accepted	13,929	—	—	—	—	10,368	—	10,368	—	—	—	—	6,555	—	—	16,923	30,852
Less: Re-insurance ceded	1,522,798	407,297	407,297	443,763	851,060	915,298	32,002	947,300	1,667	154	371,301	48,982	587,016	794,737	388,851	3,140,018	5,513,876
Net Claims paid	144,507	120,554	120,554	10,947	131,401	2,017,550	99,257	2,116,807	6,670	36	58,668	1,850	203,404	3,180,785	338,792	5,907,012	6,182,920
Add: Claims Outstanding at the end of the year	170,786	75,663	75,663	21,938	97,601	676,033	1,121,888	1,797,721	276	1,066	119,317	2,719	172,197	657,381	181,205	2,931,882	3,200,269
Less: Claims Outstanding at the beginning of the year	67,837	88,654	88,654	24,759	113,413	374,791	193,478	568,269	1,564	386	45,253	534	134,743	206,826	105,870	1,063,445	1,244,795
Total claims incurred	247,356	107,563	107,563	8,026	115,589	2,318,792	1,027,467	3,346,259	5,382	716	132,732	4,035	240,658	3,631,340	414,127	7,775,449	8,138,394

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**SCHEDULE - 3
COMMISSION**

Particulars	Fire		Marine		Miscellaneous							Total				
	2007-08	2007-08	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering		Aviation	Personal Accident	Health Insurance	Others
Commission paid - Direct	328,328	83,486	18,848	102,334	795,780	975	256,329	795,780	8,472	7,485	145,300	12,241	78,557	710,380	347,623	2,105,838
Add: Commission on Re-insurance accepted	9,544	844	56	900	975	376,770	257,304	—	—	—	3,598	9	—	—	240	261,151
Less: Commission on Re-insurance ceded	700,790	112,703	123,541	236,244	948,518	376,770	1,325,288	1,325,288	3,851	6,370	389,331	14,291	167,656	1,148,910	181,004	3,236,701
Net Commission	(362,918)	(28,373)	(104,637)	(133,010)	(151,763)	(120,441)	(272,204)	(272,204)	4,621	1,115	(240,433)	(2,041)	(89,099)	(438,530)	166,859	(1,365,640)

(Rs. in 000's)

**SCHEDULE - 3 A
COMMISSION PAID - DIRECT**

Particulars	Fire		Marine		Miscellaneous							Total				
	2006-07	2006-07	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering		Aviation	Personal Accident	Health Insurance	Others
Commission paid - Direct	153,467	53,591	27,883	81,474	909,075	123,185	1,032,260	1,032,260	6,590	7,883	76,102	1,653	58,725	603,585	334,146	2,120,944
Add: Commission on Re-insurance accepted	9,814	16	—	16	2,078	282	2,360	2,360	—	—	3,781	—	371	—	—	6,512
Less: Commission on Re-insurance ceded	1,097,145	104,227	96,527	200,754	838,398	113,608	952,006	952,006	3,305	9,264	349,489	11,007	234,172	992,629	427,207	2,979,079
Net Commission	(933,864)	(50,620)	(68,644)	(119,264)	(72,755)	(9,859)	(82,614)	(82,614)	3,285	(1,381)	(269,606)	(9,354)	(175,076)	(389,044)	(83,061)	(851,623)

(Rs. in 000's)

**SCHEDULE - 3 A
COMMISSION PAID - DIRECT**

Particulars	2007-08	2006-07
Agents	380,664	263,164
Brokers	423,062	388,991
Corporate Agency	768,782	613,012
Referral	963,992	1,088,718
Total (B)	2,536,500	2,355,885

(Rs. in 000's)

SCHEDULE - 4 OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Particulars	Fire		Marine		Miscellaneous							Total				
	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Others	Miscellaneous	Total
	2007-08	2007-08	2007-08	2007-08	2007-08	2007-08	2007-08	2007-08	2007-08	2007-08	2007-08		2007-08	2007-08	2007-08	2007-08
Employees' remuneration & welfare benefits	381,313	136,947	198,005	827,570	341,061	1,168,631	9,215	9,828	156,929	37,739	98,841	745,440	215,623	2,442,246	3,021,564	
Travel, conveyance and vehicle running expenses	44,707	16,056	23,215	97,028	39,987	137,015	1,080	1,152	18,399	4,425	11,589	87,398	25,280	286,338	354,260	
Training expenses	2,272	364	1,180	4,932	2,032	6,964	55	59	935	225	589	4,442	1,285	14,554	18,006	
Rents, rates & taxes	61,764	9,890	32,072	134,047	55,244	189,291	1,493	1,592	25,419	6,113	16,010	120,744	34,926	395,588	489,424	
Repairs & Maintenance	35,096	5,620	18,225	76,170	31,391	107,561	848	905	14,444	3,474	9,097	66,611	19,846	278,107	378,107	
Printing & stationery	17,397	2,786	6,248	37,550	15,560	53,317	420	448	7,160	9,838	4,510	11,425	9,838	111,425	137,856	
Communication	50,703	8,119	18,210	110,041	45,351	155,392	1,225	1,307	20,867	5,018	13,143	99,121	28,671	324,744	401,776	
Legal & professional charges	99,294	4,663	15,121	63,201	26,046	89,247	704	751	11,984	2,882	7,548	56,929	16,467	186,512	300,927	
Auditors' fees, expenses etc.																
(a) as auditor		46	150	630	260	890	7	7	120	29	75	568	164	1,860	2,300	
(b) as adviser or in any other capacity, in respect of																
(i) Taxation matters	25	4	13	55	22	77	1	1	10	2	7	50	14	162	200	
(ii) Insurance matters	33	5	12	72	30	102	1	1	14	3	9	65	19	214	264	
(iii) Management services; and																
(c) in any other capacity																
Advertisement and publicity	12,896	2,065	6,696	27,988	11,534	39,522	312	332	5,307	1,276	3,343	25,210	7,292	82,594	102,186	
Interest & Bank Charges	9,464	1,515	3,399	20,540	8,465	29,005	229	244	3,895	937	2,453	18,502	5,352	60,617	74,995	
Others																
(a) Miscellaneous expenses	10,824	1,733	5,620	23,491	9,661	33,172	262	279	4,454	1,071	2,806	21,159	6,120	69,323	85,767	
(b) Business & Sales Promotion	16,767	2,685	8,707	36,391	14,997	51,388	405	432	6,901	1,660	4,346	32,779	9,481	107,392	132,866	
Depreciation	26,639	4,266	13,833	57,816	23,827	81,643	643	687	10,963	2,637	6,905	52,078	15,064	170,620	211,092	
Service tax on premium account																
Total	769,484	111,978	363,131	1,517,729	625,468	2,143,217	16,900	18,025	287,801	69,213	181,271	1,367,106	395,442	4,478,975	5,611,950	

Particulars	Fire		Marine		Miscellaneous							Total				
	Marine-Cargo	Marine-Others	Marine-Total	Motor-OD	Motor-TP	Motor-Total	Worksmens' Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident		Health Insurance	Others	Miscellaneous	Total
	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07		2006-07	2006-07	2006-07	2006-07
Employees' remuneration & welfare benefits	313,982	78,940	123,761	802,194	108,702	910,896	6,593	6,547	138,339	25,567	90,382	530,149	236,819	1,945,288	2,383,031	
Travel, conveyance and vehicle running expenses	35,901	5,125	14,151	91,724	12,429	104,153	753	749	15,818	2,923	10,334	60,618	27,078	222,426	272,478	
Training expenses	5,579	796	2,199	14,253	1,931	16,184	117	116	2,458	454	1,606	9,419	4,208	34,562	42,340	
Rents, rates & taxes	92,763	13,242	36,564	237,001	32,115	269,116	1,947	1,934	40,871	7,554	26,702	156,628	69,966	574,718	704,045	
Repairs & Maintenance	17,480	2,495	4,395	44,660	6,052	50,712	367	364	7,702	1,423	5,032	29,515	13,184	108,289	132,669	
Printing & stationery	15,696	2,239	3,944	40,077	5,431	45,508	329	327	6,911	1,277	4,515	26,466	11,831	97,184	119,053	
Communication	43,176	6,163	17,018	110,311	14,948	125,259	906	900	19,023	3,516	12,429	72,902	39,565	267,500	327,694	
Legal & professional charges	92,617	7,059	19,491	131,331	17,796	149,127	1,038	1,031	21,786	4,026	14,234	83,491	37,296	312,029	424,137	
Auditors' fees, expenses etc.																
(a) as auditor	264	38	104	673	91	764	6	5	116	21	76	445	199	1,632	2,000	
(b) as adviser or in any other capacity, in respect of																
(i) Taxation matters	25	4	11	67	9	76	1	1	12	2	8	44	20	164	200	
(ii) Insurance matters	59	8	23	151	21	172	1	2	26	5	17	100	45	388	450	
(iii) Management services; and																
(c) in any other capacity																
Advertisement and publicity	7,712	1,101	3,040	19,003	2,670	22,373	162	161	3,398	628	2,220	13,021	5,817	47,780	56,532	
Interest & Bank Charges	5,962	851	2,350	15,233	2,064	17,297	125	124	2,627	485	1,716	10,067	4,497	36,938	45,250	
Others																
(a) Miscellaneous expenses	6,379	911	2,515	16,298	2,208	18,506	134	133	2,811	519	1,806	10,771	4,811	39,521	46,415	
(b) Business & Sales Promotion	36,632	5,229	14,439	59,592	12,682	106,274	769	764	16,140	2,983	10,545	27,630	14,808	226,957	278,028	
Depreciation	19,633	2,803	7,739	50,159	6,797	56,956	412	409	8,650	1,599	5,651	33,149	14,808	121,634	140,006	
Service tax on premium account																
Total	693,650	92,885	256,478	1,667,427	225,946	1,893,373	13,656	13,567	286,688	52,962	187,303	1,098,657	490,774	4,037,000	4,987,328	

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SCHEDULE – 5 SHARE CAPITAL

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Authorised Capital		
450,000,000 (previous year : 450,000,000) Equity Shares of Rs. 10 each	4,500,000	4,500,000
Issued Capital		
377,357,772 (previous year : 335,707,532) Equity Shares of Rs. 10 each	3,773,578	3,357,075
Subscribed Capital		
377,357,772 (previous year : 335,707,532) Equity Shares of Rs. 10 each	3,773,578	3,357,075
Called up Capital		
377,357,772 (previous year : 335,707,532) Equity Shares of Rs. 10 each	3,773,578	3,357,075
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	3,773,578	3,357,075

Note:
Of the above, 278,610,000 shares are held by the holding company, ICICI Bank Limited (previous year : 247,900,000 shares)

SCHEDULE – 5A SHARE CAPITAL

Pattern of shareholding [As certified by the management]

Shareholder	As at March 31, 2008		As at March 31, 2007	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	278,610,000	73.83%	247,900,000	73.84%
- Foreign	97,890,000	25.94%	87,100,000	25.95%
Others - Employees	857,772	0.23%	707,532	0.21%
Total	377,357,772	100.00%	335,707,532	100.00%

SCHEDULE – 6 RESERVES AND SURPLUS

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
1. Capital Reserve	—	—
2. Capital Redemption Reserve	—	—
3. Share Premium (refer note 4.14)		
Opening balance	3,854,194	747,200
Additions during the year	2,078,941	3,117,688
Deductions during the period- share issue expenses	—	10,694
Closing balance	5,933,135	3,854,194
4. General Reserves		
Opening balance	34,178	—
Additions during the year	86,328	34,178
Deductions during the year	—	—
Closing balance	120,506	34,178
Less: Debit balance in Profit and Loss Account	—	—
Less: Amount utilized for Buy-back	—	—
5. Catastrophe Reserve	—	—
6. Other Reserves	—	—
7. Balance of Profit in Profit and Loss Account	932,370	681,588
Total	6,986,011	4,569,960

SCHEDULE – 7 BORROWINGS

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Debentures/Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others	—	—
Total	—	—

SCHEDULE – 8 INVESTMENTS

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Long term investments		
Government securities and Government guaranteed bonds including Treasury Bills (note 3 and 5 below)	6,436,861	4,980,758
Other Approved Securities (note 5 below)	1,174,154	437,718
Other Investments		
(a) Shares		
(aa) Equity	4,027,224	—
(bb) Preference	2,774	—
(b) Mutual Funds	—	—
(c) Derivative Instruments	—	—
(d) Debentures/Bonds (note 4 below)	1,939,573	2,471,515
(e) Other Securities	—	—
(f) Subsidiaries	—	—
(g) Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector	6,002,274	2,608,816
Other than Approved Investments	138,143	125,628
Short term investments		
Government securities and Government guaranteed bonds including Treasury Bills	948,928	798,930
Other Approved Securities	198,078	—
Other Investments		
(a) Shares		
(aa) Equity	—	2,034,364
(bb) Preference	—	—
(b) Mutual Fund units	—	—
(c) Derivative Instruments	—	—
(d) Debentures/Bonds	792,417	1,641,137
(e) Other Securities	—	—
(f) Subsidiaries	—	—
(g) Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector	450,339	1,491,209
Other than Approved Investments	1,626,838	514,610
Total investments	23,737,603	17,104,685

Notes:

- Aggregate book value of investments (other than listed equities) is Rs. 19,195,336 thousand (previous year: Rs. 14,741,211 thousand).
- Aggregate market value of investments (other than listed equities) is Rs. 19,152,405 thousand (previous year: Rs. 14,484,711 thousand).
- Includes investment of FRB GOI 2014 of Rs. 100,000 thousand under Section 7 of Insurance Act, 1938 (previous year: FRB GOI 2014 of Rs. 100,000 thousand).
- Includes investment at cost in ICICI Bank Limited, the holding company of Rs. Nil (previous year : Rs. 99,900 thousand).
- Investments in Oil & Food bonds have been reclassified to "Other approved securities".

SCHEDULE – 9 LOANS

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Security wise classification		
Secured		
(a) On mortgage of property		
(aa) In India	—	—
(bb) Outside India	—	—
(b) On Shares, Bonds, Govt. Securities	—	—
(c) Others	—	—
Unsecured	—	—
Total	—	—
Borrower wise classification		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
Total	—	—
Performance wise classification		
(a) Loans classified as standard		
(aa) In India	—	—
(bb) Outside India	—	—
(b) Non-performing loans less provisions		
(aa) In India	—	—
(bb) Outside India	—	—
Total	—	—
Maturity wise classification		
(a) Short Term	—	—
(b) Long Term	—	—
Total	—	—

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

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SCHEDULE – 10 FIXED ASSETS

(Rs. in 000's)

Particulars	Cost/Gross Block				Depreciation				Net Block	
	April 1, 2007	Additions	Deductions	March 31, 2008	April 1, 2007	For the year ended	On Sales/ Adjustments	March 31, 2008	March 31, 2008	March 31, 2007
Goodwill	—	—	—	—	—	—	—	—	—	—
Intangibles – Computer Software	272,275	117,766	—	390,041	106,836	57,722	—	164,558	225,483	165,439
Land – Freehold	—	—	—	—	—	—	—	—	—	—
Leasehold Property	—	—	—	—	—	—	—	—	—	—
Buildings	4,271	—	—	4,271	309	69	—	378	3,893	3,962
Furniture & Fittings	354,058	208,802	—	562,860	56,440	39,658	—	96,098	466,762	297,618
Information Technology Equipment	355,321	89,675	401	444,595	150,358	97,134	401	247,091	197,504	204,963
Vehicles	3,032	1,134	—	4,166	653	324	—	977	3,189	2,379
Office Equipment	165,663	90,925	—	256,588	19,824	16,185	—	36,009	220,579	145,839
Others	—	—	—	—	—	—	—	—	—	—
Total	1,154,620	508,302	401	1,662,521	334,420	211,092	401	545,111	1,117,410	820,200
Work in Progress	—	—	—	—	—	—	—	—	135,678	49,155
Grand total	1,154,620	508,302	401	1,662,521	334,420	211,092	401	545,111	1,253,088	869,355
Previous year	649,870	504,913	163	1,154,620	185,476	149,006	62	334,420	869,355	—

SCHEDULE – 11 CASH AND BANK BALANCES

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Cash (including cheques, drafts and stamps)	115,112	659,445
Balances with scheduled banks :		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	1,023,086	2,385,218
(bb) Others	—	—
(b) Current Accounts	225,119	434,335
(c) Others	—	—
Money at Call and Short Notice		
(a) With Banks	—	—
(b) With other institutions	—	—
Others	—	—
Total	1,363,317	3,478,998

SCHEDULE – 12 ADVANCES AND OTHER ASSETS

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Advances		
Reserve deposits with ceding companies	—	—
Application money for investments	—	14,626
Prepayments	72,585	116,648
Advances to Directors/Officers	—	—
Advance tax paid and taxes deducted at source (net of provision for tax)	170,821	41,907
Others		
– Sundry Deposits	161,690	131,285
	161,690	131,285
Total (A)	405,096	304,466
Other assets		
Income accrued on investments/deposits	529,129	422,694
Outstanding Premiums	4,571	5,784
Agents' Balances	—	—
Foreign Agencies' Balances	—	—
Due from other Entities carrying on Insurance business (net) (including reinsurers)	10,057,352	6,892,847
Due from subsidiaries/holding	—	—
Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938]	—	—
Others		
– Inter Corporate Deposit	56,500	40,000
– Service Tax unutilised credit	225,649	298,374
– Other receivables	11,395	—
	293,544	338,374
Total (B)	10,884,596	7,659,699
Total (A+B)	11,289,692	7,964,165

SCHEDULE – 13 CURRENT LIABILITIES

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Agents' Balances (regrouped from Sundry Creditors)	58,327	55,211
Balances due to other insurance companies (net)	344,601	45,813
Deposits held on re-insurance ceded	—	—
Premiums received in advance	1,331,553	1,043,131
Unallocated Premium	435,015	592,391
Sundry Creditors	1,288,390	1,055,202
Due to holding company	41,481	143,182
Claims Outstanding	12,692,757	8,640,180
Due to Officers/Directors	—	—
Others		
– Statutory Dues	124,690	109,687
– Salary Payable	2,492	1,028
– Collections –		
Environment Relief fund	50,565	39,291
– Book Overdraft	992,340	744,956
	1,170,087	894,962
Total	17,362,211	12,470,072

SCHEDULE – 14 PROVISIONS

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Reserve for unexpired risk	9,857,638	7,731,815
Reserve for premium deficiency	30,500	—
For taxation (less advance tax paid and taxes deducted at source)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	23,533
Others		
– Gratuity	23,676	12,031
– Leaves accrued	86,951	—
	110,627	12,031
Total	9,998,765	7,767,379

SCHEDULE – 15 MISCELLANEOUS EXPENDITURE

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Discount Allowed in 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, 2008

1 Background

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

2 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, and comply with the applicable 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 Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the IRDA in this behalf, the Companies Act, 1956 to the extent applicable in the manner so required and current practices prevailing within the insurance industry in India.

3 Use of estimates

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

4 Significant accounting policies

4.1 Revenue recognition

Premium income

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

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

Income from reinsurance ceded

Commission on reinsurance ceded is recognized as income during the period of ceding the risk.

Profit commission under reinsurance treaties, wherever applicable, is recognized 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 recognized on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities and non convertible preference shares is recognised over the holding/maturity period on a straight-line basis.

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

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

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

4.2 Premium received in advance

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

4.3 Reinsurance premium

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

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

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

4.5 Claims

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

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

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation. Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revaluated on availability of further information.

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

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 year in which they are incurred.

4.7 Premium deficiency

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

4.8 Investments

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

Classification

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

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

Valuation

Investments are valued as follows:

Debt securities and Non-convertible preference shares

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

Equity shares and Convertible preference shares

Listed equities and convertible preference shares 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.

Unlisted equities and convertible preference shares are stated at/under cost.

Mutual fund units

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

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

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 recognized in the revenue(s)/profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the investment is restated to that extent.

4.9 Employee Stock Option Scheme ("ESOS")

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

4.10 Fixed assets, Intangibles and Impairments

Fixed assets and depreciation

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

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

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

Leases

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

Intangibles

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

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

Impairment of assets

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

4.11 Employee benefits

Provident fund

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

Gratuity

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

Accrued leave

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

4.12 Foreign currency transactions

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

4.13 Taxation

Current tax

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

Deferred tax

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

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is

unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

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

Fringe benefit tax

Provision for fringe benefit tax is made on the basis of expenses incurred on employees/other expenses as prescribed under the Income Tax Act, 1961.

4.14 Share issue expenses

Share issue expenses are adjusted against share premium account.

4.15 Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

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

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

5 Notes to accounts

5.1 Statutory disclosures as required by IRDA

5.1.1 Contingent liabilities

(Rs. in 000's)

Particulars	As at March 31, 2008	As at March 31, 2007
Partly-paid up investments	NIL	15,600
Claims, other than those under policies, not acknowledged as debt	NIL	NIL
Underwriting commitments outstanding	NIL	NIL
Guarantees given by or on behalf of the Company	NIL	NIL
Statutory demands/liabilities in dispute, not provided for (see note below)	62,740	62,700
Reinsurance obligations to the extent not provided for in accounts	NIL	NIL
Others	NIL	NIL

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

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

5.1.3 Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 124,036 thousand (previous year: Rs. 36,830 thousand).

5.1.4 Commitment in respect of loans and investments is Rs. 5,000 thousand (previous year: Rs. 50,000 thousand).

5.1.5 Claims

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

(Rs. in 000's)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
In India	8,455,188	6,182,920
Outside India	11,095	NIL

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

Ageing of claims is set out in the table below:

(Rs. in 000's)

Particulars	As at March 31, 2008	As at March 31, 2007
More than six months	4,290,994	2,896,628
Others	8,401,763	5,743,552

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

schedules

5.1.6 Premium

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

(Rs. in 000's)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
In India	17,779,006	14,498,576
Outside India	18,666	9,139

5.1.7 The Company has recognized 0.6 percent (previous year: 0.8 percent) of the total premium earned from Miscellaneous - Engineering class of business based on varying risk pattern. The risk pattern is determined based on underwriting estimates, which are in turn based on project related information received from the customers.

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

Sector	For the year ended March 31, 2008				For the year ended March 31, 2007			
	GWP Rs. in 000's	No. of policies	No. of lives	% of GWP	GWP Rs. in 000's	No. of policies	No. of lives	% of GWP
Rural	2,447,805	438,816	—	6.80	2,055,033	454,098	—	6.84
Social	25,667	2	403,843	0.07	3,165	6	142,762	0.01
Urban	33,536,726	3,088,143	—	93.13	27,976,281	2,682,374	—	93.15
Total	36,010,198	3,526,961		100.00	30,034,479	3,136,478		100.00

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

Particulars	Basis	As at March 31, 2008		As at March 31, 2007	
		28%	72%	18%	82%
Fire	Total sum insured	28%	72%	18%	82%
Marine – Cargo	Value at risk	29%	71%	25%	75%
Marine – Hull	Value at risk	2%	98%	4%	96%
Miscellaneous					
– Engineering	Total sum insured	23%	77%	21%	79%
– Motor (refer note 5.2.3)	Total sum insured	60%	40%	67%	33%
– Workmen Compensation	Value at risk	80%	20%	80%	20%
– Public Liability	Value at risk	69%	31%	40%	60%
– Personal Accident	Value at risk	16%	84%	18%	82%
– Health	Value at risk	66%	34%	64%	36%
– Others	Value at risk	44%	56%	37%	63%

5.1.10 In accordance with regulatory guidelines, there is no premium deficiency on an overall basis in the miscellaneous segment, although there is a premium deficiency of Rs. NIL (previous year: Rs. 306,000 thousand) under the health sub-segment and Rs. NIL (previous year: Rs. 35,000 thousand) under the personal accident sub-segment within the miscellaneous segment.

5.1.11 Investments

Value of contracts in relation to investments for:

- Purchases where deliveries are pending Rs. NIL (previous year: Rs. 4,779 thousand); and
- Sales where payments are overdue Rs. NIL (previous year: Rs. NIL).

Historical cost of investments that are valued on fair value basis is Rs. 5,341,103 thousand (previous year: Rs. 2,673,107 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 shareholders, as applicable;
- Other investments have not been allocated between policy holders and shareholders as the same are not earmarked separately.

The Company does not have any investment property as at March 31, 2008 (previous year: Rs. NIL).

5.1.12 Employee Benefit Plans

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

(Rs. in 000's)

Reconciliation of Benefit Obligations and Plan Assets	For the year ended March 31, 2008	For the year ended March 31, 2007
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	35,479	21,188
Current Service Cost	18,801	11,793
Interest Cost	2,784	1,571
Actuarial Losses/(Gain)	11,130	1,217
Benefits Paid	(394)	(290)
Closing Defined Benefit Obligation	67,800	35,479
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	23,448	16,313
Expected Return on Plan Assets	1,933	1,580
Actuarial Gains/(Losses)	13,887	(107)
Contributions by Employer	5,250	5,952
Benefits paid	(394)	(290)
Closing Fair Value of Plan Assets	44,124	23,448

(Rs. in 000's)

Reconciliation of Present Value of the obligation and the Fair Value of the Plan Assets	As at March 31, 2008	As at March 31, 2007
Fair Value of Plan Assets at the end of the year	(44,124)	(23,448)
Present Value of the defined obligations at the end of the year	67,800	35,479
Liability recognised in the balance sheet	23,676	12,031
Investment details of Plan Assets		
100% Insurer Managed Funds	44,124	23,448
Assumptions		
Discount Rate	7.60% p.a.	8.00% p.a.
Expected Rate of Return on Plan Assets	8.50% p.a.	7.50% p.a.
Salary Escalation Rate	8.00% p.a.	7.00% p.a.

5.1.13 Allocation of income and expenses

Allocation of investment income

Investment income has been allocated between revenue account(s) and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders funds respectively; average being the balance at the beginning of the 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 written premium in each business class; and
- Depreciation expenditure has been allocated on the assessment that the use of assets is proportionate to gross written premium of the respective segments.

5.1.14 Managerial remuneration

The details of Managing and Executive director remuneration as per the terms of appointment are as under:

(Rs in 000's)		
Particulars (see note below)	For the year ended March 31, 2008	For the year ended March 31, 2007
Salaries and allowances	17,696	13,520
Contribution to provident and other funds	951	504
Perquisites	1,165	1,355

Note: Expenses towards gratuity and leave accrued are determined actuarially on an overall Company basis annually and accordingly have not been considered for the above disclosure. Stock options granted to the Managing Director under ESOS are set out in note 5.1.19.

5.1.15 Share Application

As at March 31, 2008 the Company had received share application money of Rs. NIL (previous year: Rs. 1,500,000 thousand) which is pending allotment.

5.1.16 Outsourcing, business development and marketing support expenses

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

(Rs. in 000's)		
Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
Outsourcing expenses	1,212,572	1,442,092
Business development	132,866	278,028
Marketing support	102,186	58,532

5.1.17 Summary of Financial Statements for the last five years:

(Rs. in 000's)					
Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Operating Result					
Gross premium written	36,010,198	30,034,479	15,919,959	8,851,671	4,912,240
Net premium income #	17,797,672	14,507,715	7,338,721	3,208,892	1,298,166
Income from Investments (net)@	1,364,414	783,667	520,809	237,597	88,374
Other income	(3,332)	(4)	726	(223)	1,104
Total income	19,158,754	15,291,378	7,860,256	3,446,266	1,387,644
Commissions (net of reinsurance commission)	(1,365,640)	(1,904,751)	(1,257,264)	(892,716)	(1,016,437)
Brokerage	—	—	—	—	—
Operating expenses	5,611,590	4,987,328	2,982,737	1,509,398	894,136
Claims, increase in Unexpired Risk Reserve & other outgoes	14,439,528	11,979,649	5,954,428	2,565,266	1,240,067
Operating Profit / loss	473,276	229,152	180,355	264,318	269,878
Non - Operating Result					
Total income under shareholder's account (net of expenses)	828,958	572,059	364,913	274,401	152,560
Profit / (loss) before tax	1,302,234	801,211	545,268	538,719	422,438
Provision for tax	273,500	117,600	42,200	55,250	104,600
Profit / (loss) after tax	1,028,734	683,611	503,068	483,469	317,838
Miscellaneous					
Policyholder's account:					
Total Funds	16,874,828	10,933,687	5,135,354	2,405,407	1,242,299
Total Investments	Not applicable as investments are not earmarked				
Yield on Investments	Not applicable as investments are not earmarked				
Shareholder's account:					
Total Funds	8,514,813	8,068,030	2,839,993	1,980,292	2,004,793
Total Investments	Not applicable as investments are not earmarked				
Yield on Investments	Not applicable as investments are not earmarked				
Paid up equity capital	3,773,578	3,357,075	2,450,000	2,200,000	2,200,000
Net worth *	10,759,589	9,427,035	3,729,201	2,494,041	2,259,324
Total assets	37,941,850	29,540,353	16,390,867	7,689,222	5,491,484
Yield on total Investments (annualized)	11%	10%	13%	13%	9%
Earnings per share (Rs.)	2.76	2.35	2.28	2.20	1.82
Book value per share (Rs.)	28.51	28.08	15.22	11.34	10.27
Total dividend (excluding dividend tax)	591,157	438,365	232,500	220,000	176,120
Dividend per share (Rs.)	1.60	1.50	1.00	1.00	1.00

Net of Reinsurance

@ Net of Losses

* Excluding Fair Value Change Account

5.1.18 Ratio Analysis:

Performance Ratio	Ratios as at March 31, 2008				Ratios as at March 31, 2007			
	Total	Fire	Marine	Misc.	Total	Fire	Marine	Misc.
Gross Premium Growth Rate	20%	9%	45%	20%	89%	29%	81%	105%
Gross Premium to average Shareholders Fund ratio	357%				515%			
Growth rate of Shareholders Funds	14%				6%			
Net Retention Ratio (net of XOL)	49%	26%	9%	56%	48%	16%	10%	56%
Net Commission Ratio	8%	32%	62%	5%	13%	14.3%	7.3%	6%
Expense ratio to Gross direct premium	17%				17%			
Combined ratio	60%				55%			
Technical ratio	127%				113%			
Underwriting balance ratio	(5%)	14%	(173%)	(3%)	(4%)	99%	(80%)	(8%)
Operating profit ratio	7%				6%			
Liquid asset to liability ratio	8%				32%			
Net earning ratio	6%				5%			
Return on Net worth	10%				9%			
Reinsurance Ratio	51%				52%			

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 are stated below:

Founder ESOPs:

Scheme	Others	Managing Director
Date of grant	April 26, 2005	April 26, 2005
No. of Options granted (in 000's)	854	63
Grant Price	Rs. 35	Rs. 35
Graded Vesting Period		
1st Year	50% of option	50% of option
2nd Year	50% of option	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):

Scheme	Others	Managing Director
Date of grant	2005 2006 2007	April 26, 2005 April 24, 2006 April 21, 2007
No. of Options granted (in 000's)	12,372	950
Grant Price	Rs. 35-Rs. 60	
Graded Vesting Period		
1st Year	20% of option	20% of option
2nd Year	20% of option	20% of option
3rd Year	30% of option	30% of option
4th Year	30% of option	30% of option
Maximum term of option granted	Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting	
Mode of settlement	Equity	

The estimated fair value computed on the basis of Black Scholes pricing model, of each stock option granted for Founder ESOPs and Performance ESOPs is within the range of Rs. 7.72 to Rs. 15.47 per option. Accordingly, compensation cost for the year ended March 31, 2008 would have been higher by Rs. 52,790 thousand and proforma profit after tax would have been

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Rs. 987,030 thousand. On proforma basis the Company's basic and diluted earnings per share would have been Rs. 2.65 and Rs. 2.63, respectively. The key assumptions used to estimate the fair value of options are:

Risk-free interest rate	6.39%	—	8.17% p.a.
Expected life	3	—	7 years
Expected volatility*	17.00%	—	20.00% p.a.
Expected dividend yield	1.00%	—	2.85% p.a.

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

A summary of status of Company's Employee Stock Option Scheme in terms of option granted, forfeited and exercised to employees is given below:
(Rs. in 000's)

Particulars	Other than Managing Director		Managing Director	
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
Outstanding at the beginning of the year	6,900	3,830	492	263
Add: Granted during the year	5,175	3,997	450	300
Less: Forfeited / lapsed during the year	487	291	NIL	NIL
Less: Exercised during the year	150	636	NIL	71
Outstanding at the end of the year	11,438	6,900	942	492
Exercisable at the end of the year	1,276	304	203	NIL

5.2 Other disclosures

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

Liability for IBNR including IBNER (excluding on IMTPIP) for the year ending March 31, 2008 has been estimated by the Appointed Actuary in compliance with the guidelines issued by IRDA vide circular no. 11/IRDA/ACTL/IBNR/2005-06 and applicable provisions of the Guidance Note 21 issued by the Actuarial Society of India.

The Appointed Actuary has adopted the Chain Ladder Method to those lines of business where claims development in the past years are thought to be representative for the future claims development and adopted Bornheutter-Ferguson method to those lines of business where claims development in the past years are not thought to be representative for the future claims development. Liability for IBNR including IBNER is created on re-insurance accepted from IMTPIP based on actuarial estimates received from the IMTPIP.

5.2.2 Contribution to terrorism pool

The Company in accordance with the requirements of IRDA has participated in contributing to the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of Rs. 6 billion.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly intimation/confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only upto December 31, 2007 (previous year: June 30, 2006) as per the last confirmation received and which has been carried forward to the subsequent accounting period as Unexpired Risk Reserve for subsequent risks, if any.

5.2.3 Contribution to Motor third party pool

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

The Company has ceded 100% of the third party premium collected to the pool and has recorded its share of results in the pool based on the intimation/confirmation received from GIC. Accordingly, re-insurance accepted on the pool has been recorded upto February 29, 2008.

5.2.4 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 0.10% 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.

5.2.5 Environment Relief Fund

An amount of Rs. 50,565 thousand (previous year: Rs. 39,291 thousand) collected towards Environment Relief fund under Public Liability policies has been disclosed under current liabilities and the same is invested in Government Securities.

5.2.6 Leases

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

Non Cancellable operating lease

The detail of future rentals payable are given below:

	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
a. not later than one year	609	609
b. later than one year and not later than five year	1,828	2,437
c. later than five years	NIL	NIL

An amount of Rs. 609 thousand (previous year: Rs. 120 thousand) towards lease payments has been recognised in the statement of revenue account.

5.2.7 Micro and Small scale business entities

There is no Micro, Small & Medium enterprise to which the Company owes dues, which are outstanding for more than 45 days during the year ended March 31, 2008. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

5.2.8 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 5.1.13 above.

Segmental Assets & Liabilities

Segment	Year	Current Liabilities			Current Assets
		Claims Outstanding	Unallocated Premium	Advance Premium	Outstanding Premium
		(Rs. in 000's)			
Fire	2007-08	1,963,736	—	—	2,049
	2006-07	2,408,215	—	—	—
Engineering	2007-08	838,273	—	—	1,413
	2006-07	699,547	—	—	4,776
Marine Cargo	2007-08	363,280	—	—	1,041
	2006-07	316,771	—	—	—
Marine Hull	2007-08	1,259,619	—	—	—
	2006-07	746,474	—	—	1,008
Motor OD	2007-08	1,232,085	—	—	—
	2006-07	900,992	—	—	—
Motor TP	2007-08	5,050,982	—	—	—
	2006-07	1,403,597	—	—	—
Workmen Compensation	2007-08	13,667	—	—	—
	2006-07	1,056	—	—	—
Public/Product Liability	2007-08	9,720	—	—	—
	2006-07	8,987	—	—	—
Personal Accident	2007-08	392,719	—	—	—
	2006-07	421,865	—	—	—
Aviation	2007-08	61,216	—	—	—
	2006-07	48,701	—	—	—
Health	2007-08	1,000,510	—	—	59
	2006-07	809,529	—	—	—
Others	2007-08	506,950	—	—	9
	2006-07	874,446	—	—	—
Total Amount	2007-08	12,692,757	—	—	4,571
	2006-07	8,640,180	—	—	5,784

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

Secondary reportable segments

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

5.2.9 Related party

Related parties, nature of relationship and description of transactions.

Name of the related party	Nature of relationship
ICICI Bank Limited	Holding Company
ICICI Venture Funds Management Company Limited	Fellow subsidiary
ICICI Securities Primary Dealership Limited	Fellow Subsidiary
ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary
ICICI Home Finance Company Limited	Fellow Subsidiary
ICICI Securities Limited	Fellow Subsidiary
ICICI Prudential Asset Management Co. Limited	Fellow Subsidiary
ICICI Bank UK PLC	Fellow Subsidiary
Fairfax Financial Holdings Limited	Associate
K. V. Kamath, Chairman Sandeep Bakhshi, Managing Director & CEO Vishakha Mulye, Executive Director (w.e.f. November 28, 2007)	Key Management Personnel (with whom transactions have taken place)

Details of transactions with related parties for the year ended March 31, 2008 are given below:

Particulars	(Rs. in 000's)						
	Holding Company	ICICI Home Finance Co. Ltd.	ICICI Securities Primary Dealership Ltd.	ICICI Prudential Life Insurance Co. Ltd.	Other Fellow subsidiaries	Associates	With Key Management Personnel
Premium income	974,825 (1,153,896)	105,892 (44,501)	3,225 (3190)	128,875 (11,778)	71,182 (18,306)	— (—)	144 (157)
Income from interest & dividend	50,396 (77,339)	— (—)	8,800 (5,810)	— (—)	416 (—)	— (—)	— (—)
Issue of Share Capital including premium	1,842,600 (2,960,000)	— (—)	— (—)	— (—)	— (—)	647,400 (1,040,000)	— (2,494)
Application Money received	— (1,110,000)	— (—)	— (—)	— (—)	— (—)	— (390,000)	— (—)
Purchase of fixed assets (including CWIP)	28,304 (900)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Claim payments	688,916 (722,021)	81,969 (83,720)	1,132 (2,170)	48,806 (20,823)	27,283 (3,596)	— (—)	— (—)
Commission/Brokerage payouts	911,656 (999,326)	744 (—)	— (—)	— (—)	5,745 (1,648)	— (—)	— (—)
Investment							
- Purchases	471,446 (1,241,041)	— (—)	703,379 (1,664,697)	249,487 (657,111)	750,323 (—)	— (—)	— (—)
- Sales	— (—)	— (—)	100,991 (100,132)	— (252,266)	— (—)	— (—)	— (—)
Premium Paid	— (—)	— (—)	— (—)	7,985 (15,132)	— (—)	— (—)	— (—)
Establishment & other expenditure	263,662 (579,081)	— (—)	— (—)	— (—)	— (—)	— (—)	19,812 (15,379)
Dividend paid	436,619 (323,750)	— (—)	— (—)	— (—)	— (—)	153,407 (113,750)	114 (107)

Figures in brackets represent previous year figures.

Balances with related parties as at March 31, 2008 are as under:

Particulars	(Rs. in 000's)						
	Holding Company	ICICI Home Finance Co. Ltd.	ICICI Securities Primary Dealership Ltd.	ICICI Prudential Life Insurance Co. Ltd.	Other Fellow subsidiaries	Associates	With Key Management Personnel
Assets							
Cash, Bank Balances & Deposits	222,270 (737,312)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Investments	— (99,900)	— (—)	100,000 (100,000)	— (—)	— (—)	— (—)	— (—)
Income accrued on investments	4,283 (22,737)	— (—)	5,810 (5,810)	— (—)	— (—)	— (—)	— (—)
Liabilities							
Capital	2,786,100 (2,479,000)	— (—)	— (—)	— (—)	— (—)	978,900 (871,000)	713 (713)
Application Money received	— (1,110,000)	— (—)	— (—)	— (—)	— (—)	— (390,000)	— (—)
Premium received in advance	100,215 (216,606)	16,370 (—)	259 (64)	3,791 (24,844)	3,875 (—)	— (—)	— (—)
Others liabilities/Payables	270,329 (208,601)	60,030 (51,621)	300 (222)	14,414 (5,866)	4,355 (692)	— (—)	— (4,200)

Figures in brackets represent previous year figures.

5.2.10 Details of earning per share for the year ended March 31, 2008

Particulars	(Rs. in 000's)	
	As at March 31, 2008	As at March 31, 2007
Profit available to equity shareholders	1,028,734	683,611
Weighted average number of equity shares		
Number of shares at the beginning of the year	335,708	245,000
Share issued during the year	41,650	90,708
Total number of equity share outstanding at the end of the year	377,358	335,708
Weighted average number of equity shares outstanding during the year	372,358	290,567
Add : Effect of dilutive issues of employee options and share application pending allotment	2,480	27,721
Diluted weighted average number of equity shares outstanding during the year	374,838	318,288
Nominal value of equity shares – Rs.	10	10
Basic earning per share – Rs.	2.76	2.35
Diluted earning per share – Rs.	2.74	2.15

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5.2.11 *Deferred taxes*

The major components of temporary differences resulting into deferred tax assets are as under:

Particulars	(Rs. in 000's)	
	Deferred tax asset as at March 31, 2008	Deferred tax asset as at March 31, 2007
Timing differences on account of:		
Reserve for Unexpired Risks	268,600	123,150
Leaves accrued	29,550	NIL
Total	298,150	123,150
Net deferred tax asset/(liability)	298,150	123,150
Deferred tax expense/(income) recognised in the Profit and Loss A/c.	(175,000)	(67,100)

5.2.12 Prior year figures have been regrouped, reclassified wherever necessary to conform to current year classifications.

For and on behalf of the Board

K.V. KAMATH
Chairman

KALPANA MORPARIA
Vice-Chairperson

S. MUKHERJI
Director

V. VAIDYANATHAN
Director

SANDEEP BAKHSHI
Managing Director & CEO

VISHAKHA MULYE
Executive Director

RAKESH JAIN
Head - Corporate Centre & CFO

RAJESH SAXENA
Company Secretary

Mumbai, April 24, 2008

receipts & payment account

for the year ended March 31, 2008

(Rs. in 000's)
Year ended
March 31,
2007

CASH FLOW FROM OPERATING ACTIVITIES

- Premium received from policyholders, including advance receipt	38,973,581		33,342,603	
- Premium received from co-insurer	3,716,516		1,916,183	
- Other receipts (Collection-Environment Relief Fund)	13,300		13,480	
- Payment to re-insurer net of commissions & claims	(9,874,105)		(5,578,586)	
- Payment to co-insurer net of claims recovery	(3,006,696)		(3,385,224)	
- Payments of Claims (Net of salvage)	(16,212,014)		(11,757,648)	
- Payments of Commission and brokerage	(3,035,051)		(2,292,550)	
- Payments of other operating expenses	(5,462,541)		(4,895,437)	
- Preliminary and pre-operative expenses	—		—	
- Deposits, advances & staff loans	459,230		634,786	
- Income tax paid (Net)	(576,741)		(181,826)	
- Service Taxes Paid	(2,277,157)		(2,455,392)	
- Other payments	—		—	
- Cash flows before extraordinary items		2,718,322		5,360,389
- Cash flows from extraordinary items		—		—

Net cash from operating activities

2,718,322 5,360,389

CASH FLOW FROM INVESTING ACTIVITIES

- Purchase of fixed assets (including Capital Advances)	(594,845)		(545,475)	
- Proceeds from sale of fixed assets	24	(594,821)	75	(545,400)
- Purchase of investments	(16,730,508)		(13,931,374)	
- Loans disbursed	—		—	
- Sale of investments	10,168,421		5,066,802	
- Repayments received	—		—	
- Rent/Interest/Dividends received	1,360,911		702,926	
- Investments in money market instruments and liquid Mutual fund (Net)	686,974		731,987	
- Expenses related to Investments	(5,267)	(4,519,469)	(4,828)	(7,434,487)

Net cash from investing activities

(5,114,290) (7,979,887)

CASH FLOW FROM FINANCING ACTIVITIES

- Proceeds from Issuance of Share Capital (including share premium & net of share issue expenses)	995,443		5,514,070	
- Proceeds from Borrowing	—		—	
- Interest/Dividend Paid (including dividend tax)	(715,157)		(493,493)	

Net cash flow from financing activities

280,286 5,020,577

Effect of foreign exchange rates on cash and cash equivalents, net

— —

Net increase/(decrease) in cash and cash equivalents

(2,115,682) 2,401,079

Cash and cash equivalents at the beginning of the year

3,478,998 1,077,919

* Cash and cash equivalents at end of the year

1,363,317 3,478,998

* Cash and cash equivalent at the end of the year includes short term deposits of Rs. 1,023,086 thousand (previous year: Rs. 2,385,218 thousand), balances with banks in current accounts Rs. 225,119 thousand (previous year: Rs. 434,335 thousand) and cash including cheques and Stamps in hand amounting to Rs. 115,112 thousand (previous year: Rs. 659,445 thousand).

As per attached report of even date

For LODHA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

R. P. BARADIYA
Partner
Membership Number: 44101

JAYESH M. GANDHI
Partner
Membership Number: 37924

For and on behalf of the Board

K.V. KAMATH
Chairman

KALPANA MORPARIA
Vice-Chairperson

S. MUKHERJI
Director

V. VAIDYANATHAN
Director

SANDEEP BAKHSHI
Managing Director & CEO

VISHAKHA MULYE
Executive Director

RAKESH JAIN
Head - Corporate Centre & CFO

RAJESH SAXENA
Company Secretary

Mumbai, April 24, 2008

