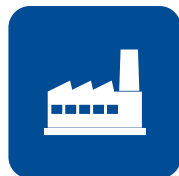
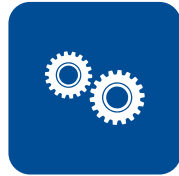




Royal Sundaram

General Insurance



ANNUAL REPORT 2008-09

Royal Sundaram Alliance Insurance Company Limited

Royal Sundaram Alliance Insurance Company Limited

Board of Directors

P M Venkatasubramanian	Chairman
S Viji	Director
T T Srinivasaraghavan	Director
A.Rangaswami	Director
R Haresh	Director
A V Rajwade	Director
Srinivas Acharya	Director
Paul Whittaker	Director
Scott John Pickering	Director
Gregory James Otterson	Director
Gareth Morgan Roberts	Director
Ajay Bimbhet	Managing Director

Audit Committee

P M Venkatasubramanian	Chairman
Srinivas Acharya	Director
Gregory James Otterson	Director
Ajay Bimbhet	Managing Director

Chief Financial Officer

Ramkumar Krishnamachari

Company Secretary

S R Balachandher

Statutory Auditors

M/s N C Rajagopal & Co. Chartered Accountants, Chennai
M/s Brahmayya & Co, Chartered Accountants, Vijayawada

Systems Auditors

M/s Tejas Brainware Systems (P) Ltd, Chennai

Internal Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai

Registered Office

21, Patullos Road, Chennai 600 002

Administrative / Corporate Office

“Sundaram Towers”
45 & 46 Whites Road, Chennai 600 014
Tel : 044-28517387 Fax : 044-28517376
Email : customer.services@royalsundaram.in

Regional Offices

Chennai, Gurgaon, Kolkata & Mumbai.

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DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Ninth Annual Report on the Business and Operations and the Audited Financial Statements of the Company for the year ended 31st March 2009.

Review of the Financial Performance for 2008/2009

The highlights of the Financial Results of the Company are:

	(Rupees in lakhs)	
	2008-09	2007-08
Gross Written Premium	80336	69441
Net Written Premium	66831	53306
Net Earned Premium	59806	44583
Net Incurred Claims	41235	29815
Net Commission – Outgo/(Income)	3206	1624
Expenses of Management	21955	17435
Underwriting Profit /(Loss)	(6590)	(4291)
Investment Income - Policyholders	5648	3509
General Insurance Results Profit /(Loss)	(942)	(782)
Investment Income - Shareholders	1908	1311
Other Income/(Outgo)	7	(52)
Profit Before Tax	973	477
Provision for taxation	(407)	(6)
Profit After Tax	566	471

Your Company achieved a Gross Written Premium of Rs. 803.36 cr. for 2008/2009 (previous year Rs.694.41 cr.), registering a growth of 16%. In 2008-09, the non-life Insurance Market in India grew by about 9% and the market share of the private companies increased marginally from 40% to 41%. Your Company's market share too went up marginally from 2.4% to 2.6% of the overall non-life business during the year.

The underwriting loss for 2008/2009 was Rs. 65.90 cr. (loss Rs.42.91 cr). The underwriting results are to be viewed against the backdrop of a considerable drop in the premium rates, consequent to de-tarrification in the Fire, Engineering and Motor segments (contributing nearly 70% of the total portfolio of your Company) and the absorption of our share of Motor Third Party Pool losses.

After considering the investment income of Rs.75.56 cr. (Rs.48.20 cr) and providing for other outgoings and taxes, amounting to Rs.4 cr. (Rs.0.58 cr), the net profit for the year amounted to Rs.5.66 cr (Rs. 4.71 cr).

Together with the PAT for the year, the total reserves of the Company as on 31st March 2009 stood at Rs.12.81 cr. (Rs. 7.15 cr).

DIRECTORS' REPORT

Market developments

2008-09 was the second full year of 'free price regime'. The Market witnessed another year of intense competition for commercial accounts, resulting in a further drop in premium rates leading to a strange situation where risk exposures were going up on the one hand, while on the other, the premium incomes continued to be under severe pressure.

The Motor Third Party Pool, created effective 1st April 07 to deal with 'Third party risks' of Commercial Motor Vehicle Insurances, continued for the second year in succession and the share of pool results – a loss of Rs.14.74 cr - impacted your Company's profit to that extent in the current financial year.

The year 2008-09 witnessed unprecedented slow down in economic activity across the Globe, triggered by the sub-prime crisis in the US, which set off a series of events that brought the world's leading economies to the brink. While the Indian Financial system exhibited robustness, the real economy took a beating with Automobiles, Textiles & Commodities sectors witnessing severe reduction in growth rates.

As a consequence, the non-life insurance market registered a further slow down in growth rates compared to previous years. The economic impact on the General Insurance Industry can be summed up as under: –

- Slow down in Auto sales – Commercial Vehicles (CV) witnessed 21% reduction, while Private Cars grew by a mere 1.5%, thereby impacting growth in Motor premiums.
- Major reduction in investments in the Real Estate, Infrastructure and Textile segments which directly impacted premium levels in Fire, Engineering & Group Health products.
- Slow down in the credit activities in the Banking sector impacted the growth in Personal line premiums.
- Adding to the economic slow down was the competitive environment in the General Insurance Industry putting further pressure on pricing levels especially in the Commercial segment, which witnessed discounts reaching unsustainable levels. All of the above have had a significant impact on the profitability of General Insurance Companies.

At Royal Sundaram, we firmly believe that profitable growth can be achieved by prudent risk selection and sound underwriting philosophy. Your Company has adopted this approach consistently in managing various businesses. We believe that the pricing in the commercial segment will soon find its own level once the competitive intensity settles down.

The Insurance Amendment Bill was placed before the Parliament during the year and the Bill has been referred to the Standing Committee for consideration. The Bill seeks to increase the FDI limit and contains other provisions relating to operational aspects of the Insurance Industry.

The year 2008-09 witnessed terrorist attacks on important landmarks in Mumbai during November 2008. The same has impacted all major insurance players. As a consequence the Terrorism cover rates have hardened and gone up by about 33%. Despite this, the need for terrorism cover can hardly be overemphasised.

The year also witnessed the Health segment recording high growth fuelled by increasing awareness and focus amongst various players. We believe that there is tremendous growth potential in this segment especially in the non-urban & rural areas. The segment also saw the advent of mono line health insurers stepping up their operations, in the backdrop of IRDA reducing the capital requirement for such players, signifying the increasing potential that this segment represents.

DIRECTORS' REPORT

Commercial Insurances

The Commercial Insurance Business, including Commercial Motor Business recorded a growth of 10%, resulting in a Gross Written Premium (including Reinsurance Inward Premium) of Rs.293.36 cr (Rs.266.06 cr).

The Commercial business market comprising of Commercial Vehicle, Fire, Engineering & Property, witnessed slow down in growth with CV growth declining by 21%. The Real Estate, Infrastructure & Engineering sectors saw severe pull back in fresh investments. All these have impacted our growth in these segments.

Post de-tariffing, the Commercial segment of the business has witnessed unsustainable premium rating levels, further aggravated by the competitive environment. The Commercial business is reflective of our risk appetite and strong underwriting philosophy. We have been able to maintain better retention ratios and demonstrate high servicing standards.

Personal Insurances

The Personal Insurances Business segment witnessed a growth of 19%, with Gross Written Premium at Rs.512.43 cr. (Rs.430.57 cr). Despite a significant drop in premium rates, the Motorcar Business grew by 29%, demonstrating the Company's capabilities to grow Motor Business in a focussed manner.

During the year, the Company executed a number of initiatives in expanding our channel concentration, developing the agency and Feet on Street (FOS) network, launching innovative health products and augmenting our online presence.

We continue to maintain and strengthen our relationship with key Bancassurance partners. The weak economic environment saw our banking partners scaling back their retail expansion plans, which in turn, has impacted our premium growth rates.

Rural and Social Sector

Your Company continued to surpass its obligations in the Rural sector, achieving a premium of Rs.63.79 cr. as against the Regulatory requirement of Rs. 48.24 cr. In the Social sector, we have covered 47,134 lives as against the Regulatory requirement of 35,000 lives.

Your Company continues to seek opportunities to develop Rural and Social sector business by launching simple and affordable insurance covers and focussing on developing rural specific channels.

Claims

Your Company continues to ensure prompt, efficient and timely settlement of claims and is striving to be 'Best in Class' on its Turn Around Times (TATs) in settlement of claims.

This has been possible through 'fast-tracking' simple, standard claims up to a threshold, constant training and empowering people, effectively using cashless facility through dealer and hospital networks as well as Third Party Administrators (TPAs). Our robust and well documented claims process ensures that all our customers are treated fairly and efficiently.

During 2008-09, 131,390 claims were settled, of which 82% were settled within a month and 97% were settled within 90 days (comparative ratios for 2007-08 are 78% and 95% respectively).

DIRECTORS' REPORT

Investments

Your Company earned an investment income of Rs.75.56 cr. including a profit on sale of investments to the tune of Rs.7 cr. for the year ended 31st March 2009 as against Rs.48.20 cr including a profit on sale of investments of Rs.1.74 cr. in the previous year. The yield on daily average funds improved to 9.4% as compared to 8.2% in the previous year.

During the year, the Company continued to adopt a cautious approach to equity investments due to volatile market conditions. The overall exposure to equities was less than 1% of the total Investment Assets.

The Company's total investments crossed the Rs. 750 cr. mark for the first time, during the year. The Investment portfolio increased from Rs.621 cr. in 2007/2008 to Rs.788 cr. in 2008/2009, an increase of 27%.

Technology

Given the focus on retail portfolio, your Company continues to attach great importance to the creation of a robust framework for delivering improved customer service. As part of the focus, your Company has introduced customer initiated web enabled transaction processing capabilities for retail products. The web site has also been enhanced with online renewal capabilities for retail products.

Your Company has also delivered enhancements and refinements to the E initiatives including:

- Extended capabilities for processing transactions for non-motor retail products
- Processing of retail products by intermediaries.

This has helped in improving the turn around time for policy processing as well as rationalisation of costs.

Your Company continues to harness technology as an enabler for improved customer service, additional controls, reducing non-value added processes as well as rationalisation of costs. New initiatives have been undertaken with this clear vision and are expected to result in a seamless customer experience across various channels.

Outlook for 2009-10

Our performance during 2008-09 has been gratifying under some very trying and challenging circumstances. The market is likely to witness heightened competition in 2009-10 with more players entering the scene. Stringent regulations coupled with a continued slow down in the economy will pose several challenges for the industry as a whole. In order to counter these challenges, your Company's strategy will involve strengthening distribution channels, maximising Retail potential and taking advantage of opportunities both in retail and personal lines to achieve business growth as well as profitability.

People

Your Company has 1159 employees as on 31st March 2009, an addition of 296 people from the 863 employees at the end of the previous year. Your Company continues to believe in constant training and enhancement of the skills of its people. This initiative includes sponsoring our employees to attend Training & Career Development Programs conducted both in India and abroad, to further improve domain & leadership expertise.

Capital

During the year, your Company made a Rights Issue to its existing Shareholders in the ratio of 4:17, comprising of 4,00,00,000 (Four Crore) equity shares of Rs.10/- each aggregating Rs.40 cr (Rupees Forty Crore). All the Shareholders subscribed to the issue and allotment of shares was completed on 26th March 2009. The paid-up share capital of your Company after the above Rights Issue is at Rs.210 cr.

DIRECTORS' REPORT

Dividend

Your Directors do not recommend any dividend on equity shares for the year under review.

Board of Directors

Mr Philip W Head and Mr Antony Jacob, Directors, relinquished their offices on 12th November 2008 and 5th February 2009 respectively. Your Directors place on record their sincere appreciation of the valuable contributions made by them during their tenure as Directors of your Company. Mr.Gregory James Otterson and Mr.Gareth Morgan Roberts were appointed as Additional Directors in terms of Section 260 of the Companies Act, 1956, on 12th November 2008 and 5th February 2009 respectively. They retire at the forthcoming Annual General Meeting and being eligible, offer themselves for appointment as Directors, subject to retirement by rotation.

Messrs.A.Rangaswami, T.T.Srinivasaraghavan, R.Haresh and Paul Whittaker, Directors of your Company, retire by rotation and being eligible, offer themselves for re-appointment.

Audit Committee

The Company's Audit Committee currently, comprises of the following Directors:

P.M.Venkatasubramanian	Chairman
Srinivas Acharya	Director
Gregory James Otterson	Director
Ajay Bimbhet	Managing Director

Meetings of the Board/Committees held during the year:

Board Meetings	5
Audit Committee Meetings	4
Investment Committee Meetings	3
Executive Committee Meetings	4

Internal Audit

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, were appointed as Internal Auditors of the Company for the year.

Statutory Auditors

M/s N.C.Rajagopal & Co., Chartered Accountants, Chennai and M/s Brahmayya & Co., Chartered Accountants, Vijayawada, the Joint Statutory Auditors of your Company, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Management Report

In accordance with Part IV, Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management Report forms part of the financial statements.

Particulars of Employees Remuneration under Section 217 (2A) of the Companies Act, 1956

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, are set out in the Annexure to this Directors' Report.

DIRECTORS' REPORT

Particulars regarding Conservation of Energy or Technology Absorption

The Company has no activity relating to conservation of energy or technology absorption and hence, the provisions of Section 217(1) (e) of the Companies Act, 1956 do not apply

Foreign Exchange earnings and outgo

The Company had foreign exchange earnings equivalent to Rs.18.97 cr. and the outgo amounted to Rs. 21.30 cr. for the year ended 31st March 2009.

Public Deposits

During the year under review, the Company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 and in accordance with the Insurance Act, 1938, with respect to Directors' Responsibility statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable accounting standards, principles and policies have been followed, along with a proper explanation relating to material departures if any;
- (ii) the Directors have adopted applicable 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 net profit of the Company for the year ended 31st March 2009;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Financial Statements on a 'going concern' basis.
- (v) an Internal Audit system, commensurate with the size and nature of the business, exists and is operating effectively.

Acknowledgement

Your Company thanks all the Members and Officials of the Insurance Regulatory and Development Authority (IRDA) and the General Insurance Council for their continued guidance and co-operation. Our thanks are also due to our Bankers, Distribution Partners, Reinsurers, Agents and Brokers for their valuable support to us.

Your Company is also highly appreciative of the support and co-operation extended by all the Shareholders from time to time. Our sincere thanks are also due to all our customers for their continued patronage.

We thank all the employees of the Company for their continued commitment, exemplary teamwork and excellent contribution, during the year.

For and on behalf of the Board

Place: Chennai
Date: May 6, 2009

P.M.Venkatasubramanian
Chairman

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED ("the Company") as at 31st March 2009 and the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account of the Company for the financial 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.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provisions of sub-sections (1), (2) and (5) of Section 211 and sub section (5) of Section 227 of the Companies Act, 1956 ("the Companies Act"), the Balance Sheet, the Revenue Accounts and the Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule VI to the Companies Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account are, therefore, drawn up in conformity with the Regulations.
4. We report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them satisfactory.
 - ii. In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books.
 - iii. The financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches.
 - iv. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account.
 - v. The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been duly certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such estimate are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority ('IRDA') and Actuarial Society of India in concurrence with IRDA. We have relied on the appointed Actuary's certificate in this regard.
 - vi. On the basis of the written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of section 274(1)(g) of the Companies Act.
5. In our opinion and to the best of our information and according to the information and explanations given to us:
 - i. The accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act and the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf. The Balance Sheet, the

AUDITORS' REPORT TO THE MEMBERS

Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act.

- ii. Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the Regulations.
 - iii. The said financial statements are prepared in accordance with the requirements of the Insurance Act, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Companies Act to the extent applicable and in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009
 - b) in the case of the Revenue Accounts, of the operating Profit / Loss for the financial year ended on that date;
 - c) in the case of the Profit and Loss Account, of the profit for the financial year ended on that date; and
 - d) in the case of the Receipts and Payments Account, of the receipts and payments for the financial year ended on that date.
6. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- i. We have reviewed the Management Report attached to the financial statements for the financial year ended 31st March 2009 and there is no apparent mistake or material inconsistency therein with the financial statements.
 - ii. The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated 23rd October, 2000.
 - iii. We have verified the cash balances at the corporate office of the Company and investments of the Company.
 - iv. The Company is not a trustee of any trust.
 - v. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to the application and investment of policyholders' funds.
 - vi. All expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts as expenses.

For N.C. Rajagopal & Co.
Chartered Accountants

For Brahmayya & Co
Chartered Accountants

Place: Chennai
Dated: May 6, 2009

V Anantharaman
Partner
Membership No: 11043

C Murali Krishna
Partner
Membership No: 20884

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009 (FIRE BUSINESS)

Form B - RA

Royal Sundaram Alliance Insurance Company Limited

Registration No. and Date of Registration with the IRDA : 102/23.10.2000

(Rs '000)

Particulars	Schedule	31st March 2009	31st March 2008
1 Premiums earned (Net)	1A	149,476	214,364
2 Profit/(Loss) on sale/redemption of Investments		3,026	881
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend Rs.39,851 thousand (Previous Year: Rs. 34,026 thousand)] (Refer note 17 of Schedule 17)		39,650	32,933
Total (A)		<u>192,152</u>	<u>248,178</u>
1 Claims Incurred (Net)	2A	76,312	92,922
2 Commission	3A	(34,622)	(66,003)
3 Operating Expenses related to Insurance Business	4	97,147	157,444
4 Premium Deficiency		-	-
Total (B)		<u>138,837</u>	<u>184,363</u>
Operating Profit/(Loss) from Fire Business C = (A-B)		<u>53,315</u>	<u>63,815</u>
Appropriations			
Transfer to Shareholders' Account		53,315	63,815
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		<u>53,315</u>	<u>63,815</u>
Significant accounting policies	16		
Notes to financial statements	17		

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Fire Business have been fully debited in the Fire Business Revenue Account as expenses.

Per our report of even date attached

For and on behalf of the Board of Directors

 For N.C.Rajagopal & Co.
Chartered Accountants

 For Brahmayya & Co.
Chartered Accountants

 PM Venkatasubramanian
Chairman

 Ajay Bimbhet
Managing Director

 V. Anantharaman
Partner
Membership No : 11043

 C Murali Krishna
Partner
Membership No : 20884

 AV Rajwade
Director

 A Rangaswami
Director

 Place: Chennai
Date : May 6, 2009

 Ramkumar Krishnamachari
Chief Financial Officer

 SR Balachandher
Company Secretary

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009 (MARINE BUSINESS)

Form B - RA

Royal Sundaram Alliance Insurance Company Limited

Registration No. and Date of Registration with the IRDA : 102/23.10.2000

(Rs '000)

Particulars	Schedule	31st March 2009	31st March 2008
1 Premiums earned (Net)	1B & 1C	75,383	45,303
2 Profit/(Loss) on sale/redemption of Investments		943	232
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend Rs.8,089 thousand (Previous Year: Rs. 6,098 thousand)] (Refer note 17 of Schedule 17)		8,027	5,810
Total (A)		84,353	51,345
1 Claims Incurred (Net)	2B & 2C	63,841	36,673
2 Commission	3B & 3C	3,172	(19,661)
3 Operating Expenses related to Insurance Business	4	35,472	29,913
4 Premium Deficiency		-	-
Total (B)		102,485	46,925
Operating Profit/(Loss) from Marine Business C = (A-B)		(18,132)	4,420
Appropriations			
Transfer to Shareholders' Account		(18,132)	4,420
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(18,132)	4,420
Significant accounting policies	16		
Notes to financial statements	17		

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Marine Business have been fully debited in the Marine Business Revenue Account as expenses.

Per our report of even date attached

For and on behalf of the Board of Directors

For N.C.Rajagopal & Co.
Chartered Accountants

For Brahmayya & Co.
Chartered Accountants

PM Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

V. Anantharaman
Partner
Membership No : 11043

C Murali Krishna
Partner
Membership No : 20884

AV Rajwade
Director

A Rangaswami
Director

Place: Chennai
Date : May 6, 2009

Ramkumar Krishnamachari
Chief Financial Officer

SR Balachandher
Company Secretary

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009 (MISCELLANEOUS BUSINESS)

Form B - RA

Royal Sundaram Alliance Insurance Company Limited

Registration No. and Date of Registration with the IRDA : 102/23.10.2000

(Rs '000)

Particulars	Schedule	31st March 2009	31st March 2008
1 Premiums earned (Net)	1D	5,755,701	4,198,680
2 Profit/(Loss) on sale/redemption of Investments		45,937	11,314
3 Others - Transfer fee and Duplicate fee		633	1,148
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend Rs.470,283 thousand (Previous Year: Rs. 312,566 thousand)] (Refer note 17 of Schedule 17)		467,235	298,534
Total (A)		6,269,506	4,509,676
1 Claims Incurred (Net)	2D	3,983,390	2,851,899
2 Commission	3D	352,077	248,105
3 Operating Expenses related to Insurance Business	4	2,062,881	1,556,160
4 Premium Deficiency		-	-
Total (B)		6,398,348	4,656,164
Operating Profit/(Loss) from Miscellaneous Business C = (A-B)		(128,842)	(146,488)
Appropriations			
Transfer to Shareholders' Account		(128,842)	(146,488)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(128,842)	(146,488)
Significant accounting policies	16		
Notes to financial statements	17		

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Miscellaneous Business have been fully debited in the Miscellaneous Business Revenue Account as expenses.

Per our report of even date attached

For and on behalf of the Board of Directors

 For N.C.Rajagopal & Co.
Chartered Accountants

 For Brahmayya & Co.
Chartered Accountants

 PM Venkatasubramanian
Chairman

 Ajay Bimbhet
Managing Director

 V. Anantharaman
Partner
Membership No : 11043

 C Murali Krishna
Partner
Membership No : 20884

 AV Rajwade
Director

 A Rangaswami
Director

 Place: Chennai
Date : May 6, 2009

 Ramkumar Krishnamachari
Chief Financial Officer

 SR Balachandher
Company Secretary

Form B - PL

Royal Sundaram Alliance Insurance Company Limited

Registration No. and Date of Registration with the IRDA : 102/23.10.2000

(Rs '000)

Particulars	Schedule	31st March 2009	31st March 2008
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		53,315	63,815
(b) Marine Insurance		(18,132)	4,420
(c) Miscellaneous Insurance		(128,842)	(146,488)
2 INCOME FROM INVESTMENTS			
(a) Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend Rs.172,102 thousand (Previous Year -- Rs. 131,733 thousand)] (Refer note 17 of Schedule 17)		170,771	125,515
(b) Profit on sale of investments	20,734		5,015
Less : Loss on sale of investments	(668)	20,066	-
3 OTHER INCOME (Interest on Income Tax refund and Interest on Staff Loan)		3,216	607
Total (A)		<u>100,394</u>	<u>52,884</u>
4 PROVISION (Other than taxation)			
a) For diminution in the value of investments			-
b) For doubtful debts			-
c) Others			-
5 OTHER EXPENSES			
a) Expenses other than those related to Insurance business - Filing fees etc.		2,827	3,127
b) Bad debts written off			-
c) Exchange loss		262	2,060
Total (B)		<u>3,089</u>	<u>5,187</u>
Profit Before Tax	(A - B)	97,305	47,697
Provision for Taxation			
- Current [including Wealth Tax Rs.28 thousand (Previous Year -- Rs.58 thousand)]		(51,528)	(76,058)
- Deferred		21,234	83,035
- Fringe Benefit Tax (Current year FBT includes Rs. 50 thousands relating to Prior year)		(10,380)	(7,533)
Profit after tax		<u>56,631</u>	<u>47,141</u>
Appropriations			
(a) Interim dividends paid during the year		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any Reserves or Other Accounts		-	-
Balance of Profit/(Loss) brought forward from last year		<u>71,538</u>	<u>24,397</u>
Balance carried forward to Balance Sheet		<u>128,169</u>	<u>71,538</u>
Significant accounting policies	16		
Notes to financial statements	17		

Per our report of even date attached

For and on behalf of the Board of Directors

For N.C.Rajagopal & Co.
Chartered AccountantsFor Brahmayya & Co.
Chartered AccountantsPM Venkatasubramanian
ChairmanAjay Bimbhet
Managing DirectorV. Anantharaman
Partner
Membership No : 11043C Murali Krishna
Partner
Membership No : 20884AV Rajwade
DirectorA Rangaswami
DirectorPlace: Chennai
Date : May 6, 2009Ramkumar Krishnamachari
Chief Financial OfficerSR Balachandher
Company Secretary

Form B - BS

Royal Sundaram Alliance Insurance Company Limited

Registration No. and Date of Registration with the IRDA : 102/23.10.2000

(Rs '000)

Particulars	Schedule	31st March 2009	31st March 2008
SOURCES OF FUNDS			
SHARE CAPITAL	5	2,100,000	1,700,000
SESERVES AND SURPLUS	6	128,169	71,538
FAIR VALUE CHANGE ACCOUNT		(28,598)	(9,589)
BORROWINGS	7	-	-
TOTAL		2,199,571	1,761,949
APPLICATION OF FUNDS			
INVESTMENTS	8	7,775,394	5,590,331
LOANS	9	-	-
FIXED ASSETS	10	175,084	191,424
Deferred Tax Assets - Net (Refer note 8(a) of Schedule 17)		104,269	83,035
CURRENT ASSETS			
Cash and Bank Balances	11	382,378	922,937
Advances and Other Assets	12	1,608,291	1,028,826
Sub- Total (A)		1,990,669	1,951,763
CURRENT LIABILITIES			
	13	4,085,583	3,063,668
PROVISIONS	14	3,760,262	2,990,936
Sub - Total (B)		7,845,845	6,054,604
NET CURRENT ASSETS (C)=(A-B)		(5,855,176)	(4,102,841)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		-	-
TOTAL		2,199,571	1,761,949
Significant accounting policies	16		
Notes to financial statements	17		

Per our report of even date attached

For and on behalf of the Board of Directors

 For N.C.Rajagopal & Co.
Chartered Accountants

 For Brahmayya & Co.
Chartered Accountants

 PM Venkatasubramanian
Chairman

 Ajay Bimbhet
Managing Director

 V. Anantharaman
Partner
Membership No : 11043

 C Murali Krishna
Partner
Membership No : 20884

 AV Rajwade
Director

 A Rangaswami
Director

 Place: Chennai
Date : May 6, 2009

 Ramkumar Krishnamachari
Chief Financial Officer

 SR Balachandher
Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(Rs '000)	
	31st March 2009	31st March 2008
SCHEDULE 1A		
PREMIUM EARNED (NET) -- FIRE BUSINESS		
Premium from direct business written	488,418	688,708
Add: Premium on reinsurance accepted	17,271	14,525
Less: Premium on reinsurance ceded	(374,937)	(446,067)
Net Premium	<u>130,752</u>	<u>257,166</u>
Adjustment for change in reserve for unexpired risks	18,724	(42,802)
Total Premium Earned (Net)	<u>149,476</u>	<u>214,364</u>
SCHEDULE 1B		
PREMIUM EARNED (NET) -- MARINE CARGO BUSINESS		
Premium from direct business written	194,990	190,769
Add: Premium on reinsurance accepted	-	367
Less: Premium on reinsurance ceded	(96,414)	(140,584)
Net Premium	<u>98,576</u>	<u>50,552</u>
Adjustment for change in reserve for unexpired risks	(24,012)	(5,396)
Total Premium Earned (Net)	<u>74,564</u>	<u>45,156</u>
SCHEDULE 1C		
PREMIUM EARNED (NET) -- MARINE HULL BUSINESS		
Premium from direct business written	4,696	4,724
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(4,573)	(3,905)
Net Premium	<u>123</u>	<u>819</u>
Adjustment for change in reserve for unexpired risks	696	(672)
Total Premium Earned (Net)	<u>819</u>	<u>147</u>
SCHEDULE 1D		
PREMIUM EARNED (NET) -- MISCELLANEOUS BUSINESS		
Premium from direct business written	7,345,500	6,059,910
Add: Premium on reinsurance accepted	661,803	518,882
Less: Premium on reinsurance ceded	(1,553,636)	(1,556,686)
Net Premium	<u>6,453,667</u>	<u>5,022,106</u>
Adjustment for change in reserve for unexpired risks	(697,966)	(823,426)
Total Premium Earned (Net)	<u>5,755,701</u>	<u>4,198,680</u>

All premium written, less reinsurance, is from business in India.



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 2A		
CLAIMS INCURRED (NET) -- FIRE BUSINESS		
Claims paid		
Direct	292,592	296,295
Add: Reinsurance accepted	4,391	55
Less: Reinsurance ceded	(226,258)	(218,273)
Net Claims paid	70,725	78,077
Add: Claims outstanding at the end of the year	69,767	64,180
Less: Claims outstanding at the beginning	(64,180)	(49,335)
Total Claims Incurred	76,312	92,922
SCHEDULE 2B		
CLAIMS INCURRED (NET) -- MARINE CARGO BUSINESS		
Claims paid		
Direct	86,670	237,540
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	(44,181)	(188,399)
Net Claims paid	42,489	49,141
Add: Claims outstanding at the end of the year	66,022	44,670
Less: Claims outstanding at the beginning	(44,670)	(57,138)
Total Claims Incurred	63,841	36,673
SCHEDULE 2C		
CLAIMS INCURRED (NET) -- MARINE HULL BUSINESS		
Claims paid		
Direct	-	-
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	-	-
Net Claims paid	-	-
Add: Claims outstanding at the end of the year	-	-
Less: Claims outstanding at the beginning	-	-
Total Claims Incurred	-	-
SCHEDULE 2D		
CLAIMS INCURRED (NET) -- MISCELLANEOUS BUSINESS		
Claims paid		
Direct	3,569,663	2,741,954
Add: Reinsurance accepted	38,456	1,059
Less: Reinsurance ceded	(607,882)	(568,016)
Net Claims paid	3,000,237	2,174,997
Add: Claims outstanding at the end of the year	2,917,508	1,934,355
Less: Claims outstanding at the beginning	(1,934,355)	(1,257,453)
Total Claims Incurred	3,983,390	2,851,899

All claims paid, less reinsurance, are to claimants in India.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 3A		
COMMISSION -- FIRE BUSINESS		
Commission paid		
Direct	46,706	61,810
TOTAL	46,706	61,810
Add: Commission on Reinsurance Accepted	178	422
Less: Commission on Reinsurance Ceded	(81,506)	(128,235)
Net Commission	(34,622)	(66,003)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	8,580	14,474
Brokers	24,109	40,298
Corporate Agency	14,017	7,038
Referral	-	-
Others	-	-
TOTAL	46,706	61,810
SCHEDULE 3B		
COMMISSION -- MARINE CARGO BUSINESS		
Commission paid		
Direct	21,009	19,768
TOTAL	21,009	19,768
Add: Commission on Reinsurance Accepted	-	59
Less: Commission on Reinsurance Ceded	(16,831)	(38,640)
Net Commission	4,178	(18,813)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	9,046	7,690
Brokers	11,424	11,242
Corporate Agency	539	836
Referral	-	-
Others	-	-
TOTAL	21,009	19,768

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 3C		
COMMISSION -- MARINE HULL BUSINESS		
Commission paid		
Direct	-	-
TOTAL	-	-
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(1,006)	(848)
Net Commission	(1,006)	(848)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	-	-
Brokers	-	-
Corporate Agency	-	-
Referral	-	-
Others	-	-
TOTAL	-	-
SCHEDULE 3D		
COMMISSION -- MISCELLANEOUS BUSINESS		
Commission paid		
Direct	546,068	500,838
TOTAL	546,068	500,838
Add: Commission on Reinsurance Accepted	66,088	52,071
Less: Commission on Reinsurance Ceded	(260,079)	(304,804)
Net Commission	352,077	248,105
Break-up of the expenses (Gross) incurred to procure business :		
Agents	77,438	49,474
Brokers	52,649	34,654
Corporate Agency	415,981	416,710
Referral	-	-
Others	-	-
TOTAL	546,068	500,838

Break up Schedule for All Business

(For the year ended 31st March 2009)

(Rs. '000)

Particulars	Fire Revenue Account			Marine Revenue Account						Miscellaneous Revenue Account										Grand Total	
	31st March 2009	31st March 2008	31st March 2009	Marine Cargo	Marine Hull	Marine Total	Motor	Workmen's Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Miscellaneous Total	31st March 2009	31st March 2008					
Premium from direct business written	488,418	688,708	194,990	190,769	4,696	4,724	199,686	195,493	47,921	411,995	280,191	1,087,820	154,602	7,345,500	8,033,604	6,944,111					
Add: Premium on reinsurance accepted	17,271	14,525	367	367	-	367	654,800	511,581	80	5,848	289	650	4	661,803	679,074	533,774					
Less: Premium on reinsurance ceded	(374,937)	(446,067)	(96,414)	(140,584)	(4,573)	(3,905)	(100,987)	(144,489)	(25,157)	(284,886)	(36,378)	(163,245)	(39,737)	(1,555,636)	(2,029,560)	(2,147,242)					
Net Premium	130,752	257,166	98,576	50,552	123	819	98,699	51,371	22,844	96,223	244,102	925,225	114,865	6,453,667	5,022,106	6,683,118					
Adjustment for change in reserve for unexpired risks	18,724	(42,802)	(24,012)	(5,396)	(672)	(6,068)	(652,335)	(676,556)	(3,913)	3,411	(25,222)	(94,727)	(7,428)	(697,966)	(823,426)	(872,296)					
Total Premium Earned (Net)	149,476	214,364	74,564	45,156	819	147	75,383	45,303	18,931	99,634	254,679	830,498	107,437	5,755,701	4,198,680	4,458,347					
Claims Incurred (Net)	292,592	296,295	86,670	237,540	-	86,670	2,745,146	2,120,914	1,359	115,488	141,665	395,630	53,833	3,569,663	2,741,954	3,275,789					
Claims paid	4,391	55	-	-	-	-	38,284	-	48	50	13	808	-	38,156	1,060	42,847					
Add: Reinsurance accepted	(226,258)	(218,273)	(44,181)	(188,399)	-	(44,181)	(88,399)	(387,919)	(1,372)	(80,707)	(21,667)	(70,173)	(12,622)	(607,882)	(568,017)	(974,689)					
Less: Reinsurance ceded	70,725	78,077	42,489	49,141	-	42,489	49,141	1,732,995	(13)	34,829	120,011	326,265	41,211	3,000,237	2,174,997	2,302,215					
Net Claims paid	69,767	64,180	66,022	44,670	-	66,022	2,508,974	1,540,219	4,280	58,049	173,350	113,728	54,102	2,917,508	1,934,355	2,043,205					
Add: Claims remaining unpaid at the end of the year	(64,180)	(49,335)	(44,670)	(57,138)	-	(44,670)	(57,138)	(1,540,219)	(4,362)	(37,058)	(174,815)	(129,164)	(44,991)	(1,934,355)	(1,257,453)	(1,363,926)					
Less: Claims remaining unpaid at the beginning of the year	76,312	92,922	63,841	36,673	-	63,841	3,325,999	2,285,551	(95)	55,820	118,546	371,920	50,322	3,983,390	2,851,899	2,981,494					
Total Claims Incurred	511%	43.3%	85.6%	81.2%	0.0%	84.7%	81.0%	77.9%	7.1%	56.0%	46.5%	44.8%	46.8%	69.2%	67.9%	66.9%					
Commissions	46,706	61,810	21,009	19,768	-	21,009	19,768	339,181	4,076	20,480	34,700	126,975	6,154	546,068	500,839	582,417					
Commission paid	46,706	61,810	21,009	19,768	-	21,009	19,768	339,181	4,076	20,480	34,700	126,975	6,154	546,068	500,839	582,417					
Direct	178	422	59	59	-	59	65,480	51,158	16	608	763	130	1	66,088	52,070	52,551					
Add: Commission on reinsurance accepted	(81,506)	(128,235)	(16,831)	(38,640)	(1,006)	(848)	(17,837)	(39,488)	(3,988)	(75,384)	(6,184)	(22,816)	(7,719)	(240,079)	(304,804)	(472,527)					
Less: Commission on reinsurance ceded	(34,622)	(66,003)	4,178	(18,813)	(1,006)	(848)	3,172	(19,661)	104	(54,296)	28,516	86,294	(1,565)	352,077	246,105	162,441					
Net commission	97,147	157,444	34,750	29,250	722	663	35,472	29,913	6,892	79,932	84,673	346,960	46,193	2,062,881	1,556,160	1,743,517					
Operating Expenses																					

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1 Employees' remuneration and welfare benefits	624,894	423,596
2 Travel, conveyance and vehicle running expenses	55,045	41,775
3 Training expenses	5,908	10,515
4 Rents, rates and taxes	104,637	86,413
5 Repairs and maintenance	21,534	17,917
6 Printing and stationery	37,691	41,571
7 Communication	57,081	51,791
8 Legal and professional charges	11,327	10,972
9 Auditors' fees and expenses		
(a) as auditors	950	800
(b) as adviser or in any other capacity, in respect of		
(i) Taxation matters	200	200
(ii) Insurance matters	-	-
(iii) Management services	-	-
(c) in any other capacity - certification	385	310
(d) out of pocket expenses	101	100
10 Advertisement and publicity	110,667	87,122
11 Bank charges	14,513	13,186
12 Others		
- Data processing and outsourcing expenses	577,566	380,520
- Marketing and related expenses	313,831	379,948
- Software and Hardware maintenance charges	90,623	76,596
- Policy Stamp expenses	1,263	538
- Directors' sitting fees	660	585
- Miscellaneous expenses	57,356	37,453
13 Depreciation	105,154	76,708
14 Service tax on premium	4,114	4,901
	2,195,500	1,743,517
Allocation of expenses (per accounting policy 11, Schedule 16)		
Revenue Account -- Fire Business	97,147	157,444
Revenue Account -- Marine Business	35,472	29,913
Revenue Account -- Miscellaneous Business	2,062,881	1,556,160
	2,195,500	1,743,517

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 5		
SHARE CAPITAL		
1 Authorised Capital 250,000,000 (31st March 2008 - 200,000,000) Equity shares of Rs 10/- each	2,500,000	2,000,000
2 Issued Capital 210,000,000 (31st March 2008 - 170,000,000) equity shares of Rs 10/- each, fully paid up	2,100,000	1,700,000
3 Subscribed Capital 210,000,000 (31st March 2008 - 170,000,000) equity shares of Rs 10/- each, fully paid up	2,100,000	1,700,000
4 Called-up Capital 210,000,000 (31st March 2008 - 170,000,000) equity shares of Rs 10/- each, fully paid up Less: Calls unpaid Add: Equity Shares forfeited (Amount originally paid-up) Less: Par Value of Equity Shares bought back Less: Preliminary Expenses (to the extent not written off) Total	2,100,000 - - - -	1,700,000 - - - -

SCHEDULE 5A

**SHARE CAPITAL
PATTERN OF SHAREHOLDING
[As certified by the Management]**

Shareholder	31st March 2009		31st March 2008	
	Number of Shares	% of holding	Number of Shares	% of holding
Promoters				
Indian	155,400,000	74%	125,800,000	74%
Foreign	54,600,000	26%	44,200,000	26%
	210,000,000	100%	170,000,000	100%
Others	-	-	-	-
Total	210,000,000	100%	170,000,000	100%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 6		
RESERVES AND SURPLUS		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	-	-
4 General Reserves 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 & Loss Account	128,169	71,538
Total	128,169	71,538
SCHEDULE - 7		
BORROWINGS		
1 Debentures / Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 8		
INVESTMENTS		
LONG TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills *	975,847	992,111
2 Other Approved Securities	552,552	-
3 Other Investments		
(a) Shares		
(aa) Equity	47,457	57,807
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	1,702,373	696,766
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	1,334,054	1,098,844
5 Other than Approved Investments	-	-
SHORT TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills	752,871	539,360
2 Other Approved Securities	200,818	696,429
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	100,018	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	856,906	398,829
(e) Other Securities-Commercial paper/Certificate of Deposit	407,566	460,740
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	844,932	599,440
5 Other than Approved Investments		50,005
Total	7,775,394	5,590,331
Aggregate market value of quoted investments other than Equity Shares	7,515,722	5,072,924
Aggregate book value of quoted investments other than Equity Shares	7,455,119	5,117,095
Historical cost of Equity Shares valued on fair value basis	76,073	67,396
Historical cost of Mutual funds valued on fair value basis	100,000	-
Aggregate book value of unquoted investments	272,818	415,429

*Includes Government securities of book value Rs.103,288 thousand (31st March 2008 -- Rs.107,024 thousands), held under Section 7 of the Insurance Act, 1938.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 9		
LOANS		
1. SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of Property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
Unsecured	-	-
Total	-	-
2. BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
3. PERFORMANCE-WISE CLASSIFICATION		
(a) Loans Classified as standard	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performance loans less provisions	-	-
(aa) In India	-	-
(bb) Outside India	-	-
Total	-	-
4. MATURITY-WISE CLASSIFICATION		
(a) Short-Term	-	-
(b) Long-Term	-	-
Total	-	-

SCHEDULE 10

FIXED ASSETS

(Rs '000)

Particulars	Cost/Gross Block			Depreciation				Net Block		
	Opening	Additions	Deductions	Closing	Upto 31st March 2008	For the year	On sales adjustments	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Information Technology Software	106,147	13,578	-	119,725	64,413	23,845	-	88,258	31,467	41,734
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	14,152	2,783	-	16,935	10,663	1,310	-	11,973	4,962	3,489
Improvements to Leased premises	99,586	10,767	-	110,353	51,988	13,782	-	65,770	44,583	47,598
Information Technology Equipment	212,156	56,272	9,472	258,956	157,342	58,754	9,451	206,645	52,311	54,814
Vehicles	12,123	914	4,192	8,845	4,949	2,758	3090	4,617	4,228	7,174
Office Equipment	59,685	2,194	238	61,641	30,639	4,704	146	35,197	26,444	29,046
TOTAL	503,849	86,508	13,902	576,455	319,994	105,153	12,687	412,460	163,995	183,855
Work in progress	7,569	11,089	7,569	11,089	-	-	-	-	11,089	7,569
Grand Total	511,418	97,597	21,471	587,544	319,994	105,153	12,687	412,460	175,084	191,424
As at 31st March 2008	400,922	122,888	12,392	511,418	254,662	76,708	11,376	319,994	191,424	



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 11		
CASH AND BANK BALANCES		
1 Cash (including cheques, drafts and stamps)	121,628	118,122
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)*	16,717	505,140
(bb) Others	-	-
(b) Current Accounts	155,057	177,733
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	88,976	121,942
4 Others	-	-
Total	382,378	922,937
Included in Bank balances -- current accounts, are balances held outside India amounting to Rs.339 thousand (31st March 2008 - Rs.318 thousand) with a non-scheduled bank and the other bank balances are with scheduled banks.		
* Deposit includes Nil (Previous Year:Rs.7,411 thousand) pertaining to investment of Environmental Relief Fund.		
SCHEDULE 12		
ADVANCES AND OTHER ASSETS		
ADVANCES		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	9,048	20,805
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source [Net of provision for tax amounting to Nil (Previous Year: Rs.83,591 thousand)]	-	26,741
6 Others -- Deposits for premises and advance rent	52,612	50,394
-- Service Tax unutilised credit	12,005	42,236
-- Other Advances	14,755	23,889
Total (A)	88,420	164,065
OTHER ASSETS		
1 Income accrued on investments	187,197	193,607
2 Outstanding Premiums	22,114	-
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	56,632	68,088
6 Due from subsidiaries / holding Company	-	-
7 Deposit with Reserve Bank of India [Pursuant to section 7 of the Insurance Act, 1938]	-	-
8 Others -- Interest recoverable	50,090	15,580
-- Balance with Terrorism Pool	183,203	158,087
-- Balance with Motor Third Party Pool	1,020,635	429,399
Total (B)	1,519,871	864,761
Total (A+B)	1,608,291	1,028,826

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs '000)

Particulars	31st March 2009	31st March 2008
SCHEDULE 13		
CURRENT LIABILITIES		
1 Agents' Balances	100,412	81,492
2 Balances due to other insurance companies	133,611	96,017
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	162,473	116,051
5 Unallocated Premium	-	-
6 Sundry creditors	631,210	716,493
7 Due to subsidiaries / holding company	-	-
8 Claims Outstanding	3,053,298	2,043,205
9 Due to Officers / Directors	4,579	2,964
10 Others -- Environmental Relief Fund	-	7,446
Total	4,085,583	3,063,668
SCHEDULE 14		
PROVISIONS		
1 Reserve for Unexpired Risk	3,693,492	2,990,936
2 For taxation (less advance tax paid and taxes deducted at source)	46,170	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others - Employee Benefits	20,600	-
Total	3,760,262	2,990,936
SCHEDULE 15		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
1 Discount Allowed in issue of shares / debentures	-	-
2 Others	-	-
Total	-	-

SCHEDULE 16**1. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting practices and accounting requirements prescribed by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Accounting Regulations') and amendments if any, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Accounting Standards issued [by the Institute of Chartered Accountants of India ('ICAI')] under Section 211(3C) of the Companies Act, 1956 ('the Companies Act') and the other requirements of the said Act, to the extent applicable.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates, and any changes arising therefrom are accounted for prospectively.

The Company follows the mercantile system of accounting and recognises items of income and expenditure on accrual basis.

2. Revenue recognition for insurance business

Premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any.

Premium deficiency, if any, is recognised if the sum of expected claim costs, related expenses and maintenance costs exceed related reserve for unexpired risk.

The reserve for unexpired risks represents the proportion of premium written relating to periods of insurance subsequent to the Balance Sheet date, calculated principally on a daily pro-rata basis subject to a minimum of 50 per cent of the net premium written during the year in the case of Fire, Marine Cargo and Miscellaneous business and 100 percent of net premium written during the year in the case of Marine Hull business.

3. Claims

- (a) Claims paid include claims settlement costs, comprising survey, legal and other directly attributable expenses.
- (b) Estimated liability for outstanding claims in respect of direct business is provided on the basis of claims reported till the end of the financial year.
- (c) Estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER') is based on available statistical data and is as certified by the Appointed Actuary.
- (d) Salvage is accounted for, on realisable basis.

4. Reinsurance

Reinsurance premium ceded is accounted for in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Unearned premium on reinsurance ceded is carried forward to the period of risk and set off against related unearned premium.

Premium on excess of loss reinsurance cover is accounted as per the reinsurance arrangements.

Claims recoverable from reinsurers are accounted for in the same period as Claims.

Commission on reinsurance ceded is recognised as income during the year in which the reinsurance premium is ceded. Profit commission is accounted when due.

5. Indian Market Terrorism Risk Insurance Pool

The Company has subscribed to a pool created by Indian non life insurers for insurance of terrorism risk ('the Pool') from 1st April 2002, managed by General Insurance Corporation of India ('the Pool Manager'). In terms of the Pool agreement, the Company reinsures the entire terrorism risk underwritten by it with the Pool and the Pool Manager is required to protect the portfolio for common account and retrocede it back to all Pool members including the Pool Manager, in proportion to their accepted share.

Accordingly, based on statements received from the Pool Manager up to the finalisation of financial statements, the Company combines its proportionate retrocession share of the Pool's income and expenses with similar items in its financial statements, on a line-by-line basis.

A reserve for unexpired risks is recorded at 100 per cent of the net premium retroceded to the Company from the Pool during the year.

6. Indian Motor Third Party Pool

The Company is a member of the Indian Motor Third Party Insurance Pool under which it collectively, mandatorily and automatically participates in a pooling arrangement to share all motor third party insurance business underwritten on or after 1st April 2007, in respect of commercial vehicles. The transactions of the company with the Pool are accounted for by the company in its financial statements based on the statements received from the Pool Administrator.

7. Investments

- (a) Investments are made in accordance with the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) (Amendment) Regulations, 2001.
- (b) Investments maturing within or intended to be held for a period of less than twelve months from the Balance Sheet date are classified as 'Short term investments' while those maturing beyond or intended to be held for a period of twelve months or above are classified as 'Long term investments'.
- (c) Investments are recorded at cost including acquisition charges (such as brokerage, transfer stamps etc), if any, and exclude interest paid on purchase.
- (d) Investments though not so separately classified in the accounts, are identified on an aggregate basis with the Policyholders' and Shareholders' Funds on the same lines as Investment income, as stated in item 8 herein below.

SIGNIFICANT ACCOUNTING POLICIES

(e) Debt securities

- i. Debt securities, which include government securities are considered as 'held-to-maturity' and are measured at historical cost. The premium / discount, if any, on purchase of debt securities is amortised over the period to maturity based on their intrinsic yield. Acquisition charges such as brokerage, transfer stamps etc., are amortised in the year of acquisition.
- ii. The net realised gains or losses on debt securities are the differences between the net sale consideration and the amortized cost, which is computed on a weighted average basis..
- iii. The difference between the acquisition price and the maturity value of money market instruments is recognised as income in the Revenue Accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.

(f) Equity securities that are traded in active markets

- i. Measured at each Balance Sheet date at the fair value, being the lower of the last quoted closing prices available on the Balance Sheet date on the National Stock Exchange or the Bombay Stock Exchange.
- ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change – Equity Account" and carried to the Balance Sheet
- iii. Profit/loss on actual sale of a particular security shall include the accumulated fair value change thereof and is recycled to the Profit and Loss account.
- iv. At each Balance Sheet date the company assesses impairment if any in the value, by examining if the investee company has been making losses continuously for the last three years and also its net worth is eroded, and recognizes the resultant impairment as an expense in the Revenue/Profit and Loss account.

(g) Mutual funds – Liquid Funds / Gilts / Debt Funds

- i. Measured at each Balance Sheet date at the fair value, being the realisable Net Asset Value
- ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change- Mutual Fund Account" and carried to the Balance Sheet
- iii. Profit/loss on actual sale of units of a particular mutual fund shall include the accumulated fair value change thereof and is recycled to the Profit and Loss account.
- iv. At each Balance Sheet date the company assesses impairment if any in the value, by examining if the realisable net asset value of each mutual fund is lower than the weighted average cost thereof, and recognizes such impairment as an expense in the Revenue/Profit and Loss account.

8. Investment income

- i. Investment income other than that from pool accounts (including profit/loss on sale of investments) is allocated to the respective Revenue Accounts and the Profit and Loss Account based on the ratio of average 'Technical Funds' and "Shareholders' Funds" respectively (average of funds at the beginning and end of the year).

SIGNIFICANT ACCOUNTING POLICIES

ii. 'Technical Funds' in relation to policyholders' funds are the aggregate of outstanding claims, estimates for IBNR (including IBNER) and reserve for unexpired risk excluding the technical funds relating to pool accounts. "Shareholders' Funds" are the aggregate of funds available to the Company's shareholders, i.e., net worth of the Company.

iii. Investment income arising from pool accounts is allocated directly to respective Revenue Accounts

9. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation

Asset	Method of Depreciation	Rate of Depreciation
Information Technology Software	Straight Line Method	Equally over a period of three years
Furniture and Fittings	Written Down Value Method	18.1%
Improvements to leased premises	Straight Line Method	Equally over the maximum period of lease initially agreed upon
Information Technology Equipment	Written Down Value Method	60%
Vehicles (both owned and leased)	Straight Line Method	25% on 90% of the cost
Office Equipment	Written Down Value Method	13.91%
Assets costing less than Rs.5000 each	Written down to Re.1 in the year of acquisition	

10. Impairment of Assets other than investments

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price of the assets and their value in use.

11. Operating expenses

- (a) Operating expenses, in the nature of acquisition costs, are expensed as incurred.
- (b) Operating expenses relating to insurance business are assigned to respective business segments as follows:
 - (i) Expenses directly identifiable to the business segments are allocated on an actual basis.
 - (ii) Other expenses, which are not directly identifiable, are apportioned on the basis of the Gross written premium in each business segment during the year.

SIGNIFICANT ACCOUNTING POLICIES

12. Employee Benefits

- (a) Defined Contribution Plans- superannuation, Employee State Insurance and Provident Fund contributions are charged to as expenses on accrual.
- (b) Defined Benefit Plans- Retirement gratuity liability is funded with an Insurance Company through contributions to an approved gratuity trust. Liability therefore at each Balance sheet date is arrived at by external actuarial valuation by the fund manager using the projected unit credit method. Differential liability therefore is recognized in the accounts each year.
- (c) Costs of the Company's accumulating Compensated Absence Plans are valued and accounted for based on actuarial assumptions at each Balance Sheet date.
- (d) Actuarial gains/losses are recognized in the Revenue Accounts.

13. Income-tax

Tax expense comprises current, deferred and fringe benefit tax. Current income-tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income-tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised on carried forward unabsorbed depreciation and tax losses only if there is a virtual certainty that such deferred tax assets can be realised against future taxable profits. Other deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which, such deferred tax assets can be realised.

14. Transactions in foreign exchange

- (a) Transactions in foreign currency are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the year-end.
- (b) Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

15. Provision for Contingencies

In accordance with Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets', to the extent applicable to the Company, provisions are created in respect of obligations as a result of past events and it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These will be reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

16. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

NOTES TO FINANCIAL STATEMENTS

SCHEDULE 17

1. The assets of the Company are free from encumbrances.

2. a) Contingent liabilities

	(Rs '000)	
	31st March 2009	31st March 2008
Partly paid investments	Nil	Nil
Underwriting commitments relating to investment activities	Nil	Nil
Claims, other than those under policies, not acknowledged as debts	Nil	Nil
Guarantees given by or issued on behalf of the Company	Nil	Nil
Statutory demands/liabilities in dispute, not provided for	77,943	Nil
Reinsurance obligations, to the extent not provided for in the accounts	Nil	Nil

b) Commitments made for Investments and Fixed Assets

	31st March 2009	31st March 2008
Commitments made and outstanding for Loans and Investments	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9,751	26,094

3. Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payment for the non-cancellable period of the operating leases are recognised as an expense over the lease term.

	(Rs '000)	
	31st March 2009	31st March 2008
Lease payments debited to the Profit and Loss Account	99,703	79,444
Future minimum lease payments		
Not later than one year	92,167	80,180
Later than 1 year but not later than 5 years	147,147	156,797
Later than 5 years	6,909	20,578

4. Premium Recognition

a) From the current Financial Year the Company is recognising Premium income on Marine open cover policies based on declaration received from the insured. The same was recognised on receipt of estimated Premium till last year. Due to this change, the effect in operating profit for the year is as under.

	(Rs '000)	
	31st March 2009	31st March 2008
Decrease in operating profit of Marine Business	5,368	
Increase in Current Liabilities – Sundry Creditors	15,953	

NOTES TO FINANCIAL STATEMENTS

- b) The Company has changed the method of recognition of Premium on Long Term Home Dwelling policies in the current Financial Year. The Premium income is recognised to the extent of one year premium in the year of inception of the policy and the balance is recognised as Premium received in advance, for adjustment against future automatic renewals. The premium was recognised in the first year itself for the entire period till last year. Consequent to this change, the effect in operating profit for the year is as under.

(Rs '000)

Decrease in operating profit of Fire Business	2,503
Increase in Current Liabilities - Premium Received in Advance	88,043

5. Claims outstanding

(Rs '000)

	31st March 2009		31st March 2008	
	Nos.	Amount	Nos.	Amount
Claims outstanding for a period exceeding six months	5652	1,542,085	5039	1,276,360

The claims were outstanding predominantly due to non-submission of essential documents by the insured and in respect of motor third party claims due to legal process involved.

As at the year end, there are no claims outstanding for a period exceeding six months from the date when settlement has been agreed.

6. Investments

a) (Rs '000)

	31st March 2009	31st March 2008
Contracts for sales where payments are overdue	Nil	Nil
Contracts for Purchases due for delivery on the Balance Sheet date (Since received)	101,779	50,048

b) (Rs '000)

	31st March 2009	31st March 2008
Non-performing investment	Nil	Nil

7. A) Employee Benefits - Gratuity

Disclosures as required under Accounting Standard 15 "Employee Benefits - Gratuity".

a) Assumptions

	31st March 2009	31st March 2008
Discount rate	8.0%	8.0%
Salary Escalation	7.0%	7.0%
Attrition rate	1-3%	1-3%
Expected return on plan assets	8.0%	8.0%
Mortality rate Table	LIC (1994-1996)	LIC (1994-1996)

NOTES TO FINANCIAL STATEMENTS

b) Changes in present value of obligations

	(Rs '000)	
	31st March 2009	31st March 2008
Present value of obligations as at the beginning of the year	15,958	9,688
Interest cost	1,160	617
Current Service Cost	3,612	4,038
Benefits Paid	2,928	2,930
Actuarial loss on obligation	1,568	4,545
Present value of obligations as at the end of the year	19,370	15,958

c) Changes in the fair value of plan assets – LIC Fund

	(Rs '000)	
	31st March 2009	31st March 2008
Fair value of plan assets at the beginning of the year	11,745	10,106
Expected return on plan assets	1,027	788
Contributions	5,125	3,733
Benefits paid	2,928	2,930
Actuarial gain on plan assets	17	48
Fair value of plan assets at the end of the year	14,986	11,745
Actual return on plan Assets	1,044	836

d) Actuarial Gain/Loss recognized

	(Rs '000)	
	31st March 2009	31st March 2008
Actuarial loss on obligation	1,568	4,545
Actuarial gain on plan assets	17	48
Total loss for the year	1,552	4,497
Actuarial loss recognised in the year	1,552	4,497

e) The amounts recognised in the Balance Sheet

	(Rs '000)	
	31st March 2009	31st March 2008
Present value of obligations as at the end of the year	19,370	15,958
Fair value of plan assets as at the end of the year	14,986	11,745
Funded status (Liability)	4,384	(4,213)
Net Liability recognised in the Balance Sheet	4,384	4,213

f) Expenses recognised in Revenue Accounts

	(Rs '000)	
	31st March 2009	31st March 2008
Current Service cost	3,612	4,038
Interest Cost	1,160	617
Expected return on plan assets	1,027	788
Net Actuarial loss recognized in the year	1,552	4,497
Expenses to be recognised in Revenue Accounts	5,296	8,364

NOTES TO FINANCIAL STATEMENTS
B) Employee Benefits – Compensated absence

The present value of obligations towards compensated absences as at 31.03.2009 as per Actuarial Certificate is Rs.20,600 thousands and is provided for in the books of Accounts.

8. Taxation
a) Deferred Tax Assets

In accordance with the Company's Accounting Policy on Deferred Taxation, a Deferred Tax Asset of Rs.104,269 thousands has been recognised in these accounts, considering the reasonable certainty regarding the availability of future profits.

	(Rs '000)	
	31st March 2009	31st March 2008
Net Asset on reserve for Unexpired risk	103,317	89,412
Asset / (Liability) - Depreciation	952	(6,377)
Net Deferred Tax Asset	104,269	83,035

b) Provision for taxation for the year has been made taking into consideration the trends in the past assessments made by the tax authorities. However, while filing the Return of Income, the Company makes all claims for which, in its opinion, it is eligible. Adjustments, if any, necessary on account of the above will be made in the accounts in the year in which outcome is known.

9. Participation in Indian Terrorism Risk Insurance Pool

The Company has accounted for the retro cession for 4 Quarters upto December 2008 during the year.

	(Rs '000)	
	31st March 2009	31st March 2008
Due from the Pool Manager, beginning of the year	158,087	133,591
Premium on reinsurance accepted	17,990	15,373
Investment Income	16,362	12,963
Premium on reinsurance ceded	(3,952)	(2,616)
Claims paid on reinsurance accepted	(4,054)	(105)
Operating expenses related to insurance business	(2,124)	(1,690)
Profit Commission on XL	892	571
Due from the Pool Manager, end of the year	183,203	158,087
Claims outstanding, end of the year	(9,000)	(1,000)
Reserve for Unexpired risk, end of the year	(14,039)	(12,756)

10. Indian Motor Third Party Pool

The Company, as a member of the Indian Motor Third Party Insurance Pool, collectively, mandatorily and automatically participates in a pooling arrangement to share in all motor third party insurance business underwritten in respect of commercial vehicles, on or after 1st April 2007, by any of the registered General Insurers in accordance with the directions of IRDA. In terms of the said Pool Agreement, the following transactions of the company with the said Pool have been accounted for in these accounts based on the statements for the period 1st March 2008 to 28th February 2009 furnished by the Pool Administrator.

(Rs '000)

	31st March 2009	31st March 2008
Due from the Pool Manager, beginning of the year	429,399	Nil
Premium on reinsurance accepted	654,800	511,581
Incremental Reserve for unexpired risk	71,610	255,791
Claims incurred	722,601	312,064
Our share of Commission Outgo	65,480	51,158
Our share of Pool Manager's fee	16,370	12,790
Our share of other Income	Nil	686
Our share of investment Income	73,834	13,217
Profit / (Loss) from Pool	(147,427)	(106,319)
Due from the Pool Manager, end of the year	1,020,635	429,399
Claims outstanding, end of the year	(996,381)	(311,264)
Reserve for Unexpired risk, end of the year	(327,400)	(255,790)

11. Solatium Fund

(Rs '000)

	31st March 2009	31st March 2008
Contribution to the Solatium Fund @ 0.1% of the Gross Written Premium of Motor Business	5,299	4,096

12. The Sector-wise Gross Written Premium

(Rs '000)

	31st March 2009		31st March 2008	
	Amount	%	Amount	%
Rural Sector	637,872	7.94	869,591	12.52
Social Sector [47,134 lives (2008 -67,763 lives)]				
Number of policies issued - 326 (2008 - 257)	1,758	0.02	2,275	0.03
Other Sectors	7,393,974	92.04	6,072,244	87.45
Total Gross Written Premium	8,033,604	100.00	6,944,110	100.00

The business written under rural / social sector is higher than the stipulated target set out in the IRDA Regulations.

NOTES TO FINANCIAL STATEMENTS
13. Premium Recognition on Varying Risk Pattern

	31st March 2009	31st March 2008
Premium income recognised based on varying risk pattern	Nil	Nil

14. Risk retention / reinsurance

	31st March 2009	31st March 2008
Risk retained (%)	77	71
Risk reinsured (%)	23	29

15. Remuneration to Managing Director (as approved by IRDA)

	(Rs '000)	
	31st March 2009	31st March 2008
Salary	3,499	3,105
Allowances and perquisites	9,453	7,305
Total	12,952	10,410

16. Related Party Transactions

a) Particulars of related parties

I. JOINT VENTURE PROMOTERS

Sundaram Finance Limited

Royal & SunAlliance Insurance plc

II. KEY MANAGERIAL PERSONNEL

Mr. Antony Jacob (Managing Director) upto 12.09.2007

Mr. Ajay Bimbhet (Managing Director) from 13.09.2007

NOTES TO FINANCIAL STATEMENTS

b) Transactions with related parties and balances

(For the year ended 31st March 2009)

(Rs '000)

Nature of transaction	Joint Venture Promoters	Key managerial personnel
INCOME		
Insurance premium received		
Sundaram Finance Limited	3,950	-
Mr. Ajay Bimbhet		27
Claims received on reinsurance		
Royal & SunAlliance Insurance Plc	17,353	
Commission on reinsurance ceded		
Royal & SunAlliance Insurance Plc	9,231	
Rent		
Sundaram Finance Ltd	279	
EXPENSES		
Rent paid		
Sundaram Finance Limited	30,311	
Payment for services received		
Sundaram Finance Limited	39,045	
Royal & SunAlliance	5,413	
Agency commission paid		
Sundaram Finance Limited	35,632	
Remuneration paid to Managing Director		
Mr. Ajay Bimbhet		12,952
Reinsurance Premium Paid		
Royal & SunAlliance Insurance Plc	27,553	
Insurance claims paid		
Sundaram Finance Limited	1,477	
Sale of Assets		
Sundaram Finance Limited	715	
Contribution received towards rights issue		
Sundaram Finance Limited	206,400	
Royal & SunAlliance Insurance Plc	104,000	
Receivable		
Royal & SunAlliance Insurance Plc	14,473	
Rent deposit		
Sundaram Finance Limited	7,493	
Payable		
Sundaram Finance Limited	2,792	
Royal & SunAlliance Insurance Plc	18,029	
Mr. Ajay Bimbhet		4579
Insurance deposit		
Sundaram Finance Limited	3,000	
Share Capital		
Sundaram Finance Limited	1,047,900	
Royal & SunAlliance Insurance Plc	546,000	

NOTES TO FINANCIAL STATEMENTS

(Comparable figures for the year ended 31st March 2008)

(Rs '000)

Nature of transaction	Joint Venture Promoters	Key managerial personnel
INCOME		
Insurance premium received		
Sundaram Finance Limited	854	
Mr. Antony Jacob		9
Claims received on reinsurance		
Royal & SunAlliance Insurance Plc	22,202	
Commission on reinsurance ceded		
Royal & SunAlliance Insurance Plc	14,806	
EXPENSES		
Rent paid		
Sundaram Finance Limited	32,680	
Payment for services received		
Sundaram Finance Limited	66,427	
Lease rentals paid		
Sundaram Finance Limited		
Agency commission paid		
Sundaram Finance Limited	58,541	
Remuneration paid to Managing Director		
Mr. Antony Jacob		3,820
Mr. Ajay Bimbhet		6,590
Reinsurance Premium Paid		
Royal & SunAlliance Insurance Plc	42,720	
Insurance claims paid		
Sundaram Finance Limited	16	
Contribution received towards rights issue		
Sundaram Finance Limited	148,500	
Royal & SunAlliance Insurance Plc	78,000	
Receivable		
Royal & SunAlliance Insurance Plc	40,062	
Rent deposit		
Sundaram Finance Limited	7,493	
Payable		
Sundaram Finance Limited	12,259	
Royal & SunAlliance Insurance Plc	26,863	
Mr. Ajay Bimbhet		2964
Insurance deposit		
Sundaram Finance Limited	3,000	
Share Capital		
Sundaram Finance Limited	841,500	
Royal & SunAlliance Insurance Plc	442,000	

NOTES TO FINANCIAL STATEMENTS

17. Interest earned on investments is shown net of amortisation of premium / discount on securities. The details of such amortisation are as follows :

	(Rs '000)	
Particulars	31st March 2009	31st March 2008
Revenue Account – Policyholders' Funds		
Fire	201	1,093
Marine	62	288
Miscellaneous	3,048	14,032
Profit and Loss Account – Shareholders' Funds	1,331	6,218
Total	4,642	21,631

18. Segment Reporting

The Company carries on non-life insurance business in India. The Company has provided primary segmental information, in Annexure I, as required by Accounting Standard 17 – 'Segment Reporting' issued by ICAI, read with Accounting Regulations.

19. Summary of Financial Statements and Accounting Ratios

A summary of financial statements and Accounting Ratios as per the formats prescribed by the IRDA in its circular dated 29th April, 2003 is provided in Annexure 2 and Annexure 3

20. Previous Year figures have been reclassified / regrouped, wherever necessary, to conform with the current year's classification.

Per our report of even date attached

For and on behalf of the Board of Directors

For N.C.Rajagopal & Co.
Chartered Accountants

For Brahmayya & Co.
Chartered Accountants

PM Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

V. Anantharaman
Partner
Membership No : 11043

C Murali Krishna
Partner
Membership No : 20884

AV Rajwade
Director

A Rangaswami
Director

Place: Chennai
Date : May 6, 2009

Ramkumar Krishnamachari
Chief Financial Officer

SR Balachandher
Company Secretary

ANNEXURE TO NOTES TO FINANCIAL STATEMENT
Annexure 1
17. SEGMENT REPORTING

- The Company's business is organised on a National basis and caters to the non-life insurance business. Accordingly, the Company has provided primary segmental information, as per Accounting Standard 17 - 'Segment Reporting' issued by ICAI, read with the Accounting Regulations.
- Segment revenues are either directly attributed to or, in the case of bundled products, allocated to the individual segments. There are no inter segment revenues.
- Operating expenses are attributed to the business segments in line with accounting policy 11 in Schedule 16.
- Investments, Cash & Bank balances and other Assets are identified with the respective segments in the ratio of Shareholders and Technical Funds as defined in Policy 8 of Schedule 16

Schedule 16

- Fixed Assets, Due from Coinsurers and other liabilities are identified with the respective segments in the ratio of the Gross Written Premium
- Since the business operations of the Company are entirely in India, the same is considered as one geographical segment.

(for the year ended 31st March 2009)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Pool	Motor Total	Workmen Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total
Gross Direct Premium	488,418	194,990	4,696	3,537,366	1,761,702	-	5,299,068	20,558	72,741	37,5261	280,191	1,143,079	154,602	-	8,033,604
Net Written Premium	130,752	98,576	123	3,746,330	523,508	654,800	4,924,638	17,033	27,083	96,223	244,102	1,029,723	114,865	-	6,683,118
Premium earned (net)	149,476	74,564	819	3,250,701	438,411	583,190	4,272,302	16,100	25,695	99,634	254,679	979,854	107,437	-	5,980,560
Profit on sale / redemption of investments								106	182	1,004	2,806	6,758	803	-	69,972
Others	3,026	938	5	20,587	13,691		34,278								
Interest (net of amortisation)	39,650	7,986	41	175,209	116,513	73,834	365,556	898	1,551	11,004	23,877	57,515	6,834	170,771	685,683
Total segmental revenue	192,152	83,488	865	3,446,497	568,615	657,024	4,672,136	17,104	27,428	111,642	281,362	1,044,127	115,074	190,837	6,736,215
Claims incurred (net)	(76,312)	(63,841)		(2,179,598)	(423,800)	(722,601)	(3,325,999)	(3,954)	(1,815)	(55,820)	(118,546)	(426,934)	(50,322)	-	(4,123,543)
Commission received / (paid), net	34,622	(4,178)	1,006	(257,932)	59,393	(65,480)	(264,019)	(1,080)	1,649	54,296	(28,516)	(115,972)	1,565	-	(320,627)
Operating expenses related to insurance business	(97,147)	(34,750)	(722)	(1,313,952)	(170,487)	(16,371)	(1,500,810)	(3,364)	(11,489)	(79,932)	(65,842)	(355,251)	(46,193)	-	(2,195,500)
Total segmental expenses	(138,837)	(102,769)	284	(3,751,482)	(534,894)	(804,452)	(5,090,828)	(8,398)	(11,655)	(81,456)	(212,904)	(898,157)	(94,950)	-	(6,639,670)
Segmental (loss) / profit	53,315	(19,281)	1,149	(304,985)	33,721	(147,428)	(418,692)	8,706	15,773	30,186	68,458	145,970	20,124	190,837	96,545
Other income	-	-	-	633	-	-	633	-	-	-	-	-	-	3,216	3,849
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,089
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,674
Net profit for the year	53,315	(19,281)	1,149	(304,352)	33,721	(147,428)	(418,059)	8,706	15,773	30,186	68,458	145,970	20,124	194,053	56,631
Segment Assets	561,997	119,445	634	2,619,991	1,730,429	1,020,635	5,371,055	13,421	23,445	156,413	355,000	858,412	102,135	2,379,190	8,920,512
Segment Liabilities	370,929	140,365	726	2,878	1,619	1,324	4,497	13,779	28,376	158,419	306,935	831,212	107,407	-	1,962,645
Capital Expenditure	5,934	2,369	57	50,929	13,447	-	64,376	250	884	4,559	3,404	13,887	1,878	-	97,598
Amortisation of premium & discount	201	62	-	2,275	-	-	2,275	7	12	67	186	449	53	-	4,641
Depreciation	6,393	2,552	61	54,872	14,489	-	69,361	269	952	4,912	3,667	14,962	2,025	-	105,154
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2008-09 - NIL

ANNEXURE TO NOTES TO FINANCIAL STATEMENT

(Rs. '000)

(For the year ended 31st March 2008)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Pool	Motor Total	Workmens Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total
Gross Direct Premium	688,708	190,769	4,724	3,296,983	798,570	-	4,095,553	16,146	47,921	411,995	316,469	1,087,820	84,006	-	6,944,11
Net Written Premium	257,165	50,552	819	2,771,979	367,927	511,581	3,651,487	12,770	22,844	100,955	25,9991	925,225	48,834	-	5,330,642
Premium earned (net)	214,364	45,156	147	2,371,833	347,308	255,790	2,974,931	11,356	18,931	98,433	220,795	830,498	43,736	-	4,458,347
Profit on sale / redemption of investments	881	230	2	6,556	1,667	-	8,222	20	47	265	739	1,819	194	5,015	17,442
Others	-	-	-	1148	-	-	1,148	-	-	-	-	-	-	607	1,755
Interest (net of amortisation)	32,933	5,772	38	174,637	31,189	13,217	219,043	695	1,181	8,728	18,487	45,534	4,866	125,515	462,792
Total segmental revenue	248,178	51,158	187	2,554,174	380,164	269,693	3,203,344	12,079	20,159	107,426	240,021	877,851	48,796	131,137	4,940,336
Claims incurred (net)	(92,922)	(36,673)	-	(1,477,641)	(495,846)	(312,064)	(2,285,551)	(4,117)	95	(36,523)	(108,825)	(371,920)	(45,058)	-	(2,981,494)
Commission received / (paid), net	66,003	18,813	848	(221,684)	68,519	(51,158)	(204,323)	(820)	(104)	70,432	(26,084)	(86,294)	(912)	-	(162,441)
Operating expenses related to insurance business	(157,444)	(29,250)	(663)	(812,194)	(183,993)	(12,790)	(1,008,917)	(2,519)	(6,892)	(84,673)	(91,183)	(346,960)	(15,016)	(5,187)	(1,748,704)
Total segmental expenses	(184,363)	(47,110)	185	(2,511,519)	(611,260)	(376,012)	(3,498,791)	(7,456)	(6,901)	(50,764)	(226,092)	(805,175)	(60,986)	(5,187)	(4,892,639)
Segmental (loss) / profit	63,815	4,048	372	42,655	(231,096)	(107,005)	(295,447)	4,623	13,258	56,662	13,929	72,677	(12,950)	125,950	47,697
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(556)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,141
Segment Assets	507,310	99,264	782	2,768,159	1,099,881	-	3,868,040	11,697	20,644	150,000	306,935	767,505	80,803	2,003,573	7,816,553
Segment Liabilities	422,516	97,981	1,513	2,209,727	1,911,060	-	4,120,787	12,066	23,994	153,164	329,480	809,757	83,346	-	6,054,604
Capital Expenditure	12,188	3,376	84	58,346	14,132	-	72,478	286	848	7,291	5,600	19,251	1,486	-	122,888
Amortisation of premium & discount	1,093	286	2	8,209	1,988	-	10,197	34	59	328	916	2,256	242	6,218	21,631
Depreciation	7,608	2,107	52	36,421	8,821	-	45,242	178	529	4,551	3,496	12,017	928	-	76,708
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2007-08 - NIL

ANNEXURE TO NOTES TO FINANCIAL STATEMENT
Annexure 2

Rs. in Lakhs

Summary of Financial Statements

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
OPERATING RESULTS						
1 Gross Premiums Written	80336.04	69441.11	59819.70	45863.70	33070.00	25776.00
2 Net Premium Income#	66831.18	53306.42	38954.88	29688.70	20162.20	15631.10
3 Income from investments (net)@	5648.18	3497.04	2295.60	1406.50	825.00	959.70
4 Other income -Transfer fee etc	6.33	11.48	3.00	3.30	1.80	2.20
5 Total Income	72485.69	56814.94	41253.48	31098.50	20989.00	16593.00
6 Commissions	2324.46	762.47	(1228.80)	(1087.70)	(863.78)	(1384.48)
7 Brokerage	881.81	861.94	1132.00	469.00	341.18	134.50
8 Operating Expenses	21955.00	17435.17	13639.80	10481.20	7280.30	6488.88
9 Claims, increase in Unexpired Risk Reserve and Other outgo	48261.01	38537.90	25970.48	20910.60	14204.80	11368.40
10 Operating Profit/loss	(936.59)	(782.54)	1740.00	325.40	26.50	(14.30)
NON OPERATING RESULTS						
11 Total income shareholders' account	1909.64	1259.50	978.05	689.50	508.14	815.40
12 Profit/(loss) before tax	973.05	476.97	2718.09	1014.90	534.64	801.10
13 Provision for tax	(406.74)	(5.56)	(599.57)	151.50	33.60	0.20
14 Profit/(loss) after tax	566.31	471.41	2118.51	863.40	501.04	800.90
MISCELLANEOUS						
15 Policyholders' Account (1)						
Total funds	49262.51	44525.30	34687.97	26345.70	15869.70	13361.30
Total investments	55456.04	39832.51	32447.40	25098.60	15838.17	12692.30
Yield on investments	9.4%	8.2%	6.9%	6.2%	5.2%	8.5%
16 Shareholders' Account						
Total funds	21995.69	17619.47	14244.00	12125.50	10006.40	9750.70
Total investments	22297.90	16070.80	14018.80	11551.50	9986.48	9262.50
Yield on investments	9.4%	8.2%	6.9%	6.2%	5.2%	8.5%
17 Paid up equity capital	21000.00	17000.00	14000.00	14000.00	13000.00	12989.70
18 Net worth	21995.69	17619.47	14243.95	12125.40	10262.10	9750.70
19 Total assets	100454.15	78166.11	57916.80	44938.90	32651.10	25732.50
20 Yield on total investments	9.4%	8.2%	6.9%	6.2%	5.2%	8.5%
21 Earnings per share (Rs.)*	0.33	0.34	1.51	0.80	0.40	0.60
22 Book Value per share (Rs.)	10.47	10.36	10.17	8.65	7.90	7.50
23 Total Dividend	-	-	-	-	-	-
24 Dividend per share (Rs.)	-	-	-	-	-	-
# Net of reinsurance						
@ Net of losses						
* EPS has been calculated in accordance with AS-20 Basic & Diluted (Face Value Rs.10/- each)						
Profit / (Loss) for the year	566.31	471.41	2118.53	863.39	501.00	800.84
Weighted Average Number of Shares at the end of the year	170,657,534	140,327,869	140,000,000	130,027,397	130,000,000	130,000,000

Note:(1) The Company continues to determine the Policyholders' Fund and the Shareholders' Fund on the same basis as determined in the earlier years (Refer Point 8 of Schedule 16 relating to Accounting Policy), due to practical difficulty in determining the Policyholders' Fund in accordance with IRDA Circular INV/CIR/008/2008-09 dt. 22nd Aug 2008 (annexure II) and hence have allocated the Investment and associated income on the same basis .

Ratios for Non-life Insurance Companies

Sl No	Performance Ratio	2008-09	2007-08
1	Gross premium growth rate (segment wise) (Gross premium for the current year divided by gross premium for the previous year)	Schedule 1	Schedule 1
2	Gross premium to shareholders' fund ratio: (Gross premium for the current year divided by the paid up capital plus free reserves)	3.66	3.92
3	Growth rate of shareholders' funds: (Shareholders' funds as at the current balance sheet date divided by the shareholders' funds at the previous balance sheet date)	24%	24%
4	Net retention ratio (segment wise) (Net premium divided by gross premium)	Schedule 2	Schedule 2
5	Net commission ratio (segment wise) (Commission net of reinsurance for a class of business divided by net premium)	Schedule 3	Schedule 3
6	Expenses of Management to gross direct premium ratio (Expenses of Management divided by the total gross direct premium)	0.27	0.25
7	Combined ratio: (Claims paid plus expenses divided by gross premium)	0.76	0.72
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	1.01	0.94
9	Underwriting balance ratio (segment wise) (Underwriting profit divided by net premium for the respective class of business)	Schedule 4	Schedule 4
10	Operating profit ratio (Underwriting profit plus investment income divided by net premium)	-0.01	-0.01
11	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	1.21	1.29
12	Net earnings ratio (Profit after tax divided by net premium)	0.01	0.01
13	Return on networth (Profit after tax divided by net worth)	0.03	0.03
14	Reinsurance ratio (Risk reinsured divided by gross premium)	0.17	0.23

ANNEXURE TO NOTES TO FINANCIAL STATEMENT
Accounting Ratios - Schedule 1
Gross premium growth rate

Segment	Growth (%)	
	2008-09	2007-08
Fire	-28%	-30%
Marine	2%	6%
Motor	29%	35%
Workmen's Compensation/ Employers Liability	27%	22%
Public/Product Liability	52%	-34%
Engineering	-9%	3%
Personal Accident	-11%	18%
Health Insurance	5%	13%
Others	84%	33%
Total	17%	16%

Accounting Ratios - Schedule 3
Net commission ratio

Segment	Growth (%)	
	2008-09	2007-08
Fire	-27%	-26%
Marine	3%	-38%
Motor	5%	6%
Workmen's Compensation/ Employers Liability	6%	6%
Public/Product Liability	-6%	0%
Engineering	-56%	-70%
Personal Accident	12%	10%
Health Insurance	11%	9%
Others	-1%	2%
Total	5%	3%

Accounting Ratios - Schedule 2
Net retention ratio

Segment	Growth (%)	
	2008-09	2007-08
Fire	26%	37%
Marine	49%	26%
Motor	83%	79%
Workmen's Compensation/ Employers Liability	83%	79%
Public/Product Liability	37%	48%
Engineering	26%	25%
Personal Accident	87%	82%
Health Insurance	90%	85%
Others	74%	58%
Total	77%	71%

Accounting Ratios - Schedule 4
Underwriting balance ratio

Segment	Growth (%)	
	2008-09	2007-08
Fire	8%	12%
Marine	-29%	-3%
Motor	-17%	-14%
Workmen's Compensation/ Employers Liability	45%	31%
Public/Product Liability	52%	53%
Engineering	19%	47%
Personal Accident	17%	-2%
Health Insurance	8%	3%
Others	11%	-35%
Total	-10%	-8%

Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002, the following Report is submitted by the Management:

1. We confirm that the Certificate of Registration granted by the Insurance Regulatory and Development Authority, to transact general insurance business, continues to be valid. The fee for renewal of the Certificate of Registration has been paid for 2009/2010 and the Company has received the Certificate of Renewal of Registration.
2. We certify that all dues payable to the Statutory Authorities have been duly paid.
3. We confirm that the shareholding pattern during the year ended 31st March 2009 has been in accordance with the Statutory/Regulatory requirements.
4. We declare that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. The Company has maintained the required solvency margins.
6. The values of all the assets have been reviewed on the date of the Balance Sheet and in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings 'Investments', 'Interest, Dividends and Rents accruing but not due', 'Amounts due from other persons or Bodies carrying on insurance business', 'Cash' and the several items specified under 'Other Accounts', except debt securities which are shown at amortised cost.
7. The Company is exposed to a variety of risks such as quality of risks underwritten, fluctuations in the value of assets, operational risks and higher expenses.

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

During the year under report, the Company has exceeded the Management expense limit prescribed in Rule 17E of the Insurance Rules. The Company has, through the General Insurance Council, represented to the IRDA, under Section 64M of the Insurance Act, to revise the limits in its case.

The Company monitors these risks closely and effective remedial action is taken wherever required.

8. The Company does not have operations in other countries and hence related country/currency fluctuation risk is not applicable.
9. The trend in average claim settlement time for various Segments are given hereunder: -

(Rs '000)

Ageing as on 31st Mar 2009	Fire		Marine		Miscellaneous		Total No.	Total Amount
	No.	Amount	No.	Amount	No.	Amount		
Upto 30 days	146	5,327	1004	10,873	107166	1,206,330	108316	1,222,530
31 days to 6 months	236	29,794	2242	31,423	18531	827,940	21009	889,157
6 Months to 1 Year	57	26,452	134	14,489	968	130,487	1159	171,429
1 Year to 5 Years	21	21,112	26	4,210	828	161,012	875	186,333
5 Years and above	0	0	0	0	31	7,584	31	7,584
Grand Total	460	82,685	3406	60,996	127524	2,333,353	131390	2,477,034

Management Report

10. We certify that
- a) The Investments in Government Securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortisation.
 - b) The market values of debt securities including Government Securities have been ascertained by reference to the quotations published for the last working day of the Financial Year by the Stock Exchange/Fixed Income Money Market and Derivatives Association of India (FIMMDA). The market values of debt securities including Government Securities which were not quoted on the last working day of the Financial Year have been ascertained on the basis of prevailing yield to maturity provided by FIMMDA.
 - c) The market values of quoted equity investments have been ascertained by reference to the lower of the last quoted closing prices available on the Balance Sheet date on the National Stock Exchange or the Bombay Stock Exchange.
 - d) The market value of Mutual Fund Investments have been ascertained based on the NAV declared by the Asset Management Companies as on Balance Sheet date.
11. The Company has adopted a prudent investment policy with emphasis on optimising return with minimum risk. Significant weighting of the assets has been made towards low risk/liquid investments such as Government securities, Treasury bills and other good quality debt instruments. Fair value of investments is computed for quoted investments, on the basis of the last available market price/yield-to-maturity valuation.

The average yield on investments after considering the profit on sale and amortisation of costs of investments is 9.4%. All investments in our portfolio as at 31st March 2009 are performing investments.

12. Directors' Responsibility Statement:
- i) In the preparation of financial statements, the applicable Accounting Standards, principles and policies have been followed. To the best of our knowledge there were no material departures from such standards during the year under report.
 - ii) The Management has adopted accounting policies and applied them consistently and made judgements 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 loss and of the net profit of the Company for the year ended 31st March 2009.
 - iii) The Management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 1956, (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - iv) The Management has prepared the financial statements on a going concern basis;
 - v) The Management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

Management Report

13. Particulars of payment other than those arising in the normal course of the Company's Insurance business, made to individuals, firms, companies and organizations in whom / which the directors of the company are interested is as under.

(Rs '000)

Sl No.	Entity in which Director is interested	Name of the Director	Interested as	Amount	Nature of Payments
1	Sundaram Finance Ltd	S. Viji T.T. Srinivasaraghavan Srinivas Acharya A. Rangaswami	Director Director Director Director	30,311 16,792 647 2,808 18,797	Rent, Policy Processing, Pay Roll processing, Tax Advisory & Training Information Technology
2	Sundaram BNP Paribas Home Finance Limited	S. Viji T.T. Srinivasaraghavan Srinivas Acharya	Director Director Director	29	Rent
3	Sundaram Business Services Ltd.	T.T. Srinivasaraghavan Srinivas Acharya	Director Director	25,236 697	Policy processing Payroll processing
4	Sundaram Infotech Services Ltd	T.T. Srinivasaraghavan Srinivas Acharya	Director Director	1,219	Information Technology related services

For and on behalf of the Board of Directors

PM Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

AV Rajwade
Director

A Rangaswami
Director

Place: Chennai
Date : May 6, 2009

Ramkumar Krishnamachari
Chief Financial Officer

SR Balachandher
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956)

1. Registration Details:

Registration No.	1	8	-	4	5	6	1	1
State Code							1	8
Balance Sheet Date	3	1	-	0	3	-	0	9

2. Capital raised during the year: (Amount in Rs. '000)

Public Issue						N	I	L
Rights Issue			4	0	0	0	0	0
Bonus Issue						N	I	L
Private Placement						N	I	L

3. Position of mobilisation and deployment of funds: (Amount in Rs. '000)

Total Liabilities		2	1	9	9	5	7	0
Total Assets		2	1	9	9	5	7	0

Source of Funds:

Paid-up Capital		2	1	0	0	0	0	0
Reserves and Surplus			1	2	8	1	6	8
Fair Value Change Account				(2	8	5	9	8)
Secured Loans						N	I	L
Unsecured Loans						N	I	L

Application of Funds:

Net Fixed Assets			1	7	5	0	8	4
Investments		7	7	7	5	3	9	4
Net Deferred Tax Assets			1	0	4	2	6	9
Net Current Assets		(5	8	5	5	1	7	6)
Miscellaneous Expenditure						N	I	L
Accumulated Losses						N	I	L

4. Performance of Company: (Amount in Rs. 000)

Turnover		6	7	4	0	0	6	4
(Net Earned Premium, income from Investments and other incomes)								
Total Expenditure		6	6	4	2	7	5	9
Profit before Tax				9	7	3	0	5
Profit after Tax				5	6	6	3	1
Earnings per share (Rs.)					0	.	3	3
Dividend Rate (%)						N	I	L

5. Generic names of three principal products, services of the Company (As per monetary terms):

Item Code No.	N	.	A													
Product Description	G	E	N	E	R	A	L	I	N	S	U	R	A	N	C	E

For and on behalf of the Board of Directors

PM Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

AV Rajwade
Director

A Rangaswami
Director

Ramkumar Krishnamachari
Chief Financial Officer

SR Balachandher
Company Secretary

 Place: Chennai
Date : May 6, 2009

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Particulars	(Rs. '000)	
	March 31, 2009	March 31, 2008
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	8,144,013	6,927,896
Other receipts	3,849	1,054
Payments to the re-insurers, net of commissions and claims	(774,670)	(923,278)
Payments to co-insurers, net of claims recovery	(8,556)	39,842
Payments of claims	(4,099,424)	(3,075,131)
Payments of commission and brokerage	(591,057)	(568,357)
Payments of other operating expenses	(1,962,907)	(1,603,373)
Preliminary and pre-operative expenses		
Deposits, advances and staff loans	(6,047)	83,478
Income taxes paid (Net)	15,770	(102,468)
Service tax paid	(1,263)	7,679
Other payments	3,145	
Cash flows before extraordinary items		
Cash flow from extraordinary operations		
Net cash flow from operating activities	<u>722,853</u>	<u>787,342</u>
Cash flows from investing activities		
Purchase of fixed assets	(90,028)	(114,178)
Proceeds from sale of fixed assets	1,226	1,126
Purchases of investments	(6,704,111)	(3,594,199)
Loans disbursed	-	-
Sales of investments	4,542,262	2,571,059
Repayments received		
Rents/Interests/Dividends received	635,498	409,598
Investments in money market instruments and in liquid mutual funds (Net)	(46,864)	(41,449)
Expenses related to investments	(1,133)	(2,164)
Net cash flow from investing activities	<u>(1,663,150)</u>	<u>(770,207)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	400,000	300,000
Proceeds from borrowing		
Repayments of borrowing		
Interest/dividends paid		
Net cash flow from financing activities	400,000	300,000
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	(262)	(4)
Net increase in cash and cash equivalents:	<u>(540,559)</u>	<u>317,131</u>
Cash and Cash equivalents at the beginning of the year	922,937	605,806
Cash and cash equivalents at the end of the year	<u>382,378</u>	<u>922,937</u>

Per our report of even date attached

For and on behalf of the Board of Directors

For N.C.Rajagopal & Co.
Chartered Accountants

For Brahmayya & Co.
Chartered Accountants

PM Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

V. Anantharaman
Partner
Membership No : 11043

C Murali Krishna
Partner
Membership No : 20884

AV Rajwade
Director

A Rangaswami
Director

Place: Chennai
Date : May 6, 2009

Ramkumar Krishnamachari
Chief Financial Officer

SR Balachandher
Company Secretary



Royal Sundaram Alliance Insurance Company Limited
Corporate Office: Sundaram Towers, 45 & 46, Whites Road, Chennai - 600 014.
Registered Office: 21, Patullos Road, Chennai - 600 002.