



Built on heritage.
Driven by performance.

Annual Report **2011 - 2012**

Royal Sundaram Alliance Insurance Company Limited



Royal Sundaram

General Insurance

Board of Directors

P M Venkatasubramanian	Chairman
S Viji	Director
T T Srinivasaraghavan	Director
S Prasad	Director
Srinivas Acharya	Director
M S Sundara Rajan	Director
Harsha Viji	Director
Paul Whittaker	Director
Stuart Edward Purdy	Director
David Patrick Coughlan	Director
Gareth Morgan Roberts	Director
Ajay Bimbhet	Managing Director

Audit Committee

S Prasad	Chairman
P M Venkatasubramanian	Director
Srinivas Acharya	Director
Gareth Morgan Roberts	Director

Company Secretary & Compliance Officer

S R Balachandher

Statutory Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai
M/s Suri & Co., Chartered Accountants, Chennai

Information Security Assurance Services

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

Internal Auditors

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

Internal Auditors (Investments)

M/s T Selvaraj & Co., 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 Board of Directors of your Company are happy to present the 12th Annual Report on the Business, Operations and the Audited Financial Statements of your Company for the year ended 31st March 2012.

Review of the Financial Performance for 2011-2012

The highlights of the Financial Results of the Company are:

	(Rupees in lakhs)	
	2011-12	2010-11
Gross Written Premium	147,979	114,399
Net Written Premium	108,202	87,458
Net Earned Premium	97,817	79,348
Net Incurred Claims	61,523	48,878
Net Commission – Outgo/(Income)	2,224	1,993
Expenses of Management	35,234	30,400
Underwriting Profit /(Loss)	(1,164)	(1,923)
Investment Income - Policyholders	8,141	5,773
General Insurance Results Profit /(Loss)	6,977	3,850
Investment Income - Shareholders	3,051	2,232
Other Income/(Outgo)	86	11
Profit Before Tax & Motor Pool Losses	10,115	6,093
Motor Pool Losses	(10,160)	(7,581)
Provision for taxation	67	(526)
Profit/(Loss) After Tax	22	(2,014)

In 2011-12, the Company achieved a Gross Written Premium of ₹ 1479.79 cr. (previous year ₹ 1143.99 cr.) registering a growth of 29%. The entire non-life Insurance Market in India grew marginally better than the previous year and registered a growth of about 23%. Your Company's growth at 29% was better than the market and is due to our continued focus in the Retail sector, especially new Motor vehicle segment and excellent growth in the Government Insurance schemes like RSBY. Market continues to be driven by severe competition resulting in margins being affected.

Your Company had done well in its chosen segments of business. The growth has been predominantly in the segments of Motor & Health.

The total investment income including investment income from the funds of the Motor TP Pool was at ₹ 134.65 cr.

Market developments

The year 2011-12 was marked with many significant developments in the non-life Insurance sector. The Motor Third Party pool for CV Motor Third party Liability was originally formed in the year 2007 with an objective to provide third party insurance cover to the commercial vehicles and to make the third party cover financially viable to the insurers by pooling the industry experience and providing a fair playing ground to all insurers in order that the losses are shared in an equitable manner amongst them. However, the pool witnessed huge losses mainly due to inadequate pricing coupled with adverse

claim experience and expenses involved in servicing the Motor TP Business. The Insurance Regulatory and Development Authority (IRDA) has now dismantled the Motor Third Party Insurance Pool effective 31st March 2012 and in its place, has constituted a 'declined pool' which has become operational from 1st April 2012.

In December 2011 and January 2012, the Authority came out with detailed orders, advising the Ultimate Loss Ratio (ULR) for the Motor Third Party Pool for the years 2007-08 to 2010-11 based on the Government Actuarial Department, UK's Report submitted to them. Based on the findings of the Report it was stated that the Insurance Companies will have to provide for the past losses as per the loss ratios indicated, viz., at 159% for 2007-08, 188% for 2008-09, 200% for 2009-10 and 213% for 2010-11. In March 2012, the ultimate loss ratios for 2011-12 were indicated as 145%.

Insurance Companies had already provided for prior year losses from 2007-08 onwards to 2010-11 at 153% in the financial year 2010-11 and the mandate to absorb the differential loss ratio in 2011-12 financial statements posed a greater challenge for the Insurance Companies. However, based on several representations made to the Regulator both directly as well through the General Insurance Council, the IRDA relaxed the methodology of absorption of the past losses. Insurance Companies were provided with an option to either fully absorb the prior year losses as per the loss ratios indicated by the Regulator in one go or absorb the entire losses of 2007-08 and 2008-09 fully in their books and absorb 1/3rd of the losses in respect of the years 2009-10, 2010-11 and 2011-12. The balance 2/3rd was permitted to be amortised and absorbed over the next 2 financial years. The Regulator also relaxed the solvency margin ratio to be maintained by the Insurers by bringing it down from 1.5 times required to 1.3 times to be maintained for 2011-12 and gradually scaling it up to 1.4 times for 2012-13 and thereafter to be brought back to 1.5 times from 2013-14 onwards.

These measures helped your Company, to a great extent, to plan their methodology of absorbing the prior year losses and at the same time maintain the solvency margin ratio at the prescribed level. However, it is to be noted that the huge deficit in the reserving of the Third Party pool severely impacted the profitability and solvency of most of the Insurance Companies thereby compelling the Promoters to bring in additional capital to tide over the situation.

Based on the above Circular of IRDA, your Company decided to absorb the maximum amount of losses as possible during the current year itself. Accordingly, as a matter of prudence, your Company has provided for a higher amount of ₹ 222.49 cr. towards the Motor Pool losses as against the minimum required claims provision of ₹ 117.74 crore. This will ensure that the quantum of losses to be absorbed by the Company in the next 2 years stands reduced.

Insurance Companies are today at the cross roads. The burgeoning losses of the Motor Third Party Pool has cast a huge burden on the Insurance Companies consequent to the dent on their profitability apart from the onerous task on the Shareholders to continue infusing additional capital from time to time to sustain growth and maintain the solvency margin ratios at the required levels.

Your Company, in order to augment its solvency margin position, which had been impacted due to the absorption of the prior period Motor third party pool losses, infused an additional capital to the tune of ₹ 64 cr. during March 2012, by issue of 4 crore equity shares of ₹ 10 each at a premium of ₹ 6 per share. To facilitate such infusion, your Company earlier increased its Authorised Capital from ₹ 250 cr. to ₹ 350 cr.

Post dismantling of the Motor Third Party Pool, the Regulator also put in place the 'declined risk pool' concept for commercial vehicle stand alone third party liability insurance, effective from 1st April 2012. With adequate price increase to be provided by the Regulator at appropriate intervals, it is hoped that the new structure will help to mitigate the losses while improving efficiency in claims management.

Commercial Insurances

The Commercial Insurance Business, including Commercial Motor Business recorded a growth of 41.9%, resulting in a Gross Written Premium of ₹ 564 cr (₹ 398 cr).

Our Commercial business continues to be driven on the core principles of prudent underwriting, efficient risk management while continuously implementing initiatives to improve the underwriting profit, at a time when market continues to witness aggressive competition and price reduction.

Personal Insurances

The Personal Insurances Business segment witnessed a growth of 22.6%, with Gross Written Premium at ₹ 919 cr (₹ 749 cr).

The private car business grew by 23% despite continued competition. Motor segment contributes to more than 70 percent of our business, while our health portfolio is consistently increasing and contributes above 15 percent.

Your Company continues to enjoy the trust and maintains a good relationship with all its key Bancassurance partners.

Rural and Social Sector

Your Company continues to surpass its obligations in the Rural and Social sectors, achieving a premium of ₹ 172.22 cr. as against the Regulatory requirement of ₹ 103.67 cr. Further, in the Social sector, we have covered 6,51,494 lives as against the Regulatory requirement of 55,000 lives.

Significant growth in the Government Health Scheme, Rashtriya Swasthya Bima Yojana (RSBY) has helped your Company to sustain its overall growth and also to surpass the obligations with respect to the Rural and Social sectors.

Claims

Your Company continues to focus on prompt, efficient and timely settlement of claims. Settlement of claims within the prescribed Turn-around time (TAT) has been possible through expeditious settlement of simple and standard claims and also by constantly empowering and encouraging the employees to go for quick settlement to the satisfaction of the claimants.

The claims settlement ratio for 2011-12 was at 92 % (91% in 2010-11). During this year about 2.68 lakh claims were settled, of which 69% were settled within a month and 93% were settled within 90 days (comparative ratios for 2010-11 are 73% and 94% respectively).

Investments

Your Company earned an investment income of ₹ 134.65 cr. including a profit on sale of investments to the tune of ₹ 1.04 cr. for the year ended 31st March 2012 as against ₹ 94.50 cr including a profit on sale of investments of ₹ 1.89 cr. in the previous year. The yield on daily average funds was at 8.16% compared to 7.57% in the previous year.

The Investment portfolio increased from ₹ 1382.71 cr. in 2010-2011 to ₹ 1840.53 cr. in 2011-2012, an increase of 33.11%.

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

Technology

Your Company has continued in its quest towards process efficiency, improved customer service, compliance with regulatory requirement and controls. With this as focus, the Company has successfully worked on the capability uplift for supporting changes to the business model and also has ensured online integration with the regulatory grievance management systems.

On process efficiency, your company continues to build on the platform which it has invested on and has rolled out efficiency projects for cost optimization, controls and improvement to turn around times.

Further your company continues to assess and improve its disaster recovery and information security capabilities. As part of Information security apart from external systems audit review, your company has invested in "best in class" audit tools for better compliance and control.

Outlook for 2012-13

Your Company's performance during 2011-12, despite market related challenges, has been quite positive. For the second year in a row, the results were impacted due to absorption of the prior period losses of the Motor TP Pool.

Notwithstanding the above, the retail segment is expected to show significant growth in the coming years – thanks to greater awareness created in the health insurance segment. The retail business penetration is also supported by our alternate channels such as online sales and telesales.

General Insurance industry per se, is poised for greater growth and is already on a high growth trajectory. The growth so far has mainly come from the motor segment which continues to be a major contributor at more than 60% to 70%. The growing middle class population with higher disposable income supported by strong auto sales will continue to drive the

growth in the motor channel. Further, we foresee large scale adoption of health insurance by all sections of people as the awareness for health insurance coverage gains momentum. With all these exciting changes your Company feels that there will be ample opportunity for them to grow their business. Retail insurance will form a major portion of the business driven by increased insurance penetration in tier II and III cities, towns and rural areas.

However, for us to participate meaningfully in this growth, pricing must improve significantly, commensurate with the risks covered. Your company's growth trajectory will therefore be dictated by the principle of profitable growth.

People

Your Company has 1355 employees as on 31st March 2012.

Your Company continues to focus in the training and development of its people to enhance their role and contribution to the growth of business. Employees are also encouraged and sponsored to attend technical, people/product-related seminars/conferences both in India and abroad. New technology driven e-learning portals have been introduced which help each and every employee to personally choose his/her area of interest and develop broad insights of the same.

Employee Engagement continues to remain high in your company reflected from the recent Employee Survey results, pegging us at the top quartile. The employee productivity has been improving year on year, for your Company which again is a positive trend.

Infusion of Capital

As stated earlier, your Company issued a Rights offer in March 2012 to mobilise a further capital to the tune of ₹ 64 cr. This amount includes a share premium of ₹ 24 cr. Including this additional capital, the solvency margin ratio is well above the prescribed limit. Post allotment of shares, the paid up share capital stands increased to ₹ 290 cr.

Dividend

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

Board of Directors

During the year 2011-12, Messrs. A V Rajwade, A Rangaswami, Gregory Otterson and Jonathan Hancock, Directors resigned from the Board. Your Directors record their deep sense of gratitude and appreciation to the guidance and insight provided by these Directors to your Company during their term.

Messrs. Stuart Edward Purdy, David Coughlan, M S Sundara Rajan and Harsha Viji, were appointed as Directors during the year under review.

Messrs. P M Venkatasubramanian, S Viji, Ajay Bimbhet and S Prasad, Directors of your Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Corporate Governance

Your Company has complied with the Guidelines on Corporate Governance for Insurance Companies issued by the Insurance Regulatory and Development Authority (IRDA) effective from April 1, 2010. A detailed report on our compliance for 2011-12 is attached as part of this Report.

Meetings of the Board/Committees held during the year:

Board (28.4.2011, 30.6.2011, 30.9.2011, 14.11.2011, 14.2.2012, 27.3.2012)	6
Audit Committee (27.4.2011, 30.6.2011, 29.9.2011, 11.11.2011, 15.2.2012)	5
Investment Committee (30.6.2011, 29.9.2011, 15.11.2011, 18.1.2012)	4
Executive Committee of Directors (29.6.2011, 30.9.2011, 18.1.2012)	3
Risk Management Committee (30.6.2011, 30.9.2011, 14.11.2011, 15.2.2012)	4
Policyholders' Protection Committee (29.6.2011, 30.9.2011, 15.11.2011, 14.2.2012)	4

Internal Audit

M/s N.C.Rajagopal & Co., Chartered Accountants, Chennai, were appointed as Internal Auditors of the Company for the year.

M/s T Selvaraj & Co., Chartered Accountants, appointed as concurrent auditors for carrying out the audit of the investment transactions completed their term of 3 years and in terms of IRDA guidelines governing their appointment are ineligible for reappointment. Consequently, your Company, in terms of IRDA Circular dated 4th August 2009, has appointed M/s R G N Price & Co., Chartered Accountants, Chennai, as the Concurrent Auditors to carry out the concurrent audit of the investment management systems, processes and transactions of the Company for the year 2012-13.

Statutory Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, and M/s Suri & Co., Chartered Accountants, Chennai, were appointed as the Joint Statutory Auditors of your Company for 2011-12 and will retire at the conclusion of the forthcoming Annual General Meeting.

Both the Auditors, being eligible, offer themselves for reappointment.

Necessary certificates under Section 224(1B) of the Companies Act, 1956, have been received from the Auditors.

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. The Report and Accounts are being sent to the Shareholders of the Company excluding the said information. Any Shareholder interested in obtaining such particulars may write to the Company Secretary.

Particulars regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Company does not have any activities relating to conservation of energy or technology absorption as stated under Section 217(1) (e) of the Companies Act, 1956. The Company had foreign exchange earnings equivalent to ₹ 2.68 Cr. and the outgo amounted to ₹ 108.95 cr. for the year ended 31st March 2012.

Public Deposits

As in the past, your Company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

Directors' Responsibility Statement

In accordance with the requirements of 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:

- a) in the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standards, principles and policies have been followed, along with a proper explanation relating to material departures if any;
- b) 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 loss and of the net profit of the Company for the year ended 31st March 2012;
- c) 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;
- d) the Directors have prepared the Financial Statements on a 'going concern' basis.
- e) an Internal Audit system, commensurate with the size and nature of the business, exists and is operating effectively.

Acknowledgement

Your Company sincerely thanks all the policyholders for their continued patronage and faith reposed in our capabilities.

Our thanks are also due to our Bankers, Distribution Partners, Reinsurers, Agents and Brokers for all their support and co-operation extended to the Company to consolidate its growth.

Your Company also thanks its Shareholders who have been a constant source of support and strength.

We acknowledge with thanks the continued support and guidance of all the Members and Officials of the Insurance Regulatory and Development Authority (IRDA) and the General Insurance Council.

We extend our sincere appreciation to the Management and employees of the Company for their continued commitment, exemplary teamwork and excellent contribution, during the year..

Place: Chennai
Date: 30th April 2012

For and on behalf of the Board

P M Venkatasubramanian
Chairman

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2012

In August 2009, the Insurance Regulatory and Development Authority (IRDA) issued the Corporate Governance Guidelines for Insurance Companies, which came into force from April 1, 2010.

Your Company has complied with these guidelines for the Financial Year 2011-12 and a Report is furnished hereunder:-

I. Board of Directors

All the members of the Board are eminent persons with considerable expertise and varied experience in Insurance, Finance, Transport, Automobile, Engineering and Banking sectors. The Company has been immensely benefitted by the range of experience and skills that these Directors bring to your Board.

The Board, currently comprises of twelve members of which eleven are Non-Executive Directors. Mr Ajay Bimbhet, Managing Director, is the only Executive Director. The Board is chaired by Mr P.M.Venkatasubramanian, a Non-Executive Director with more than 4 decades of experience in the General Insurance industry.

Mr.S.Prasad and Mr M S Sundara Rajan are the independent Directors and the composition of the Board is in conformity with the IRDA guidelines on Corporate Governance.

All Directors had executed the Deed of Covenant as required by the above Corporate Governance guidelines issued by IRDA

II. Board Meetings

The Board of Directors are actively involved in formulating the business and operational policies and deciding on the strategic issues concerning the Company.

During the year under review, 6 meetings of the Board of Directors were held on 28/4/2011, 30/6/2011, 30/9/2011, 14/11/2011, 14/2/2012 and 27/3/2012. Necessary quorum was present for all the meetings.

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships/memberships held by the Directors are as follows:

Name of Director	Board Meetings attended	Directorships (other than Royal Sundaram Alliance Insurance Company Limited)		Committees in which Chairman/Member (other than Royal Sundaram Alliance Insurance Company Limited)	
		Chairman	Director	Chairman	Member
P M Venkatasubramanian	6	-	5	4	4
S Viji	6	2	8	-	4
T T Srinivasaraghavan	5	1	8	3	2
Paul Whittaker	2*	-	-	-	-
Srinivas Acharya	6	-	9	3	3
Gareth Morgan Roberts	5	-	2	-	-
S Prasad	6	-	4	4	2
Stuart Edward Purdy	5**	-	-	-	-
David Patrick Coughlan	3**	-	-	-	-
M S Sundara Rajan	3	-	15	2	7
Harsha Viji	4	-	5	-	-
Jonathan Hancock	1@	-	-	-	-
Gregory Otterson	- @	-	-	-	-
Ajay Bimbhet	6	-	1	-	-

*Participation through VC ** Participated in 1 meeting through VC/AC

@Ceased to be Director wef 30th June 2011

III. Audit Committee

Mr S Prasad, an independent Director, is the Chairman of the Audit Committee. The Committee comprises of the following members:

S Prasad	Chairman
P M Venkatasubramanian	Member
Srinivas Acharya	Member
Gareth Morgan Roberts	Member

During the year the Committee met 5 times on 27/04/2011, 30/06/2011, 29/09/2011, 11/11/2011 and 15/02/2012.

IV. Investment Committee

The Company's Investment Committee, constituted in accordance with the IRDA (Investment) Regulations, 2000, comprises of the following members:

P M Venkatasubramanian	Chairman
S Viji	Member
M S Sundara Rajan	Member
Gareth Morgan Roberts	Member
Ajay Bimbhet	Managing Director
Tania Chakrabarti	Appointed Actuary
M S Sreedhar	Chief Investment Officer
S Venugopalan	Chief Financial Officer

During the year the Committee met 4 times on 30/06/2011, 29/09/2011, 15/11/2011 and 18/01/2012.

V. Risk Management Committee

The Risk Management Committee constituted in accordance with the Corporate Governance Guidelines issued by IRDA for Insurance Companies, comprises of the following Members:

P M Venkatasubramanian	Chairman
David Patrick Coughlan	Member
Ajay Bimbhet (MD)	Member

During the year the Committee met 4 times on 30/06/2011, 30/09/2011, 14/11/2011 and 15/02/2012.

VI. Policyholders' Protection Committee

The Policyholders' Protection Committee constituted in accordance with the Corporate Governance Guidelines issued by IRDA for Insurance Companies, comprises of the following Members:

M S Sundara Rajan	Chairman
T T Srinivasaraghavan	Member
Ajay Bimbhet (MD)	Member

During the year the Committee met 4 times on 29/06/2011, 30/09/2011, 15/11/2011, and 14/02/2012.

Necessary quorum was present for all the meetings.

Mr. S R Balachandher, Company Secretary and Head-Compliance acts as Secretary for the Board and all the Committee.

VII. Remuneration of Directors

The Executive Director (Managing Director) is appointed based on terms approved by the Shareholders. His remuneration comprises of salary, allowances and perquisites as indicated in Notes to Accounts. The remuneration paid to him has been approved by IRDA. The Non-Executive Directors are paid a sitting fee of Rs.10,000/- each, for every meeting of the Board/Committees attended by them.

VIII. Compliance Officer

Mr. S R Balachandher, Company Secretary & Head-Compliance, is the Compliance Officer.

Place: Chennai

Date: 30th April 2012

For and on behalf of the Board

P M Venkatasubramanian
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2011-12

I, S R Balachandher, Company Secretary & Head-Compliance of Royal Sundaram Alliance Insurance Company Limited (Company), hereby certify that the Company has complied with the corporate governance guidelines, as stated above, for Insurance Companies for 2011-12, as amended from time to time, and nothing has been concealed or suppressed.

S.R. Balachandher
Company Secretary & Compliance Officer

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 2012 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 (Revised) 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 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2012 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 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 2012.
 - 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 2012 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 Sundaram & Srinivasan
Chartered Accountants
Registration No: 004207S

S Usha
Partner
Membership No: 211785

For Suri & Co.
Chartered Accountants
Registration No: 004283S

S Swaminathan
Partner
Membership No: 020583

Place : Chennai
Date : April 30, 2012

Form B - RA
REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012 (FIRE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2012	31st March 2011
1 Premiums earned (Net)	1A	118,763	158,120
2 Profit/(Loss) on sale/redemption of Investments		240	559
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 42,503 thousand (Previous Year: ₹34,902 thousand)] (Refer note 16 of Schedule 17)		41,627	32,693
Total (A)		160,630	191,372
1 Claims Incurred (Net)	2A	56,276	49,037
2 Commission	3A	(32,893)	(18,620)
3 Operating Expenses related to Insurance Business	4	71,365	95,076
4 Premium Deficiency		-	-
Total (B)		94,748	125,493
Operating Profit/(Loss) from Fire Business C = (A-B)		65,882	65,879
Appropriations			
Transfer to Shareholders' Account		65,882	65,879
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		65,882	65,879
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 Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

For Suri & Co.
 Chartered Accountants
 Registration No.004283S

S Usha
 Partner
 Membership No: 211785

S Swaminathan
 Partner
 Membership No: 020583

 Place : Chennai
 Date : April 30, 2012

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Ajay Bimbhet
 Managing Director

Gareth Morgan Roberts
 Director

S Prasad
 Director

S Venugopalan
 Chief Financial Officer

S R Balachandher
 Company Secretary

Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012 (MARINE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2012	31st March 2011
1 Premiums earned (Net)	1B & 1C	124,447	114,435
2 Profit/(Loss) on sale/redemption of Investments		116	254
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹12,246 thousand (Previous Year: ₹ 11,353 thousand)] (Refer note 16 of Schedule 17)		11,824	10,349
Total (A)		136,387	125,038
1 Claims Incurred (Net)	2B & 2C	27,861	73,109
2 Commission	3B & 3C	5,993	(6)
3 Operating Expenses related to Insurance Business	4	35,778	36,284
4 Premium Deficiency		-	-
Total (B)		69,632	109,387
Operating Profit/(Loss) from Marine Business C = (A-B)		66,755	15,651
Appropriations			
Transfer to Shareholders' Account		66,755	15,651
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		66,755	15,651
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 Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

For Suri & Co.
Chartered Accountants
Registration No.004283S

S Usha
Partner
Membership No: 211785

S Swaminathan
Partner
Membership No: 020583

Place : Chennai
Date : April 30, 2012

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Chief Financial Officer

S R Balachandher
Company Secretary

Form B - RA
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012 (MISCELLANEOUS BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2012	31st March 2011
1 Premiums earned (Net)	1D	10,807,121	8,489,392
2 Profit/(Loss) on sale/redemption of Investments		7,134	12,739
3 Others - Transfer fee and Duplicate fee		852	1,705
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 1,001,880 thousand (Previous Year: ₹ 717,054 thousand)] (Refer note 16 of Schedule 17)		980,312	665,137
Total (A)		11,795,419	9,168,973
1 Claims Incurred (Net)	2D	8,571,762	6,480,035
2 Commission	3D	249,293	226,774
3 Operating Expenses related to Insurance Business	4	3,424,621	2,915,783
4 Premium Deficiency		-	-
Total (B)		12,245,676	9,622,592
Operating Profit/(Loss) from Miscellaneous Business C = (A-B)		(450,257)	(453,619)
Appropriations			
Transfer to Shareholders' Account		(450,257)	(453,619)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(450,257)	(453,619)
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 Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

For Suri & Co.
 Chartered Accountants
 Registration No.004283S

P M Venkatasubramanian
 Chairman

Ajay Bimbhet
 Managing Director

S Usha
 Partner
 Membership No: 211785

S Swaminathan
 Partner
 Membership No: 020583

Gareth Morgan Roberts
 Director

S Prasad
 Director

 Place : Chennai
 Date : April 30, 2012

S Venugopalan
 Chief Financial Officer

S R Balachandher
 Company Secretary

Form B - PL

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

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

(₹ '000)

Particulars	Schedule	31st March 2012	31st March 2011
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		65,882	65,879
(b) Marine Insurance		66,755	15,651
(c) Miscellaneous Insurance		(450,257)	(453,619)
2 INCOME FROM INVESTMENTS			
(a) Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 313,053 thousand (Previous Year: ₹ 239,026 thousand)] (Refer note 16 of Schedule 17)		302,258	217,883
(b) Profit on sale of investments		2,955	7,766
Less : Loss on sale of investments		-	(2,414)
3 OTHER INCOME (Interest on Tax Refund, Exchange gain, Interest on Staff Loan & Profit on Sale of Assets)		13,478	604
Total (A)		<u>1,071</u>	<u>(148,250)</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 - Investment related expenses, Filing Fee, etc.		5,648	536
b) Bad debts written off		-	-
c) Exchange loss		-	-
Total (B)		<u>5,648</u>	<u>536</u>
Profit/(Loss) Before Tax (A - B)		(4,577)	(148,786)
Provision for Taxation			
- Current [including Wealth Tax ₹ 8 thousand (Previous Year — ₹ 29 thousand)]		(8)	(29)
- Provision for taxation prior years		-	-
- Deferred		6,804	(52,510)
- Fringe Benefit Tax		-	(97)
Profit/(Loss) after tax		<u>2,219</u>	<u>(201,422)</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		236,457	437,879
Balance carried forward to Balance Sheet		<u>238,676</u>	<u>236,457</u>
Significant accounting policies	16		
Notes to financial statements	17		
Earning per Share (Basic and Diluted)		0.01	(0.96)

Per our report of even date attached

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

For Suri & Co.
Chartered Accountants
Registration No.004283S

S Usha
Partner
Membership No: 211785

S Swaminathan
Partner
Membership No: 020583

Place : Chennai
Date : April 30, 2012

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Chief Financial Officer

S R Balachandher
Company Secretary

Form B - BS
BALANCE SHEET AS AT 31st MARCH 2012

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

(₹ '000)

Particulars	Schedule	31st March 2012	31st March 2011
SOURCES OF FUNDS			
SHARE CAPITAL	5	2,900,000	2,500,000
RESERVES AND SURPLUS	6	728,676	486,457
FAIR VALUE CHANGE ACCOUNT		(16,614)	(2,583)
BORROWINGS	7	-	-
TOTAL		3,612,062	2,983,874
APPLICATION OF FUNDS			
INVESTMENTS	8	18,405,279	13,827,135
LOANS	9	-	-
FIXED ASSETS	10	124,868	126,890
Deferred Tax Assets - Net (Refer note 7 of Schedule 17)		58,428	51,624
CURRENT ASSETS			
Cash and Bank Balances	11	701,359	453,891
Advances and Other Assets	12	1,389,167	1,355,700
Sub- Total (A)		2,090,526	1,809,591
CURRENT LIABILITIES			
PROVISIONS	14	6,399,498	4,958,671
Sub - Total (B)		17,067,039	12,831,366
NET CURRENT ASSETS (C)=(A-B)		(14,976,513)	(11,021,775)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		-	-
TOTAL		3,612,062	2,983,874
Significant accounting policies	16		
Notes to financial statements	17		

Per our report of even date attached

For Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

S Usha
 Partner
 Membership No: 211785

 Place : Chennai
 Date : April 30, 2012

For Suri & Co.
 Chartered Accountants
 Registration No.004283S

S Swaminathan
 Partner
 Membership No: 020583

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Gareth Morgan Roberts
 Director

S Venugopalan
 Chief Financial Officer

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R Balachandher
 Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 1A		
PREMIUM EARNED (NET) — FIRE BUSINESS		
Premium from direct business written	510,685	458,298
Add: Premium on reinsurance accepted	29,645	25,888
Less: Premium on reinsurance ceded	(419,832)	(339,212)
Net Premium	120,498	144,974
Adjustment for change in reserve for unexpired risks	(1,735)	13,146
Total Premium Earned (Net)	118,763	158,120
SCHEDULE 1B		
PREMIUM EARNED (NET) — MARINE CARGO BUSINESS		
Premium from direct business written	311,750	247,965
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(180,669)	(130,355)
Net Premium	131,081	117,610
Adjustment for change in reserve for unexpired risks	(6,736)	(3,293)
Total Premium Earned (Net)	124,345	114,317
SCHEDULE 1C		
PREMIUM EARNED (NET) — MARINE HULL BUSINESS		
Premium from direct business written	3,434	4,074
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(3,348)	(3,972)
Net Premium	86	102
Adjustment for change in reserve for unexpired risks	16	16
Total Premium Earned (Net)	102	118
SCHEDULE 1D		
PREMIUM EARNED (NET) — MISCELLANEOUS BUSINESS		
Premium from direct business written	13,972,043	10,729,556
Add: Premium on reinsurance accepted	1,677,676	884,366
Less: Premium on reinsurance ceded	(3,410,461)	(2,251,644)
Net Premium	12,239,258	9,362,278
Adjustment for change in reserve for unexpired risks	(1,432,137)	(872,886)
Total Premium Earned (Net)	10,807,121	8,489,392

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



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 2A		
CLAIMS INCURRED (NET) — FIRE BUSINESS		
Claims paid		
Direct	162,294	188,894
Add: Reinsurance accepted	(8)	143
Less: Reinsurance ceded	(127,897)	(139,409)
Net Claims paid	34,389	49,628
Add: Claims outstanding at the end of the year	95,070	73,183
Less: Claims outstanding at the beginning	(73,183)	(73,774)
Total Claims Incurred	56,276	49,037
SCHEDULE 2B		
CLAIMS INCURRED (NET) — MARINE CARGO BUSINESS		
Claims paid		
Direct	125,667	113,970
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	(74,020)	(50,710)
Net Claims paid	51,647	63,260
Add: Claims outstanding at the end of the year	54,854	78,640
Less: Claims outstanding at the beginning	(78,640)	(68,791)
Total Claims Incurred	27,861	73,109
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	7,244,203	5,307,389
Add: Reinsurance accepted	656,905	440,458
Less: Reinsurance ceded	(1,726,415)	(1,089,895)
Net Claims paid	6,174,693	4,657,952
Add: Claims outstanding at the end of the year	8,379,613	5,982,544
Less: Claims outstanding at the beginning	(5,982,544)	(4,160,461)
Total Claims Incurred	8,571,762	6,480,035

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 3A		
COMMISSION — FIRE BUSINESS		
Commission paid		
Direct	45,909	43,982
TOTAL	45,909	43,982
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(78,802)	(62,602)
Net Commission	(32,893)	(18,620)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	10,622	9,981
Brokers	21,998	20,469
Corporate Agency	13,289	13,532
Referral	-	-
Others	-	-
TOTAL	45,909	43,982
SCHEDULE 3B		
COMMISSION — MARINE CARGO BUSINESS		
Commission paid		
Direct	34,828	22,065
TOTAL	34,828	22,065
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(28,099)	(21,198)
Net Commission	6,729	867
Break-up of the expenses (Gross) incurred to procure business :		
Agents	4,282	7,673
Brokers	22,572	14,145
Corporate Agency	7,974	247
Referral	-	-
Others	-	-
TOTAL	34,828	22,065

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 3C		
COMMISSION — MARINE HULL BUSINESS		
Commission paid		
Direct	-	-
TOTAL	-	-
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(736)	(873)
Net Commission	(736)	(873)
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	566,718	501,971
TOTAL	566,718	501,971
Add: Commission on Reinsurance Accepted	-	8,858
Less: Commission on Reinsurance Ceded	(317,425)	(284,055)
Net Commission	249,293	226,774
Break-up of the expenses (Gross) incurred to procure business :		
Agents	114,252	58,644
Brokers	152,412	89,636
Corporate Agency	300,054	353,691
Referral	-	-
Others	-	-
TOTAL	566,718	501,971

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Break up Schedule for All Business

(For the year ended 31st March 2012)

(₹ '000)

Particulars	Fire Revenue Account			Marine Revenue Account			Miscellaneous Revenue Account												Grand Total																	
	Fire			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 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010	31st March 2012	31st March 2011	31st March 2010						
Premium Earned (Net)	510,655	458,298	311,750	247,965	315,184	252,039	10,609,609	7,930,312	26,644	22,931	161,512	136,594	368,339	368,710	376,192	420,928	2,311,370	1,791,031	58,177	59,050	13,972,043	10,729,556	14,797,912	11,439,893	1,707,321	884,366	900,254	2,251,644	(4,014,310)	(2,725,183)	9,624,964					
Premium from direct business written	29,645	25,888	-	-	-	-	1,670,695	879,157	-	-	-	-	6,981	5,209	-	-	-	-	-	-	1,677,676	884,366	1,707,321	900,254	-	-	-	(2,251,644)	(4,014,310)	9,624,964						
Add: Premium on reinsurance accepted	(419,832)	(339,212)	(180,669)	(130,355)	(3,348)	(3,972)	(134,327)	(1,597,933)	(3,954)	(3,658)	(95,707)	(117,466)	(30,764)	(297,775)	(45,965)	(52,327)	(231,137)	(179,103)	(31,340)	(25,141)	(3,410,466)	(2,251,644)	(4,014,310)	(2,725,183)	(1,440,592)	(872,886)	(863,077)	(2,251,644)	(4,014,310)	(2,725,183)						
Less: Premium on reinsurance ceded	120,498	144,974	131,081	117,610	86	102	131,167	117,712	9,661,469	7,211,536	44,946	40,887	73,556	76,144	330,227	368,601	2,080,233	1,611,928	26,837	33,909	12,239,258	9,362,278	12,490,923	9,624,964	1,707,321	884,366	900,254	(2,251,644)	(4,014,310)	9,624,964						
Net Premium	(1,735)	13,146	(6,736)	(3,293)	16	16	(3,277)	(1,207,007)	(885,141)	(1,889)	(740)	(2,664)	2,639	5,313	3,446	(10,090)	(28,779)	19,384	2,117	682	(1,432,137)	(872,886)	(1,440,592)	(863,077)	(1,440,592)	(872,886)	(863,077)	(2,251,644)	(4,014,310)	9,624,964						
Adjustment for change in reserve for unexpired risks	118,763	158,120	124,345	114,317	102	118	124,447	114,485	8,454,462	6,326,395	21,001	18,533	76,195	81,457	333,673	358,511	1,851,454	1,631,312	28,354	34,591	10,807,121	8,489,392	11,050,331	8,761,947	11,050,331	8,489,392	11,050,331	8,761,947	11,050,331	8,761,947						
Total Premium Earned (Net)	162,294	188,894	125,667	113,970	-	-	1,25,667	113,970	5,931,655	4,180,059	6,031	2,379	1,825	85,939	81,709	117,989	1,073,357	892,650	24,303	24,831	7,244,203	5,307,389	7,532,164	5,610,253	656,905	440,458	440,601	(1,928,332)	(1,280,014)	4,406,601						
Claims paid	(8)	143	-	-	-	-	656,831	440,411	-	74	-	-	47	-	-	-	-	-	-	-	656,905	440,458	440,601	4,406,601	-	-	-	(1,928,332)	(1,280,014)	4,406,601						
Add: Reinsurance accepted	(127,897)	(139,409)	(74,020)	(50,710)	-	-	(74,020)	(50,710)	(1,553,068)	(921,661)	(606)	(183)	(66,811)	(60,107)	(12,855)	(13,039)	(107,558)	(89,660)	(4,963)	(5,007)	(1,726,415)	(1,089,895)	(1,928,332)	(1,280,014)	(1,089,895)	(1,089,895)	(1,928,332)	(1,280,014)	(1,280,014)	(1,280,014)						
Less: Reinsurance ceded	34,389	49,628	51,647	63,260	-	-	51,647	63,260	5,055,418	3,698,809	5,425	2,141	1,642	19,202	21,649	105,134	110,897	965,799	802,990	19,340	19,824	6,174,693	4,657,952	6,260,729	4,770,840	4,657,952	4,657,952	6,260,729	4,770,840							
Net Claims paid	95,070	73,183	54,854	78,640	-	-	54,854	78,640	7,877,758	5,507,288	12,421	9,459	7,562	64,196	66,266	229,534	186,255	153,744	177,819	31,926	27,895	8,379,613	5,982,544	8,529,537	6,134,367	5,982,544	8,529,537	6,134,367	6,134,367							
Add: Claims remaining unpaid at the end of the year	(73,183)	(73,774)	(78,640)	(68,791)	-	-	(78,640)	(68,791)	(5,507,288)	(3,744,308)	(9,459)	(5,455)	(6,383)	(66,266)	(50,325)	(186,255)	(170,085)	(177,819)	(42,630)	(42,630)	(5,982,544)	(4,160,461)	(6,134,367)	(4,303,026)	(4,160,461)	(4,160,461)	(4,303,026)	(4,303,026)	(4,303,026)							
Less: Claims remaining unpaid at the beginning of the year	56,276	49,037	27,861	73,109	-	-	27,861	73,109	7,425,888	5,460,789	8,387	6,145	2,821	17,132	37,590	148,413	127,067	89,554	23,371	5,089	8,571,762	6,480,035	8,655,899	6,602,181	6,480,035	8,655,899	6,602,181	6,602,181	6,602,181							
Total Claims Incurred	47,399	31,010	22,419	63,959	0.00%	0.00%	63,959	63,899	87,839	86,339	39,949	33,116	7,319	22,488	46,159	44,488	35,449	51,469	80,729	14,719	79,329	76,339	75,339	75,339	76,339	76,339	75,339	75,339	75,339							
NIC/NEP																																				
Commissions																																				
Commission paid	45,909	43,982	34,828	22,065	-	-	34,828	22,065	271,875	221,685	1,954	1,545	11,976	24,257	20,557	49,689	56,688	184,938	3,011	4,582	566,718	501,971	647,455	568,018	566,718	501,971	647,455	568,018	568,018							
Direct	45,909	43,982	34,828	22,065	-	-	34,828	22,065	271,875	221,685	1,954	1,545	11,976	24,257	20,557	49,689	56,688	184,938	3,011	4,582	566,718	501,971	647,455	568,018	566,718	501,971	647,455	568,018	568,018							
TOTAL	45,909	43,982	34,828	22,065	-	-	34,828	22,065	271,875	221,685	1,954	1,545	11,976	24,257	20,557	49,689	56,688	184,938	3,011	4,582	566,718	501,971	647,455	568,018	566,718	501,971	647,455	568,018	568,018							
Add: Commission on reinsurance accepted																																				
Less: Commission on reinsurance ceded	(78,802)	(62,602)	(28,099)	(21,198)	(736)	(873)	(28,099)	(21,198)	(16,709)	(13,663)	(730)	(407)	(19,955)	(74,893)	(89,855)	(10,343)	(7,248)	(36,461)	(7,552)	(5,662)	(317,425)	(284,055)	(425,062)	(368,278)	(317,425)	(284,055)	(425,062)	(368,278)	(368,278)							
Net commission	(32,893)	(18,620)	6,729	867	(736)	(873)	6,729	867	104,884	93,910	1,224	1,138	(3,767)	(50,636)	(69,298)	39,346	49,440	167,589	156,431	(4,541)	(1,080)	249,293	226,774	222,393	249,293	226,774	222,393	222,393	222,393							
Operating Expenses	71,365	95,076	35,449	35,781	329	503	35,778	36,284	2,533,761	2,303,410	3,275	3,696	15,771	42,544	58,887	59,140	78,687	542,856	7,274	9,194	3,424,621	2,915,783	3,531,764	3,047,143	3,424,621	2,915,783	3,531,764	3,047,143	3,047,143							

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1 Employees' remuneration and welfare benefits	806,984	720,868
2 Travel, conveyance and vehicle running expenses	52,535	57,250
3 Training expenses	3,594	4,486
4 Rents, rates and taxes	104,726	101,033
5 Repairs and maintenance	23,343	23,659
6 Printing and stationery	42,444	45,458
7 Communication	56,772	56,610
8 Legal and professional charges	34,673	7,087
9 Auditors' fees and expenses		
(a) as auditors	1,250	1,250
(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	200	210
(d) out of pocket expenses	168	309
10 Advertisement and publicity	42,267	15,240
11 Bank charges	21,065	15,064
12 Others		
- Data processing and outsourcing expenses	1,670,863	1,380,699
- Marketing and related expenses	369,374	282,609
- Software and Hardware maintenance charges	134,526	126,156
- Policy Stamp expenses	866	1,278
- Directors' sitting fees	950	870
- Miscellaneous expenses	91,034	119,906
13 Depreciation	66,999	79,448
14 Service tax on premium	6,931	7,453
	3,531,764	3,047,143
Allocation of expenses (per accounting policy 11, Schedule 16)		
Revenue Account — Fire Business	71,365	95,076
Revenue Account — Marine Business	35,778	36,284
Revenue Account — Miscellaneous Business	3,424,621	2,915,783
	3,531,764	3,047,143

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 5		
SHARE CAPITAL		
1 Authorised Capital 350,000,000 (31st March 2011 - 250,000,000) Equity shares of ₹ 10/- each	3,500,000	2,500,000
2 Issued Capital 290,000,000 (31st March 2011 - 250,000,000) equity shares of ₹ 10/- each, fully paid up	2,900,000	2,500,000
3 Subscribed Capital 290,000,000 (31st March 2011 - 250,000,000) equity shares of ₹ 10/- each, fully paid up	2,900,000	2,500,000
4 Called-up Capital 290,000,000 (31st March 2011 - 250,000,000) equity shares of ₹ 10/- each, fully paid up	2,900,000	2,500,000
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	2,900,000	2,500,000

SCHEDULE 5A

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

Shareholder	31st March 2012		31st March 2011	
	Number of Shares	% of holding	Number of Shares	% of holding
Promoters				
Indian	214,600,000	74%	185,000,000	74%
Foreign	75,400,000	26%	65,000,000	26%
	290,000,000	100%	250,000,000	100%
Others	-	-	-	-
Total	290,000,000	100%	250,000,000	100%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 6		
RESERVES AND SURPLUS		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	490,000	250,000
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	238,676	236,457
Total	728,676	486,457
SCHEDULE 7		
BORROWINGS		
1 Debentures / Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 8		
INVESTMENTS		
LONG TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills*	3,117,799	2,802,239
2 Other Approved Securities	653,467	805,504
3 Other Investments		
(a) Shares		
(aa) Equity	98,346	71,354
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	3,888,904	3,548,176
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	2,553,778	2,524,346
5 Other than Approved Investments – Equity Shares	1,081	1,012
SHORT TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills	1,686,086	777,784
2 Other Approved Securities	150,284	79,825
Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	2,298,228	1,154,999
(e) Other Securities-Certificate of Deposit/CBLO	2,053,083	1,108,718
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	1,904,223	953,178
5 Other than Approved Investments	-	-
Total	18,405,279	13,827,135
Aggregate market value of quoted investments other than Equity Shares	16,043,642	13,368,778
Aggregate book value of quoted investments other than Equity Shares	16,252,769	13,629,907
Historical cost of Equity Shares valued on fair value basis	116,041	74,949
Historical cost of Mutual funds valued on fair value basis	-	-
Aggregate book value of unquoted investments	2,053,083	124,862

* Includes Government securities of book value ₹ 110,470 thousand (31st March 2011: ₹ 113,988 thousand), held under Section 7 of the Insurance Act, 1938.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 9		
LOANS		
1. SECURITY-WISE CLASSIFICATION		
<i>Secured</i>		
(a) On mortgage of Property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
<i>Unsecured</i>	-	-
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	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 10

FIXED ASSETS

(₹ '000)

Particulars	Cost/Gross Block			Depreciation			Net Block			
	Opening	Additions	Deductions	Closing	Upto 31st March 2012	For the year	On sales/adjustments	Upto 31st March 2012	As at 31st March 2012	As at 31st March 2011
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Information Technology	160,560	26,094	-	186,654	131,392	21,975	-	153,367	33,287	29,168
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	17,961	990	498	18,453	14,578	1,121	498	15,201	3,252	3,383
Improvements to Leased premises	137,788	9,419	-	147,207	100,454	12,868	-	113,322	33,885	37,334
Information Technology Equipment	303,638	29,341	19	332,960	269,627	26,095	5	295,717	37,243	34,011
Vehicles	11,787	-	1,746	10,041	6,019	1,774	1,571	6,222	3,819	5,768
Office Equipment	66,049	3,583	-	69,632	56,124	3,166	-	59,290	10,342	9,925
TOTAL	697,783	69,427	2,263	764,947	578,194	66,999	2,074	643,119	121,828	119,589
Work in progress	7,301	3,040	7,301	3,040	-	-	-	-	3,040	7,301
Grand Total	705,084	72,467	9,564	767,987	578,194	66,999	2,074	643,119	124,868	126,890
As at 31st March 2011	670,406	52,509	17,831	705,084	504,249	79,448	5,503	578,194	126,890	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 11		
CASH AND BANK BALANCES		
1 Cash (including cheques, drafts and stamps)	200,222	122,781
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current Accounts	501,137	331,110
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
Total	701,359	453,891
Included in Bank balances — current accounts, are balances held outside India amounting to ₹361 thousand (31st March 2011 - ₹ 317 thousand) with a non-scheduled bank and the other bank balances are with scheduled banks.		
SCHEDULE 12		
ADVANCES AND OTHER ASSETS		
ADVANCES		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	14,049	12,648
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source [Net of provision for tax amounting to ₹ 8 thousand (Previous Year: ₹ 126 Thousand)]	169,884	156,935
Others — Deposits for premises and advance rent	62,211	56,354
— Service Tax unutilised credit	46,164	32,123
— Employee Benefit Group Gratuity Net Plan Asset	3,806	5,727
— Other Advances	23,896	15,761
Total (A)	320,010	279,548
OTHER ASSETS		
1 Income accrued on investments	695,867	482,156
2 Outstanding Premiums	65,415	132,497
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	15,410	19,024
Due from subsidiaries / holding Company	-	-
7 Deposit with Reserve Bank of India [Pursuant to section 7 of the Insurance Act, 1938]	-	-
8 Others		
— Balance with Terrorism Pool	292,465	244,325
— Balance with Motor Third Party Pool	-	198,150
Total (B)	1,069,157	1,076,152
Total (A+B)	1,389,167	1,355,700

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2012	31st March 2011
SCHEDULE 13		
CURRENT LIABILITIES		
1 Agents' Balances	51,493	83,074
2 Balances due to other insurance companies	347,908	265,551
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	768,192	608,355
5 Unallocated Premium	49,804	40,504
6 Sundry creditors	798,398	559,491
7 Sundry Creditors - Due to Policyholders	300,060	120,521
8 Due to subsidiaries / holding company	-	-
9 Claims Outstanding	7,645,956	6,134,367
10 Due to Officers / Directors	5,541	4,435
11 Others — Service Tax payable	3,503	56,397
12 Due to Other Members of TP Pool (IMTPIP)	696,686	-
Total	10,667,541	7,872,695
SCHEDULE 14		
PROVISIONS		
1 Reserve for Unexpired Risk	6,394,477	4,953,886
2 For taxation (less advance tax paid and taxes deducted at source)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others - Employee Benefits - gratuity	-	-
- Leave compensated absence	5,021	4,785
Total	6,399,498	4,958,671
SCHEDULE 15		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
1 Discount Allowed in issue of shares / debentures	-	-
2 Others	-	-
Total	-	-

SIGNIFICANT ACCOUNTING POLICIES

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, Orders / Circulars / Notifications issued by IRDA from time to time, 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 there from 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 recognized as income over the contract period or period of risk, as appropriate and for installment cases, it is recognized on installment due dates after adjusting for unearned premium (unexpired risk) and premium deficiency, if any. For Government sponsored Health Scheme (RSBY), premium is recognized as and when invoice is raised to the Government based on District Key Manager's certificate. Subsequent revisions to or cancellations of premium are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

Premium deficiency is recognised whenever expected claims cost, related expenses and maintenance cost exceed related reserve for unexpired risk in Fire, Marine and Miscellaneous Revenue Accounts.

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 and is subject to a minimum of 50% as stipulated in the Insurance Act, 1938. However, in respect of Marine Cargo and Marine Hull business a fixed percentage of 50 and 100 respectively on Net Written Premium of the year, is adopted.

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.

SIGNIFICANT ACCOUNTING POLICIES

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 Company accounts for the pool transactions for the financial year on the basis of financial statements received for the period ended 28th February 2012. For the month of March 2012, the loss/profit is incorporated on an estimated basis by the management.

IRDA had vide its Orders IRDA /NL/ORD/MPL/277/12/2011 dated 23rd December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implies that the insurers liability on motor third party insurance on commercial vehicles gets restated from industry market share basis to actual policy issued basis.

(Refer note 9 of Schedule 17)

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.
- (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.

SIGNIFICANT ACCOUNTING POLICIES

- 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).
- 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.
- iv. Dividend is accounted for as income as and when the right to receive is established.

9. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

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 and in case of Improvement to existing leased premises, over the balance lease period
Information Technology Equipment	Written Down Value Method	60%
Vehicles (both owned and leased)	Straight Line Method	25% on 90% of the cost
Office Equipment	Straight Line Method	Equally over a period of five years*
Assets costing less than ₹5000 each	Written down to ₹ 1 in the year of acquisition	

* Based on a technical valuation

SIGNIFICANT ACCOUNTING POLICIES

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.

12. Operating Leases

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

13. 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..

14. Income-tax

Tax expense comprises current and deferred. Current income-tax is 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..

15. 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.

16. 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.

17. 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

	(₹ '000)	
	31 st March 2012	31 st March 2011
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 –		
– Disputed Income Tax Liability	235,339*	1,224,342
– Disputed Service tax Liability (Including of penalty of ₹354,056 thousands)	708,113**	–
Reinsurance obligations, to the extent not provided for in the accounts	Nil	Nil

* The contested Income Tax Demands have been ascertained taking into consideration the relief allowed by the Commissioner of Income Tax (Appeals) and the principles adopted in the orders of CIT (Appeals) on similar disputed issues in the previous assessment years.

** Excluding interest under Rule 14 of the CENVAT Credit Rules, 2004. The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, Chennai (CESTAT) against the commissioner of service tax order. Based on legal opinion and the recent amendment made in CENVAT Credit Rules 2004, in the opinion of the management, no liability is ultimately envisaged on this issue.

b) Commitments made for Investments and Fixed Assets

	(₹ '000)	
	31 st March 2012	31 st March 2011
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)	43,054	16,386

3. The disclosures in respect of operating leases are as follows :

	(₹ '000)	
	31 st March 2012	31 st March 2011
Lease payments debited to the Profit and Loss Account	93,688	87,972
Future minimum lease payments		
Not later than one year	82,144	84,032
Later than 1 year but not later than 5 years	108,130	110,989
Later than 5 years	8,940	29,566

4. Ageing of Gross Outstanding Claims - Direct:

	(₹ '000)			
	31 st March 2012		31 st March 2011	
	Nos.	Amount	Nos.	Amount
Claims outstanding for a period exceeding six months	11375	4,111,281	10049	3,382,387
Other Claims (less than 6 months)	11440	2,269,344	12469	1,630,686
Total	22815	6,380,625	22518	5,013,073

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 March 31, 2012, there are Nil claims (Previous Year – Nil) outstanding for a period exceeding six months from the date when settlement has been agreed.

NOTES TO FINANCIAL STATEMENTS

5. Investments

a)	(₹ '000)	
	31 st March 2012	31 st March 2011
Contracts for sales where payments are overdue	Nil	Nil
Contracts for Purchases due for delivery on the Balance Sheet date	200,397	Nil

b)	(₹ '000)	
	31 st March 2012	31 st March 2011
Non-performing investment	Nil	Nil

6. A) Employee Benefits - Gratuity

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

a) Assumptions

	31 st March 2012	31 st March 2011
Discount rate	8.0%	8.0%
Salary Escalation	8.0%	8.0%
Attrition rate	1-3%	1-3%
Expected return on plan assets	8.0%	8.0%
Mortality rate Table	LIC (1994-1996)	LIC (1994-1996)

b) Changes in present value of obligations

	(₹ '000)	
	31 st March 2012	31 st March 2011
Present value of obligations as at the beginning of the year	28,792	26,928
Interest cost	2,303	2,154
Current Service Cost	8,635	8,167
Benefits Paid	(3,970)	(3,508)
Actuarial (gain)/loss on obligation	(3,382)	(4,949)
Present value of obligations as at the end of the year	39,142	28,792

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

	(₹ '000)	
	31 st March 2012	31 st March 2011
Fair value of plan assets at the beginning of the year	34,519	22,542
Expected return on plan assets	2,999	1,986
Contributions	9,400	13,499
Benefits paid	(3,970)	(3,508)
Actuarial gain on plan assets	Nil	Nil
Fair value of plan assets at the end of the year	42,948	34,519

NOTES TO FINANCIAL STATEMENTS

d) Actuarial Gain/Loss recognized

	(₹ '000)	
	31 st March 2012	31 st March 2011
Actuarial (gain) / loss on obligation	3,382	(4,949)
Actuarial (gain) / loss on plan assets	Nil	Nil
Total (gain) / loss for the year	3,382	(4,949)
Actuarial (gain) / loss recognised in the year	3,382	(4,949)

e) The amounts recognised in the Balance Sheet

	(₹ '000)	
	31 st March 2012	31 st March 2011
Present value of obligations as at the end of the year	39,142	28,792
Fair value of plan assets as at the end of the year	42,948	34,519
Funded status (Liability)	3,806	5,727
Net Asset/(Liability) recognised in the Balance Sheet	3,806	5,727

f) Expenses recognised in Revenue Accounts

	(₹ '000)	
	31 st March 2012	31 st March 2011
Current Service cost	8,635	8,167
Interest Cost	2,303	2,154
Expected return on plan assets	(2,999)	(1,986)
Net Actuarial loss recognised in the year	3,382	(4,949)
Expenses to be recognised in Revenue Accounts	11,321	3,386

B) Employee Benefits – Compensated absence

The present value of obligations towards compensated absences as at 31.03.2012 as per Actuarial Certificate is ₹ 5,021 thousands (Previous Year: ₹ 4,785 thousands) and is provided for in the books of Accounts. The basis of provision for compensated absences is as follows:

	31 st March 2012	31 st March 2011
Discount rate	8.50%	8.05%
Salary Escalation	8.0%	8.0%
Earned leave	As per Company rules	
Retirement age	60 Years	60 Years
Mortality rate Table	LIC (1994-1996)	LIC (1994-1996)

7. Deferred Tax Assets

The details of Deferred Tax Assets are as follows :

	(₹ '000)	
	31 st March 2012	31 st March 2011
Reserve for Unexpired risk	39,596	35,404
Depreciation	17,203	14,631
Accumulating Compensated Absence	1,629	1,589
Net Deferred Tax Asset	58,428	51,624

8. Participation in Indian Terrorism Risk Insurance Pool

The Company has accounted for the retro cession for 4 Quarters upto December 2011 during the year

	(₹ '000)	
	31 st March 2012	31 st March 2011
Due from the Pool Manager, beginning of the year	244,325	208,992
Premium on reinsurance accepted	36,625	31,097
Investment Income	20,846	11,926
Premium on reinsurance ceded	(5,235)	(4,080)
Claims paid on reinsurance accepted	(66)	(189)
Operating expenses related to insurance business	(4,030)	(3,421)
Profit Commission on XL	Nil	Nil
Due from the Pool Manager, end of the year	292,465	244,325
Claims outstanding, end of the year	(1,000)	(1,000)
Reserve for Unexpired risk, end of the year	(31,390)	(27,018)
Reserve for Unexpired risk, beginning of the year	27,018	20,290

9. Indian Motor Third Party Pool

IRDA had vide its Orders IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implies that the insurers liability on motor third party insurance on commercial vehicles gets restated from industry market share basis to actual policy issued basis.

Based on provisional statements from the Pool received for the period from April 2007 to March 2011, and company's estimate for 2011-12 based on provisional accounts received from the Motor pool, the company has recognized an amount of ₹ 883,582 thousands as Due to Members of the Pool with a corresponding reduction in the outstanding claims.

IRDA vide above said Orders advised recognition of the revised actuarially estimated liabilities relating to IMTPIP for all underwriting years commencing from April 1, 2007 and ending with March 31, 2012. Accordingly, the Pool Administrator has provided Provisional Financial Statements of the IMTPIP for the period from April 1, 2007 to February 29, 2012 wherein the Company's share of the cumulative differential actuarially estimated liability, is indicated as ₹ 2,879,625 thousands. The Company has estimated ₹ 108,136 thousands as the liability for the month of March 2012.

IRDA, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, had provided an option to insurers for a deferred absorption of the differential liability subject to certain conditions listed in the said Order. The Company, having exercised the option, has recognized in its Miscellaneous Revenue Account for the year ended March 31, 2012.

- (i) ₹ 1,843,456 thousands representing in full the differential actuarially estimated liability for the underwriting years 2007-08, 2008-09, 2009-10 and 2010-11 and
- (ii) ₹ 381,435 thousands representing 1/3rd of the cumulative differential actuarially estimated liability for the underwriting year 2011-12.

In terms of the above-said Order dated March 22, 2012, the Company has carried forward ₹ 762,870 thousands of the differential liability which will be absorbed equally over the next two financial years. This amount reflects the amount by which the Profit is higher due to the change from the erstwhile method of accounting wherein the entire differential liability was recognized in the Miscellaneous Revenue Accounts.

(₹ '000)

	31 st March 2012	31 st March 2011
Premium on reinsurance accepted	1,670,695	879,157
Incremental Reserve for unexpired risk	402,013	51,979
Claims incurred	2,224,891	1,714,360
Our share of Commission Outgo	–	8,858
Our share of Pool Manager's fee	8,354	7,194
Our share of other Income	–	692
Our share of investment Income	227,185	144,441
Profit / (Loss) from Pool	(737,378)	(758,101)
Due from the Pool Manager, beginning of the year	198,150	1,781,901
Due from/(Due to) the Pool Manager, end of the year	(696,686)	198,150
Claims outstanding, end of the year	3,670,950	2,986,472
Reserve for Unexpired risk, end of the year	835,347	433,334

10. Solatium Fund

(₹ '000)

	31 st March 2012	31 st March 2011
Contribution to the Solatium Fund @ 0.1% of the Gross Written Premium of Motor Business	10,670	7,930

11. The Sector-wise Gross Written Premium Direct

(₹ '000)

	31 st March 2012		31 st March 2011	
	Amount	%	Amount	%
Rural Sector (including Social Sector)	1,722,179	11.64	1,480,513	12.94
Other Sectors	13,075,733	88.36	9,959,380	87.06
Total Gross Written Premium	14,797,912	100.00	11,439,893	100.00

	31 st March 2012	31 st March 2011
Social Sector		
No. of Lives Covered	651,494	1,008,539
No. of Policies Issued	191	376

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

12. Premium Recognition on Varying Risk Pattern

Premium income recognised based on varying risk pattern is Nil (Previous Year : Nil)

13. Risk retention / reinsurance

	31 st March 2012	31 st March 2011
Risk retained (%)	84	84
Risk reinsured (%)	16	16

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

	(₹ '000)	
	31 st March 2012	31 st March 2011
Salary	4,278	3,870
Allowances and perquisites	11,670	10,673
Total	15,948	14,543

15. Related Party Transactions

a) Particulars of related parties

I. JOINT VENTURE PROMOTERS

Sundaram Finance Limited

Royal & SunAlliance Insurance plc

II. KEY MANAGERIAL PERSONNEL

Mr. Ajay Bimbhet (Managing Director)

b) Transactions with related parties and balances

(₹ '000)

Particulars	Joint Venture Promoters				Key Managerial Personnel	
	Sundaram Finance Ltd		RSA		Mr. Ajay Bimbhet	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Income						
Insurance Premium Received	5,001	4,958	-	-	74	53
Claims on Re-Insurance	-	-	10,761	6,966	-	-
Income - Information tech support	-	-	5,324	-	-	-
Commission on reinsurance ceded	-	-	26,914	15,854	-	-
Rent Received	-	144	-	-	-	-
Expenses						
Rent	20,968	23,447	-	-	-	-
Payment for Services Received	20,871	19,037	15,074	6,721	-	-
Agency Commission	64,923	56,478	-	-	-	-
Remuneration to Managing Director	-	-	-	-	15,948	14,543
Reinsurance Premium	-	-	184,009	87,896	-	-
Insurance Claims	1,023	804	-	-	-	-
Purchase						
Software Licences	753	1,062	-	-	-	-
Contribution Received towards Rights Issue	319,360	324,350	166,400	169,000	-	-
Receivable						
Other Receivables	-	-	3,651	16,082	-	-
Rent Deposit	7,493	7,493	-	-	-	-
Payable						
Other Payable	-	7,007	-	88,912	5,541	4,435
Insurance Deposit	5,000	4,000	-	-	-	-
Share Capital	1,447,100	1,247,500	754,000	650,000	-	-

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

Particulars	(₹ '000)	
	31 st March 2012	31 st March 2011
Revenue Account – Policyholders’ Funds		
Fire	876	2,209
Marine	422	1,004
Miscellaneous	21,568	51,917
Profit and Loss Account – Shareholders’ Funds		
Total	10,795	21,143
	33,661	76,273

17. Penal actions by various Statutory Authorities

Sl No.	Authority	Non-Compliance Violation	Amount in ₹		
			Penalty Awarded	Penalty Paid	Penalty Waived/Reduced
1	Insurance Regulatory and Development Authority	Breach of Corporate Agency Regulation	500,000	500,000	Nil
2	Service Tax Authorities	Wrong Availment of CENVAT Credit	Refer Note 2(a)	Nil	Nil
3	Income Tax Authorities	Nil	Nil	Nil	Nil
4	Any other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central/State/Local Government / Statutory Authority	Nil	Nil	Nil	Nil

Note: Previous Years Figures for the above items are NIL.

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 & subsequent clarification thereon dated 9th April, 2010 is provided in Annexure 2 and Annexure 3

20. The liability of IBNR & IBNER (Excluding IMTPIP) for the year ending March 31, 2012 has been estimated by the appointed actuary in compliance with the guidelines issued by the IRDA. The IBNR has been recognized in the books of accounts based on the submission of IBNR details to IRDA as per the guidelines.

21. Details of Outsourcing Expenses:

(₹ '000)		
Nature of Outsourcing	31 st March 2012	31 st March 2011
Data processing and outsourcing expenses	1,670,863	1,380,699
Marketing and related expenses	369,374	282,609
Total	2,040,237	1,663,308

22. Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders

(For the year ended 31st March 2012) (₹ '000)

Particulars	Total Amount	Age-Wise Analysis						
		1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	212,472	212,472	-	-	-	-	-	-
Excess Premium (Due to the insured)	7,133	889	464	728	468	358	503	3,723
Refunds (Due to the insured)	2,705	2,705	-	-	-	-	-	-
Cheques issued but not encashed by the Policyholder/Insured	418,160	340,410	17,509	8,600	7,924	9,143	4,718	29,856

The items forming part of the amount given under 1-6 months category of "Cheques issued but not encashed by the policyholder/insured" are pending in Bank Reconciliation Statement & hence to the extent would differ from the amount given under the head "Sundry Creditor - Due to Policyholders" in Schedule 13.

(For the year ended 31st March 2011) (₹ '000)

Particulars	Total Amount	Age-Wise Analysis						
		1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	51,522	51,522	-	-	-	-	-	-
Excess Premium (Due to the insured)	7,036	1,067	697	457	933	783	611	2488
Refunds (Due to the insured)	5,628	-	5,628	-	-	-	-	-
Cheques issued but not encashed by the Policyholder/Insured	408,902	352,566	11,567	8,607	6,509	5,766	4,790	19,097

23. In accordance with the regulatory guidelines, there is no premium deficiency on an overall basis in miscellaneous segment; however there is premium deficiency in respect of sub-segment within miscellaneous segment as under:

(₹ '000)		
Particulars	31 st March 2012	31 st March 2011
Motor TP (Including Motor TP Pool)	456,835	323,166

24. Earning Per Share (EPS)

(₹ '000)

Particulars	31 st March 2012	31 st March 2011
Profit/(Loss) after tax - A	2,219,238	(201,422,267)
No. of Shares	290,000,000	250,000,000
Weighted avg. no. of Shares - B (250,000,000 Shares for 1st April 2011 to 29th March 2012 & 290,000,000 Shares for 30th March to 31st March 2012)	250,218,579	210,328,767
EPS – Basic & Diluted - (A / B)	0.01	(0.96)

25. During the year the foreign exchange gain/(loss) included in the Profit and Loss account of the Company is ₹ (1,769) thousands (Previous year ₹ 359 thousands).
26. 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 Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

For Suri & Co.
 Chartered Accountants
 Registration No.004283S

S Usha
 Partner
 Membership No: 211785

S Swaminathan
 Partner
 Membership No:020583

 Place : Chennai
 Date : April 30, 2012

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Ajay Bimbhet
 Managing Director

Gareth Morgan Roberts
 Director

S Prasad
 Director

S Venugopalan
 Chief Financial Officer

S R Balachandher
 Company Secretary

Annexure I

18. 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 II in Schedule 16.
- Investments and other Assets and liabilities are identified with the respective segments in the ratio of Shareholders and Technical Funds as defined in Policy 8 of Schedule 16
- 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 2012)

(₹ '000)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmen Compensation/ Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total Excluding Motor TP Pool	Motor Pool	Total Including Motor TP Pool
Gross Direct Premium	510,685	311,750	3,434	7,927,515	2,742,094	10,669,609	26,844	161,512	368,339	376,192	2,311,370	58,177		14,797,912		14,797,912
Premium inward	29,645								6,981					36,626	1,670,695	1,707,321
Net Written Premium	120,498	131,081	86	7,092,593	898,181	7,990,774	22,890	44,046	73,556	330,227	2,080,233	26,837		10,820,228	1,670,695	12,490,923
Premium earned (net)	118,763	124,345	102	6,362,753	823,028	7,185,781	21,001	41,382	76,195	333,673	1,851,454	28,954		9,781,650	1,268,681	11,050,331
Profit on sale / redemption of investments	240	116	-	3,639	2,406	6,045	18	27	96	278	825	38	2,955	10,638	(193)	10,445
Others																
Interest (net of amortisation)	41,627	11,815	9	372,169	245,947	618,116	1,803	2,785	13,587	28,428	84,371	3,844	302,258	1,108,643	227,378	1,336,021
Total segmental revenue	160,630	136,276	111	6,738,561	1,071,381	7,809,942	22,822	44,194	89,878	362,379	1,936,650	32,836	305,213	10,900,931	1,495,866	12,396,797
Claims incurred (net)	(56,276)	(27,861)	-	(3,827,818)	(1,373,179)	(5,200,997)	(8,387)	(6,847)	(17,132)	(148,413)	(941,724)	(23,371)		(6,431,008)	(2,224,891)	(8,655,899)
Commission received / (paid), net	32,893	(6,729)	736	(104,384)	-	(104,384)	(1,224)	8,073	50,636	(39,346)	(167,589)	4,541		(222,393)	-	(222,393)
Operating expenses related to insurance business	(71,365)	(35,449)	(329)	(2,482,395)	(263,013)	(2,745,408)	(3,275)	(15,771)	(42,544)	(59,140)	(542,856)	(7,274)		(3,523,411)	(8,353)	(3,531,764)
Total segmental expenses	(94,748)	(70,039)	407	(6,414,597)	(1,636,192)	(8,050,789)	(12,886)	(14,545)	(9,040)	(246,899)	(1,652,169)	(26,104)	-	(10,176,812)	(2,233,244)	(12,410,056)
Segmental (loss) / profit	65,882	66,237	518	323,964	(564,811)	(240,847)	9,936	29,649	80,838	115,480	284,481	6,732	305,213	724,119	(737,378)	(13,259)
Other income	-	-	-	852	-	852	-	-	-	-	-	-	13,478	14,330	-	14,330
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(5,648)	(5,648)	-	(5,648)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	6,796	6,796	-	6,796
Net profit (Loss) for the year	65,882	66,237	518	324,816	(564,811)	(239,995)	9,936	29,649	80,838	115,480	284,481	6,732	319,839	739,597	(737,378)	2,219
Segment Assets	630,218	188,679	135	5,830,317	3,852,957	9,683,274	28,245	43,616	212,150	445,373	1,387,441	60,222	4,687,063	17,366,415	3,312,686	20,679,101
Segment Liabilities	408,742	184,157	788	6,072,754	3,657,530	9,730,283	27,588	65,980	185,681	407,041	1,495,686	54,795	-	12,560,742	4,506,297	17,067,039
Capital Expenditure	2,501	1,527	17	38,822	13,428	52,250	131	791	1,804	1,842	11,319	285	-	72,467	-	72,467
Amortisation of premium & discount	876	422	-	13,291	8,783	22,074	64	99	351	1,015	3,013	137	10,794	38,845	-	38,845
Depreciation	2,312	1,411	16	35,893	12,415	48,308	122	731	1,668	1,703	10,465	263	-	66,999	-	66,999
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2011-12 - Nil.

(For the year ended 31st March 2011) (₹ '000)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmens Compensation/ Employers Liability	Public / Product Liability	Engi- neering	Personal Accident	Health Insurance	Others	Investment of Share- holders funds	Total Excluding Motor TP Pool	Motor Pool	Total Including Motor TP Pool
Gross Direct Premium	458,298	247,965	4,074	6,294,438	1,635,874	7,930,312	22,931	136,594	368,710	420,928	1,791,031	59,050		11,439,893		11,439,893
Premium inward	25,888								5,209					31,097	879,157	910,254
Net Written Premium	144,974	117,610	102	5,625,507	706,872	6,332,379	19,273	40,887	76,144	368,601	1,611,928	33,909		8,745,807	879,157	9,624,964
Premium earned (net)	158,120	114,317	118	4,870,101	629,116	5,499,217	18,533	38,593	81,457	358,511	1,631,312	34,591	-	7,934,769	827,178	8,761,947
Profit on sale / redemption of investments	559	254	-	6,279	3,972	10,251	29	51	213	538	1,577	80	5,352	18,904		18,904
Others																
Interest (net of amortisation)	32,693	10,340	9	255,666	161,757	417,423	1,175	2,060	10,668	21,900	64,206	3,264	217,883	781,621	144,441	926,062
Total segmental revenue	191,372	124,911	127	5,132,046	794,845	5,926,891	19,737	40,704	92,338	380,949	1,697,095	37,935	223,235	8,735,294	971,619	9,706,913
Claims incurred (net)	(49,037)	(73,109)	-	(3,025,778)	(721,651)	(3,747,429)	(6,145)	(2,821)	(37,590)	(127,067)	(839,534)	(5,089)	-	(4,887,821)	(1,714,360)	(6,602,181)
Commission received / (paid), net	18,620	(867)	873	(85,052)	-	(85,052)	(1,138)	3,767	69,298	(49,440)	(156,431)	1,080	-	(199,290)	(8,858)	(208,148)
Operating expenses related to insurance business	(95,076)	(35,781)	(503)	(1,822,550)	(473,666)	(2,296,216)	(3,696)	(17,355)	(58,887)	(78,687)	(444,554)	(9,194)		(3,039,949)	(7,194)	(3,047,143)
Total segmental expenses	(125,493)	(109,757)	370	(4,933,380)	(1,195,317)	(6,128,697)	(10,979)	(16,409)	(27,179)	(255,194)	(1,440,519)	(13,203)	-	(8,127,060)	(1,730,412)	(9,857,472)
Segmental (loss)/ profit	65,879	15,154	497	198,666	(400,472)	(201,806)	8,758	24,295	65,159	125,755	256,576	24,732	223,235	608,234	(758,793)	(150,559)
Other income	-	-	-	1,705	-	1,705	-	-	-	-	-	-	(88)	1,617	692	2,309
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(536)	(536)	-	(536)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(52,636)	(52,636)	-	(52,636)
Net profit/(loss) for the year	65,879	15,154	497	93,173	(293,274)	(200,101)	8,758	24,295	65,159	125,755	256,576	24,732	169,975	556,679	(758,101)	(201,422)
Segment Assets	592,559	176,834	155	4,372,586	2,762,594	7,135,180	20,090	35,374	189,472	374,356	1,230,948	55,788	3,667,382	13,478,137	2,337,103	15,815,240
Segment Liabilities	350,502	175,228	723	4,677,180	2,471,805	7,148,985	20,741	48,623	171,235	354,403	1,091,141	49,979	-	9,411,560	3,419,806	12,831,366
Capital Expenditure	2,104	1,138	19	28,891	7,509	36,400	105	627	1,692	1,932	8,221	271	-	52,509	-	52,509
Amortisation of premium & discount	2,209	1,003	1	24,809	15,696	40,505	114	200	841	2,125	6,230	317	21,143	74,689	1,584	76,273
Depreciation	3,183	1,722	28	43,714	11,361	55,075	159	949	2,561	2,923	12,438	410	-	79,448	-	79,488
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2010-11 - Nil.

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

SUMMARY OF FINANCIAL STATEMENTS

Annexure 2

(₹ in Lakhs)

Sl No	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
OPERATING RESULTS						
1	Gross Premiums Written-Direct	147979.12	114398.93	91310.56	80336.04	69441.11
2	Net Premium Income#	124909.23	96249.64	75460.17	66831.18	53306.42
3	Income from investments (net)@	10412.53	7217.31	6971.35	5648.18	3497.04
4	Other income -Transfer fee etc	8.52	17.05	9.14	6.33	11.48
5	Total Income	135330.28	103484.00	82440.66	72485.69	56814.94
6	Commissions	254.11	838.98	2059.00	2324.46	762.47
7	Brokerage	1969.82	1242.50	1017.67	881.81	861.94
8	Operating Expenses	35317.64	30471.43	23396.90	21955.00	17435.17
9	Claims, increase in Unexpired Risk Reserve and Other outgo	100964.91	74651.98	54880.91	48261.01	38537.90
10	Operating Profit/loss	(3176.20)	(3720.89)	1086.18	(936.59)	(782.54)
NON OPERATING RESULT						
11	Total income shareholders' account	3130.43	2233.03	2314.68	1909.64	1259.50
12	Profit/(loss) before tax	(45.77)	(1487.86)	3400.86	973.05	476.97
13	Provision for tax	67.96	(526.36)	(303.76)	(406.74)	(5.56)
14	Profit/(loss) after tax	22.19	(2014.22)	3097.10	566.31	471.41
MISCELLANEOUS						
15	Policyholders' Account (1)					
	Total funds	148916.25	110882.53	62787.27	49262.51	44525.30
	Total investments	142116.07	105184.74	64506.67	55456.04	39832.51
	Yield on investments	8.2%	7.6%	9.0%	9.4%	8.2%
16	Shareholders' Account					
	Total funds	36120.62	29838.74	25315.86	21995.69	17619.47
	Total investments	41936.72	33086.61	26132.29	22297.90	16070.80
	Yield on investments	8.2%	7.6%	9.0%	9.4%	8.2%
17	Paid up equity capital	29000.00	25000.00	21000.00	21000.00	17000.00
18	Net worth	36120.62	29838.74	25315.86	21995.69	17619.47
19	Total assets	206791.01	158152.40	124515.37	100454.15	78166.11
20	Yield on total investments	8.2%	7.6%	9.0%	9.4%	8.2%
21	Earnings per share (₹)*	0.01	(0.96)	1.47	0.33	0.34
22	Book Value per share (₹)	14.45	11.94	12.06	10.47	10.36
23	Total Dividend	-	-	-	-	-
24	Dividend per share (₹)	-	-	-	-	-
#	Net of reinsurance					
@	Net of losses					
*	EPS has been calculated in accordance with AS-20 Basic & Diluted (Face Value ₹10/- each)					
	Profit / (Loss) for the year	22.19	(2,014.22)	3097.10	566.31	471.41
	Weighted Average Number of Shares at the end of the year	250,218,579	210,328,767	210,000,000	170,657,534	140,327,869

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 .

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Annexure 3

Ratios for Non-life Insurance Companies

Sl No	Performance Ratio	2011-12	2010-11
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)	4.10	3.83
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)	21.05%	17.87%
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)	28.24%	31.60%
7	Combined ratio: (Claims paid plus expenses divided by gross premium)	79.14%	80.64%
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	1.12	1.15
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)	-0.03	-0.04
11	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.63	0.41
12	Net earnings ratio (Profit after tax divided by net premium)	0.00	-0.02
13	Return on networth (Profit after tax divided by net worth)	0.00	-0.07
14	Reinsurance ratio (Risk reinsured divided by gross premium)	0.16	0.16

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Accounting Ratios - Schedule 1

Gross premium growth rate

Segment	Growth (%)	
	2011-12	2010-11
Fire	11%	12%
Marine	25%	9%
Motor	35%	26%
Workmen's Compensation/ Employers Liability	17%	7%
Public/Product Liability	18%	-3%
Engineering	0%	1%
Personal Accident	-11%	58%
Health Insurance	29%	43%
Others	-1%	-67%
Total	29%	25%

Accounting Ratios - Schedule 3

Net commission ratio

Segment	% to NP	
	2011-12	2010-11
Fire	-27%	-13%
Marine	5%	0%
Motor	1%	1%
Workmen's Compensation/ Employers Liability	5%	6%
Public/Product Liability	-18%	-9%
Engineering	-69%	-91%
Personal Accident	12%	13%
Health Insurance	8%	10%
Others	-17%	-3%
Total	2%	2%

Accounting Ratios - Schedule 2

Net retention ratio

Segment	% to GP	
	2011-12	2010-11
Fire	24%	32%
Marine	42%	47%
Motor	91%	91%
Workmen's Compensation/ Employers Liability	85%	84%
Public/Product Liability	27%	30%
Engineering	20%	21%
Personal Accident	88%	88%
Health Insurance	90%	90%
Others	46%	57%
Total	84%	84%

Accounting Ratios - Schedule 4

Underwriting balance ratio

Segment	% to NP	
	2011-12	2010-11
Fire	20%	23%
Marine	42%	4%
Motor	-19%	-21%
Workmen's Compensation/ Employers Liability	35%	39%
Public/Product Liability	61%	54%
Engineering	91%	71%
Personal Accident	26%	28%
Health Insurance	10%	12%
Others	11%	63%
Total	-11%	-11%

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 2011/2012 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 2012 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, directly & through the General Insurance Council, represented to the IRDA, under Section 64M of the Insurance Act, to revise the limits in its case. Based on our representation, the Regulator has recently granted us time until the Financial Year 2012-13 to comply with Rule 17E.

The Company during the year was not able to collect the full premium from the Government of India in respect of Health Insurance Covers to BPL families of Bihar State under the RSBY scheme within 30 days from the date of intimation of the premium to the Government as per Rule 59(a) of the Insurance Rules. We have represented through General Insurance Council to IRDA for a relaxation of norms for RSBY scheme due to practical difficulties.

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 for the past 5 years are given hereunder: -

Ageing as on 31st March 2012

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	143	8,938	297	58,720	97	28,665	35	65,640	2	332	574	162,294
Marine cargo	663	30,950	2,747	71,317	114	17,060	19	10,774	(20)	(4,434)	3,523	125,667
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor Workmen compensation	165,459	1,924,873	63,832	2,285,277	4,059	606,158	4,800	1,032,103	355	83,243	238,505	5,931,654
Liability	6	62	17	3,368	5	525	6	2,076	-	-	34	6,031
Engineering	16	973	24	3,331	6	452	2	173	-	-	48	4,929
PA	66	1,582	150	13,573	77	32,480	36	38,304	-	-	329	85,939
Health	426	20,602	543	72,938	59	9,360	21	15,090	-	-	1,049	117,989
Others	23,749	734,396	9,861	326,604	213	6,902	58	4,982	3	473	33,884	1,073,357
Total	1,186	12,882	170	3,212	35	4,458	9	3,751	-	-	1,400	24,303
Total	191,714	2,735,256	77,641	2,838,339	4,665	706,061	4,986	1,172,893	340	79,614	279,346	7,532,163

Ageing as on 31st March 2011

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	166	24,658	261	61,943	92	29,194	47	75,951	-	-	566	191,746
Marine cargo	1,485	21,098	1,848	56,642	361	21,515	140	13,971	5	(95)	3,839	113,131
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	142,229	1,554,717	47,557	1,603,374	3,492	402,178	3,435	565,369	326	54,400	197,039	4,180,038
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	4	20	26	2,687	7	1,459	-	37	-	-	37	4,204
Engineering	133	10,334	177	25,297	111	24,308	72	17,285	2	1,256	495	78,480
PA	444	29,815	380	68,900	36	8,516	22	10,206	4	920	886	118,358
Health	14,987	429,255	12,122	336,459	606	18,445	84	3,785	-	-	27,799	787,943
Others	4,050	117,249	453	14,958	62	3,143	13	1,002	-	-	4,578	136,352
Total	163,498	2,187,146	62,824	2,170,260	4,767	508,759	3,813	687,606	337	56,480	235,239	5,610,252

Ageing as on 31st March 2010

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	245	10,017	537	31,799	179	35,200	67	23,539	1	1,509	1029	102,064
Marine cargo	1,710	18,419	5,330	81,744	422	52,832	195	9,107	4	4,150	7661	166,253
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	133,328	1,487,175	39,142	1,344,309	3,319	274,245	1,916	311,951	141	21,275	177,846	3,438,955
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	6	768	36	4,258	21	12,419	11	2,762	-	-	74	20,207
Engineering	101	12,792	306	27,823	212	40,949	94	23,449	2	13,432	715	118,446
PA	485	14,374	377	60,249	64	12,401	45	17,828	4	262	975	105,114
Health	12,252	300,737	8,786	224,523	375	6,538	153	6,340	-	-	21,566	538,138
Others	3,370	55,433	376	10,211	59	1,126	12	310	-	-	3,817	67,080
Total	151,497	1,899,715	54,890	1,784,917	4,651	435,711	2,493	395,286	152	40,629	213,683	4,556,257

Ageing as on 31st March 2009

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	287	36,569	659	131,654	210	65,093	83	59,522	-	-	1,239	292,839
Marine cargo	3,713	28,921	6,633	67,460	427	18,448	215	(499)	14	(27,697)	11,002	86,633
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	153,063	1,435,061	28,900	848,811	2,742	133,043	4,265	223,983	154	8,442	189,124	2,649,340
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	21	628	41	2,748	13	318	25	1,740	-	-	100	5,434
Engineering	180	11,405	482	57,362	172	16,362	147	29,532	-	-	981	114,660
PA	611	15,600	601	80,920	71	23,460	62	21,416	3	281	1,348	141,678
Health	16,316	321,107	7,690	177,190	285	5,385	143	4,525	-	-	24,434	508,208
Others	2,563	29,906	396	4,904	37	955	23	3,847	-	-	3,019	39,612
Total	176,754	1,879,199	45,402	1,371,048	3,957	263,065	4,963	344,067	171	(18,974)	231,247	3,838,405

Ageing as on 31st March 2008

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	316	53,822	651	106,525	244	81,801	96	54,635	-	-	1,307	296,784
Marine cargo	3,555	142,782	4,808	63,795	817	19,273	332	11,685	1	5	9,513	237,540
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	116,055	1,010,726	35,101	707,383	2,968	129,616	4,371	219,226	20	615	158,515	2,067,566
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	9	399	45	4,516	7	784	8	413	-	-	69	6,112
Engineering	138	14,691	342	41,830	200	28,321	87	28,591	-	-	767	113,434
PA	603	9,804	687	39,512	75	16,051	39	4,038	4	1,094	1,408	70,499
Health	14,986	276,376	4,902	101,300	239	4,686	48	1,505	-	-	20,175	383,867
Others	1,416	21,175	315	10,391	36	3,904	11	262	-	-	1,778	35,731
Total	137,078	1,529,774	46,851	1,075,251	4,586	284,437	4,992	320,354	25	1,714	193,532	3,211,531

10. We certify that

- The Investments in Government Securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortisation.
- 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.
- 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.
- 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 8.16%. All investments in our portfolio as at 31st March 2012 are performing investments.

12. Directors' Responsibility Statement:

- 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.
- 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 2012.
- 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;
- The Management has prepared the financial statements on a going concern basis
- The Management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

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.

(₹ '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	Director		
		T.T. Srinivasaraghavan	Director	20,968	Rent
		Srinivas Acharya	Director	1,299	Tax Advisory & Training
		S. Prasad	Director	20,326	Information Technology
		Harsha Viji	Director		
2	Sundaram BNP Paribas Home	S. Viji	Director		
		T.T. Srinivasaraghavan	Director	36	Rent
		Srinivas Acharya	Director		
3	Professional Management Consultants Ltd.	Harsha Viji	Director	6,462	Facility Management Services
4	Sundaram Infotech Solutions Ltd	T.T. Srinivasaraghavan	Director	8,885	Information Technology related services
		Srinivas Acharya	Director		

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

Place : Chennai
Date : April 30, 2012

S Venugopalan
Chief Financial Officer

S R Balachandher
Company Secretary

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(Registration No. and date of registration with IRDA : 102 / 23.10.2000)

(₹ '000)

Particulars	31st March 2012	31st March 2011
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	14,998,493	11,605,852
Other receipts	1,361	606
Payments to the re-insurers, net of commissions and claims	(565,874)	1,084,782
Payments to co-insurers, net of claims recovery	424	(318)
Payments of claims	(7,309,363)	(5,616,335)
Payments of commission and brokerage	(684,979)	(610,862)
Payments of other operating expenses	(3,362,110)	(2,959,212)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(13,662)	18,601
Income taxes paid (Net)	(27)	(35,036)
Service tax paid		
Other payments		
Cash flows before extraordinary items		
Cash flow from extraordinary operations		
Net cash flow from operating activities	<u>3,064,263</u>	<u>3,488,078</u>
Cash flows from investing activities		
Purchase of fixed assets	(71,929)	(55,025)
Proceeds from sale of fixed assets	231	866
Purchases of investments	(5,307,377)	(5,941,144)
Loans disbursed	-	-
Sales of investments	2,737,764	1,864,341
Repayments received	-	-
Rents/Interests/Dividends received	1,143,704	802,455
Investments in money market instruments and in liquid mutual funds (Net)	(1,955,827)	(758,999)
Expenses related to investments	(2,332)	(1,893)
Net cash flow from investing activities	<u>(3,455,766)</u>	<u>(4,089,399)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	640,000	650,000
Proceeds from borrowing		
Repayments of borrowing		
Interest/dividends paid		
Net cash flow from financing activities	640,000	650,000
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	<u>(1,029)</u>	<u>182</u>
Net increase in cash and cash equivalents:	247,468	48,861
Cash and Cash equivalents at the beginning of the year	453,891	405,030
Cash and cash equivalents at the end of the year	<u>701,359</u>	<u>453,891</u>

Per our report of even date attached

For Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

S Usha
 Partner
 Membership No: 211785

 Place : Chennai
 Date : April 30, 2012

For Suri & Co.
 Chartered Accountants
 Registration No.004283S

S Swaminathan
 Partner
 Membership No: 020583

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Gareth Morgan Roberts
 Director

S Venugopalan
 Chief Financial Officer

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R 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
						1	8
3	1	-	0	3	-	1	2

State Code

Balance Sheet Date

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

Public Issue

					N	I	L
		4	0	0	0	0	0
					N	I	L
					N	I	L

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

	3	6	1	2	0	6	2
	3	6	1	2	0	6	2

Total Assets

Source of Funds:

Paid-up Capital

	2	9	0	0	0	0	0
		7	2	8	6	7	6
			(1	6	6	1	4)
					N	I	L
					N	I	L

Reserves and Surplus

Fair Value Change Account

Secured Loans

Unsecured Loans

Application of Funds:

Net Fixed Assets

		1	2	4	8	6	8
1	8	4	0	5	2	7	9
			5	8	4	2	8
(1	4	9	7	6	5	1	3)
					N	I	L
					N	I	L

Investments

Net Deferred Tax Assets

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

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

Turnover

1	2	4	1	1	1	2	7
---	---	---	---	---	---	---	---

(Net Earned Premium, income from Investments and other incomes)

Total Expenditure

1	2	4	1	5	7	0	4
				(4	5	7	7)
				2	2	1	9
				0	.	0	1
					N	I	L

Profit before Tax

Profit after Tax

Earnings per share (₹)

Dividend Rate (%)

5. Generic names of 3 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
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For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Chief Financial Officer

S R Balachandher
Company Secretary

Place : Chennai

Date : April 30, 2012

NOTES :

NOTES :



Royal Sundaram

General Insurance

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.

We Insure:

Health



Motor



Home



Accident



Travel



Marine



Establishment



Rural



Industry



Reach us:



Call
1860 425 0000



Visit
any of our 111 offices



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