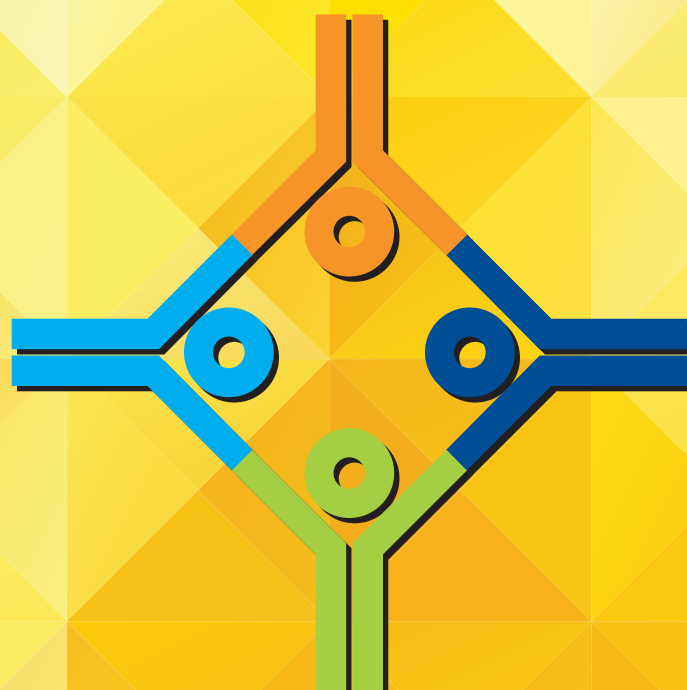


Annual Report
2014 - 2015



Royal Sundaram
General Insurance



Focused. Stronger. Better.

Royal Sundaram Alliance Insurance Company Limited

Board of Directors

P M Venkatasubramanian	Chairman
S Viji	Director
T T Srinivasaraghavan	Director
S Prasad	Director
M S Sundara Rajan	Director
Harsha Viji	Director
Radha Unni	Director
Paul Whittaker*	Director
Philip Michael Bulgin*	Director
Gareth Morgan Roberts*	Director
Alexander Stephan Lay *	Director
Ajay Bimbhet	Managing Director (Till 24.04.2015)
M S Sreedhar	Managing Director (From 25.04.2015)

Audit Committee

S Prasad	Chairman
P M Venkatasubramanian	Member
M S Sundara Rajan	Member
Gareth Morgan Roberts*	Member
Radha Unni	Member

Company Secretary & Chief Compliance Officer

S R Balachandher

Joint Statutory Auditors

M/s Sundaram & Srinivasan, Chartered Accountants,
New No.4, Old No.23, CP Ramaswamy Road, Alwarpet, Chennai 600 018
M/s Suri & Co., Chartered Accountants,
New No.4, Old No.55A, Chevalier Sivaji Ganesan Road, South Boag Road, T Nagar, Chennai 600 017

Information Security Assurance Services

M/s Tejas Brainware Systems (P) Ltd,
New No.28, Old No.19, II Main Road, C.I.T. Colony, Mylapore, Chennai 600 004

Internal Auditors

M/s N C Rajagopal & Co., Chartered Accountants,
22, V. Krishnaswamy Avenue, Luz Church Road, Mylapore, Chennai 600 004

Concurrent Auditors (Investments)

M/s R G N Price & Co., Chartered Accountants,
Simpsons Buildings, 861, Anna Salai, Chennai 600 002

Registered Office

21, Patullos Road, Chennai 600 002

CIN U67200TN2000PLC045611

Corporate Office

"Vishranthi Melaram Towers", No. 2/319, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai 600 097
Tel : 044-7117 7117, 1860 425 0000 Email : customer.services@royalsundaram.in
Website: www.royalsundaram.in | IRDAI Regn. No. 102

Regional Offices

Chennai, Gurgaon, Kolkata & Mumbai.

(* Resigned on 29.07.2015)

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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fifteenth Annual Report of Royal Sundaram Alliance Insurance Company Limited (Royal Sundaram) along with the Audited statement of accounts for the financial year ended 31st March, 2015. The Management Discussion and Analysis have also been incorporated as part of this report.

Performance overview and Financial Results for 2014-15

In the year 2014-15, your Company achieved a Gross Written Premium of ₹1569.20 cr. (previous year ₹1437.04 cr.) thereby showing a growth of about 9.5% as against the industry's growth rate of about 10.8%.

The Company's growth in the Gross Written Premium compared to the previous year is mainly due to its strong performance in the Private Motor segment.

The highlights of the Financial Results of the Company are:

(₹ in Lakhs)

Particulars	2014-15	2013-14
Gross Written Premium	1,56,920	1,43,704
Net Written Premium	1,37,429	1,24,955
Net Earned Premium	1,28,537	1,29,320
Net Incurred Claims	92,404	89,985
Net Commission Outgo/(Income)	5,686	4,809
Expenses of Management	42,623	35,732
Underwriting Profit /(Loss)	(12,176)	(1,206)
Investment Income - Policyholders	14,887	12,624
General Insurance Results Profit /(Loss)	2,711	11,417
Investment Income - Shareholders	4,895	4,526
Other Income/(Outgo)	(54)	(53)
Profit Before Tax & Motor Pool Losses	7,552	15,891
Motor Pool & DR Pool Losses	(4,735)	(5,807)
Provision for Taxation	(618)	(3,260)
Profit/(Loss) After Tax	2,199	6,824

During 2014-15, the Indian economy was estimated to have a growth of about 7.4% as compared to 6.9% during 2013-14. Further, the Automobile sector during 2014-15 grew modestly and it is expected that it would pick up further during 2015-16. The political stability and the initiatives taken by the new government are expected to create a more robust economic and business environment for giving the much needed fillip to a strong and consistent growth in the next few years.

The non-life industry, which is linked more to the growth of the overall economy witnessed a moderate growth during 2014-15 and expected to accelerate during 2015-16.

While the personal insurance market had its own challenges and limitations, the Commercial business market continued to witness stiff competition with more players in the market chasing the same risks. Pricing of the risks, especially on the property lines, continued to be aggressive thereby impacting overall GWP growth and profitability. Retaining our own renewal business in such a market proved to be a challenge.

The year witnessed significant changes on the Regulatory side too. The much awaited Insurance Ordinance was passed on 26th December, 2014 paving way for increase in FDI to 49% in addition to a few other major amendments that will empower the Regulator to bring in greater transparency and discipline amongst the insurance players. The Insurance Laws (Amendment) Act, 2015 was notified in the Gazette on 23rd March 2015 providing for retrospective effect from 26th December, 2014.

Consequent to the passing of the above amendment Act, it is expected that the various Regulations issued by the Insurance Regulatory and Development Authority of India (IRDAI) will be reviewed and necessary changes will be effected to ensure these Regulations fall in line with the amendments in the Act.

These amendments are expected to usher in greater changes in the market dynamics and the way in which the insurance products are currently being distributed. Further the introduction of the Insurance Marketing Firms and the proposed open architecture in the Corporate Agency Regulations, are likely to completely overhaul the distribution capabilities of the various affinity channels. It can truly be said that the Insurance Industry is currently in the throes of change!

Market developments

The year under review continued to witness increased competition more so in the commercial insurance business sector. Your Company, as a philosophy, continues to focus its attention in having a balanced growth by developing a robust commercial insurance book of business, growing the health insurance business further through innovative offerings and strengthening the agency channel.

Commercial Insurances

During the year, the commercial insurance business including commercial motor business recorded a GWP of ₹506 cr. recording a growth of 8% as against ₹472 cr. in 2013-14.

Even though commercial business is a key growth area for the Company, the focus continues to be on growing this profitably without compromising on prudence in underwriting and risk management. That will be the approach as the Company continues to drive this initiative. This line of business offers potential for growth and profitability as the overall economy grows and therefore this area continues to engage the attention of your Company.

Personal Insurances

The Personal Insurance GWP for 2014-15 was at ₹1063 cr as against ₹965 cr. in 2013-14 thereby registering a 10% of growth. The Company's relationship with its long-term Bancassurance partners and auto manufacturers continue to drive this portfolio successfully.

The Company during the year launched its new health product "Lifeline". This product offers a well-packaged health insurance cover and comes in three variants, viz., Classic, Supreme and Elite with a wide range of sum insured starting from ₹2 Lakhs to ₹1.5 Crore. This product has been developed after extensive research on the customers' needs in the health insurance sector and based on feedbacks received from them over a period of time.

Rural and Social Sector obligations

Since inception, your Company has been able to achieve and surpass its obligations in the Rural and Social sectors. During this year too, it achieved a premium of ₹149.49 cr. under Rural sector as against the Regulatory requirement of ₹109.84 cr. Further, in the Social sector, it covered 5,20,445 lives as against the Regulatory requirement of 55,000 lives.

Claims

During the year under review, your Company was able to fully utilise the work-flow software developed for settlement of Motor Own Damage claims, called Automated Claims Management Enterprise Solutions (ACME). This software helped to remove some of the Redundancies in the processes being followed, thereby aiding in faster assessment and more efficient settlement of the claims.

Investments

The Investment portfolio had increased from ₹2223.40 cr. in 2013-2014 to ₹2491.44 cr. by 31st March, 2015 - an increase of about 12%.

Your Company earned an investment income of ₹225 cr. including profit on sale of investments of ₹13.25 cr. for the year ended 31st March 2015 as against ₹195 cr. including a loss on sale of investments of ₹0.15 cr. in the previous year. The yield on daily average funds was at 9.31% compared to 8.66% in the previous year.

Information Technology

Today's business is driven mainly by technology starting from sourcing a business to issuance of policies to payment of claims. Your Company continuously reviews its existing technological capabilities and at regular intervals keeps upgrading the same in order to deliver the best value for customers and other key business partners. It also helps to smoothen the overall process.

As part of this, a lot of customer centric initiatives were implemented during the year. The online portal continues to be enhanced in terms of its capabilities and ease of use so that more and more customers are enthused to purchase/renew their policies online. Your Company believes in optimising its investments in technological knowledge upgradation and innovative methods to bring greater efficiency in operations.

Risk Management Framework

The Risk Management framework of the Company ensures that the various risks, which in the opinion of the Management and the Risk Management Committee of the Board need constant monitoring, are identified, measured in terms of their severity and proper mitigants are put in place. The process for formulating a defined risk assessment framework encompasses, inter alia, a methodology for assessing and identifying risks on an ongoing basis. The various types of risks identified include Market related risks, underwriting risks, operational risks and credit risks. The framework structure include (a) identification of the risk, its assessment (b) monitoring and management of the risks (c) defining a mitigation process if and when the risk crystallises, and (d) reporting mechanism to the Risk Management Committee at periodic intervals. This Committee reviews key risks in the areas such as credit risk, market risk, underwriting risk, operational risk and strategic risk on a regular basis.

A risk profile statement comprising of the various risks identified, its likely impact and the mitigation process are placed on a quarterly basis before the Risk Management Committee.

The Company's reinsurance program defines the retention limit in respect of the various class of business. In addition, the Company has a well-defined underwriting policy that clearly documents the product-wise approval limits and the underwriting authorities.

On the Investment side, the Company has a well-defined Asset Liability Management policy that ensures adequate liquidity to the Company.

The Actuarial Department conducts stress testing of the portfolios on a periodic basis based on projections made in respect of the Premium written, claims, investment returns and expenses, to identify and quantify the overall impact of different stress scenarios on the Company's financial position.

The Chief Risk officer is responsible for the identification, reporting and monitoring of these risks and report to the Risk Management Committee on a quarterly basis.

Outlook for 2015-16

The raise in the ceiling of the limits of FDI from 26% to 49% is likely to propel the industry to a different growth trajectory. With more capital inflow, the sector is likely to get a big boost which will help the industry to grow faster and expand deeper. There has been a huge opportunity creation for the sector both in the short term as well as long term. The penetration levels are expected to go up significantly.

During the year, your Company's promoters M/s Sundaram Finance Limited and M/s Royal & Sun Alliance Insurance plc, UK reached an agreement whereby the latter has agreed to sell its entire 26% equity stake in your Company to Sundaram Finance Limited for a consideration of ₹450 cr., subject to all regulatory approvals being received. Sundaram Finance Limited currently holds 49.90% in your Company and the said acquisition would increase its holding to 75.90%. This decision of RSA is a result of its strategy to focus only on growing the core geographies.

Post receipt of the Regulatory approvals, the Company completed the transfer of shares from Royal & SunAlliance Insurance plc, UK to and in favour of Sundaram Finance Limited at the Board Meeting held on 29th July 2015. Consequent to this transfer being effected, the total shareholding of Sundaram Finance Limited in your Company has gone up to 75.90% thereby making your Company a material subsidiary of Sundaram Finance Limited. Arising out of this transaction, the Company will also be taking steps to amend the Memorandum and Articles of Association to remove references to Royal & Sun Alliance Insurance plc, UK therein.

Your Company will continue to carry on its business focusing on growth and profitability while at the same time adhering to sound underwriting principle. We are hopeful of a double digit growth in 2015-16 and is confident of showing improved performance both in terms of GWP and profitability on the back of overall economic growth and improved business opportunities.

People

As on 31st March 2015, your Company had an employee strength of 1655.

Employee Engagement continues to remain one of the key areas of focus for your Company. We strongly believe that a well-informed and well-trained employee will be able to translate the objectives of the Company into reality thereby ensuring that they are well geared up to understanding and fulfilling the needs of our discerning customers.

The Company monitors employee productivity as one of the key parameters to measure growth. The performance management systems are used effectively to improve staff capabilities in areas such as leadership, team building and productivity enhancement. In addition, extensive in house training programmes were conducted during the year to upgrade the skills of employees and achieve functional effectiveness. In addition, where required, executives were deputed for various external training programmes and seminars including overseas.

New employees and agents are put through an induction programme that covers business requirements, process orientation, regulatory and compliance related aspects in addition to personality development. Further many knowledge sharing sessions are conducted by the HR team in association with the domain experts to impart technical knowledge as well as the overall personality development for the employees.

In addition, the Company encourages employees to avail the benefit of e-learning (Learning Zone) for which it had tied up with a global firm that focuses on the fundamentals of insurance and on various management techniques.

During the year the Company opened additional offices across the country taking the total count to 112 thereby increasing its footprints in more markets. The Company sold over 1.64 million policies in FY 2015.

Capital

Your Company's Authorized capital is currently at ₹350 cr. In view of the Company achieving the prescribed solvency margin requirements, there had been no further infusion of capital during the year under review. Your Company's paid up capital continues to be at ₹315 cr.

Dividend

Your Directors do not recommend any dividend on equity shares for the year under review, in order to augment the resources for future growth.

Public Deposits

As in the past, your Company has not accepted any deposits from Public under the relevant provisions of the Companies Act, 2013.

Transfer of Unclaimed Dividend to Investor Education And Protection Fund

Since the Company has so far not declared any dividend, there was no unpaid/unclaimed dividend lying with the Company hence the provisions of Section 125 of the Companies Act, 2013 do not apply.

Significant and Material Orders Passed By the Regulators/ Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Corporate Governance

Your Company has complied with the Guidelines on Corporate Governance for Insurance Companies issued by the Insurance Regulatory and Development Authority of India (IRDAI) effective from April 1, 2010. A detailed report on our compliance for the year ended 31st March, 2015 is attached as part of this Report.

Board of Directors

The details regarding the number of Board Meetings held during the financial year and composition of the Audit Committee is furnished in the Corporate Governance Report.

Consequent to the purchase of the 26% shares held by Royal & Sun Alliance Insurance plc, UK in your Company, by Sundaram Finance Limited, the Directors representing Royal & SunAlliance on your Board resigned at the Board Meeting held on 29th July, 2015. Subsequent to these resignations, your Company currently has 8 Directors on the Board including the 3 Independent Directors.

Retirement by rotation

As per the requirements of Section 152, the Independent Directors of the Company have been excluded from the total number of Directors for the purpose of determining the number of Directors whose period of office will be liable to retirement by rotation.

Based on the above, at the ensuing Annual General Meeting, Mr. T T Srinivasaraghavan and Mr. Harsha Viji, Non-Executive Directors of your Company, would retire by rotation and are eligible for re-appointment. Necessary resolutions are being placed at the ensuing AGM for the approval of the members.

Changes in the Board during the year

During the year 2014-15, Mr. Christopher John Colahan and Mr. Srinivas Acharya, Directors resigned from your Board. Further, at the Board Meeting held on 29th July, 2015, Mr Gareth Morgan Roberts, Mr Paul Whittaker, Mr Alexander Stephan Lay and Mr Philip Michael Bulgin, Directors resigned from the Board. Your Directors record their deep sense of gratitude and appreciation to the guidance and insight provided by all these Directors to your Company during their tenure on the Board and on various Committees.

Mr. Philip Michael Bulgin and Ms. Radha Unni were appointed as Additional Directors during February and March 2015 respectively.

Further, Mr M S Sreedhar, was appointed as an Additional Director at the Board Meeting held on April 24, 2015 and re-designated as the Managing Director effective from April 25, 2015 subject to approval of the Shareholders. Necessary approval from the Regulator was obtained on April 17, 2015.

The above Additional Directors, in terms of the provisions of the Companies Act, 2013, hold office until the date of the ensuing Annual General Meeting and will be eligible for reappointment. However, Mr. Philip Michael Bulgin, having resigned on 29th July, 2015 will not be considered for appointment as a Director. Hence Ms. Radha Unni and Mr M S Sreedhar alone offer themselves for appointment as a Director.

Independent Directors

The Ministry of Corporate Affairs had vide its circular dated 9th June 2014 had informed that the existing Independent Directors are required to be appointed under the provisions of the Companies Act, 2013, within a period of one year from the effective date of the Act, viz., 1st April, 2014, so that their term of office can be accordingly calculated under Section 149(10) of the Act. Accordingly, the members had approved the appointment of its existing Independent Directors Mr. M.S Sundara Rajan and Mr. S Prasad, for a term of 5 years, as per the provisions of the Companies Act, 2013, not liable to retire by rotation at the Annual General Meeting held in July 2014 and Extra-ordinary General Meeting held in March 2015, respectively.

During the year under review, your Company appointed Ms. Radha Unni as a Woman Director (Independent Director) on the Board to comply with the provisions of Section 149 of the Companies Act, 2013. Ms. Radha Unni, being an Independent Director is eligible to be appointed for an initial term of 5 years, not liable to retire by rotation. The said proposal will be placed at the ensuing Annual General Meeting before the members for their approval.

With the appointment of Ms. Radha Unni, your Company currently has 3 Independent Directors, which is more than the current requirements of IRDAI Guidelines on Corporate Governance and also the requirements of the Companies Act, 2013.

Declaration by Independent Directors

All our Independent Directors have given necessary declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. Further they also satisfy the 'fit and proper' criteria as laid down under the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI).

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder and are independent of the Management.

Key Managerial Personnel

Mr. Ajay Bimbhet, Managing Director & Chief Executive Officer, Mr. Venkatachalam Sekar, Chief Financial Officer and Mr. S R Balachandher, Company Secretary of the Company are the Key Managerial Personnel of the Company as on March 31, 2015.

As indicated above, your Board of Directors approved the appointment of Mr M S Sreedhar at the Board Meeting held on 24th April, 2015 as the Managing Director of the Company to assume charge on 25th April, 2015, after the retirement of Mr Ajay Bimbhet.

Necessary resolutions for the appointment of Mr M S Sreedhar as the Managing Director of the Company for a period of 5 years and for payment of suitable remuneration to him, will be placed before the members at the ensuing Annual General Meeting.

Mr M S Sreedhar, aged 57 years, is a Fellow member of the Insurance Institute of India (FIII) and an Associate Member of the Institute of Company Secretaries of India. He has more than 3 decades of experience in the general insurance industry having started his career with a PSU Insurance Company before moving over to the General Insurance Corporation. Since inception of Royal Sundaram in October 2000, he has been part of the Top Management Team and the various strategy initiatives.

Board Evaluation

As per the Companies Act, 2013, every listed company and such other class of companies as may be required shall carry out the evaluation of every Directors' performance, Board, Chairperson and the Committees. Your Company, having a paid up share capital, in excess of the prescribed ₹25 cr., or more at the end of the preceding financial year, is required to carry out this evaluation.

Accordingly, the Company carried out an evaluation and the same has been explained as part of the Corporate Governance Report.

Corporate Social Responsibility (CSR) Committee and Policy

Since Inception, your company has always responded in a responsible manner to the growing needs of the society. A number of enriching and enlivening activities that contribute to the community in the areas of health, education, environment and road safety have been taken up.

The Board of Directors at its meeting dated 9th May, 2014, constituted a Corporate Social Responsibility Committee comprising of the following members:

T T Srinivasaraghavan, Chairman
M S Sundara Rajan
Ajay Bimbhet

The Board also developed and approved a CSR Policy and Plan for carrying out the CSR activities by the Company.

The Company has implemented the Corporate Social Responsibility initiatives during the year under review. The Annual Report on Company's CSR activities is furnished in the "Annexure A" and attached to this report.

Being the first year, the Company could not spend the whole money under CSR Expenditure as the time was too short to identify suitable projects. The Company shall find out ways and means to spend the amounts earmarked for CSR activities for 2015-16 in the coming months and shall submit the relevant report in the ensuing year.

Meetings of the Board / Committees held during the year:

Board (09.05.2014, 06.08.2014, 19.11.2014, 18.02.2015, 18.03.2015)	5
Audit Committee (08.05.2014, 24.07.2014, 07.10.2014, 10.11.2014, 16.02.2015, 30.03.2015)	6
Investment Committee (09.05.2014, 06.08.2014, 19.11.2014, 16.02.2015)	4
Risk Management Committee (21.04.2014, 06.08.2014, 26.11.2014, 17.03.2015)	4
Policyholders' Protection Committee (15.07.2014, 16.10.2014, 12.01.2015, 18.03.2015)	4
Nomination & Remuneration Committee (10.04.2014, 09.05.2014, 17.02.2015, 18.03.2015)	4
Corporate Social Responsibility Committee (15.07.2014, 16.10.2014, 17.02.2015)	3
Executive Committee (non-mandatory) (10.04.2014, 23.07.2014, 17.10.2014, 18.02.2015, 18.03.2015)	5

Auditors

Internal Auditors

M/s N.C. Rajagopal & Co., Chartered Accountants, Chennai, were appointed as Internal Auditors of the Company for the year 2014-15. The In-house Audit team along with the Internal Auditors carry out an effective internal audit control and risk management measures, highlight areas that require attention and report their main findings and recommendations to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings and actions taken thereon, as well as the adequacy and effectiveness of the internal systems and controls.

Your Company is taking steps to appoint an Internal Audit Firm for the year 2015-16.

Statutory Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai (Registration Number 004207S), and M/s Suri & Co., Chartered Accountants, Chennai (Registration Number 004283S), were appointed as the Joint Statutory Auditors of your Company for 2014-15 at the Annual General Meeting held on July 23, 2014 and will retire at the conclusion of the forthcoming Annual General Meeting.

Among them, M/s Suri & Co., Chartered Accountants, Chennai (Registration Number 004283S), being eligible, offer themselves for reappointment. However as per IRDAI's Guidelines on Appointment of Joint Statutory Auditors for Insurance Companies, M/s. Sundaram & Srinivasan (Registration Number 004207S), Chartered Accountants, Chennai, having completed their term of 5 years, cannot be considered for reappointment as the Statutory Auditors of the Company for 2015-16 onwards for a period of two (2) years.

Based on the decision of the Audit Committee and the Board of Directors, it was decided to appoint M/s N.C. Rajagopal & Co., Chartered Accountants, Chennai (Registration Number 003398S), as the Auditors in place of M/s. Sundaram & Srinivasan.

The Auditor have confirmed that their reappointment will be in accordance with the conditions prescribed under Section 139(1) of the Companies Act, 2013 and the Rules made there under (including the criteria provided under Section 141 of the Companies Act, 2013) and that they comply with the guidelines issued by IRDAI pertaining to the appointment of the Joint Statutory Auditors.

Concurrent Auditors for Investment

M/s R G N Price & Co., Chartered Accountants, appointed as concurrent auditors carried out the concurrent audit of the investment transactions, investment management systems, processes and transactions of the Company for the year 2014-15.

Information Security Assurance Services Auditors

The Company's operations are highly automated, taking advantage of advances in modern information technology. M/s Tejas Brainware (p) Systems Limited provides the information security assurance services to the Company for the past many years whose recommendations have led to the introduction of several additional safeguards in operational and IT security related areas.

Secretarial Auditors' Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Messrs Damodaran & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report confirms that the Company has complied with all the applicable provisions of various laws as mentioned in the Audit Report.

The Report of the Secretarial Auditors is annexed herewith as "Annexure B".

Related Party Transactions

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013.

All transactions entered into by the Company with Related Parties were in the ordinary course of business and on an arm's length pricing basis. Form AOC 2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, is attached as part of this report vide "Annexure C".

Further there were no materially significant transactions with related parties during the financial year which were in conflict with the interests of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Audit Committee and the Board monitors and approves the said transactions on a periodical basis.

Vigil Mechanism / Whistle Blower Policy

Your Company is committed to the high standards of Corporate Governance and Vigil Mechanism. The Company has a Whistle Blower Policy that provides employees and other stakeholders a platform to communicate instances of frauds/misconducts that they have come across. In terms of the policy, a Committee has been constituted to look into complaints of any suspected or confirmed incident of fraud / misconduct reported. The Committee reports on a regular basis to the Audit Committee and the Board regarding the same.

Disclosure under the Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Necessary Committee has been setup to look into and redress complaints as and when received from the employees covered under this policy. No complaints were received during the year 2014-15.

Explanation or comments on qualifications, reservations/adverse remarks/ disclaimers made by the Auditors and the practicing Company Secretary in their Reports

There were no qualifications, reservations or adverse remarks made by either the Auditors or the Practicing Company Secretary in their respective reports.

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

Particulars of Employees pursuant to provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under the provisions of the Companies Act, 2013, the particulars of employees are set out in the annexure to the Directors' Report. The Report is being sent to all the Shareholders of the Company excluding the said information. Any Shareholder interested in obtaining the said particulars may write to the Company Secretary of the Company.

Information relating to particulars regarding Conservation of Energy, Technology Absorption, Foreign exchange earnings and outgo

Your Company does not have any activities relating to conservation of energy or technology absorption as stated under Section 134(3) (m) of the Companies Act, 2013.

The Company had foreign exchange earnings equivalent to ₹9.07 cr. and the outgo amounted to ₹15.18 cr. for the year ended 31st March, 2015.

Company's policy relating to Directors appointment, payment of remuneration and discharge of their duties

The Nomination and Remuneration Committee screens the profile of the Directors prior to their Appointment and recommends the proposal for the consideration of the Board of Directors. All the Directors of the Company other than those representing Royal & Sun Alliance Insurance plc, UK, are paid sitting fees of ₹10000/- per meeting of the Board and Committees. No sitting fees is paid to the members of the Executive Committee of Directors for attending the ECD meeting. The Directors representing Royal & SunAlliance Insurance plc on our Board, had agreed to waive off payment of sitting fees to them effective from October 2012.

The Managing Director is the only Executive Director on the Board. His terms of remuneration are approved by the Board based on the recommendations of the Nomination and Remuneration Committee and are subject to approval by the Insurance Regulatory and Development Authority of India and shareholders of the Company.

Extract of the Annual Return

The details forming part of the extract of the Annual Return in Form No. MGT – 9 is annexed herewith as “Annexure D”. This is pursuant to the provisions of Section 92 of Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014.

Subsidiaries, Joint Ventures and Associate Companies

The Company does not have any Subsidiary or Joint venture Companies. Sundaram Finance Limited by virtue of its shareholding 49.90% of the total Paid-up Capital in your Company will be considered as an “Associate Company” under Section 2(6) of the Companies Act, 2013, for the year ended 31st March, 2015.

Shares

a. Buy Back Of Securities

The Company has not bought back any of its securities during the year under review.

b. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

c. Bonus Shares

No Bonus Shares were issued during the year under review.

d. Employees Stock Option Plan

The Company currently has no Stock Option Scheme for its employees.

Corporate Identity Number (CIN)

The Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is U67200TN2000PLC045611.

Means of Communication

The Company's website www.royalsundaram.in serves as a key awareness platform for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on business segment and financial performance of the Company. The Company periodically publishes its financial performance in print media and also hosts the same on its website under Public Disclosure. In addition, the web portal helps the Customers to purchase/ renew their retail Insurance Policies online through the website.

In accordance with IRDAI circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, half-yearly financial results of the Company were published in print media. The quarterly, half-yearly and annual financial information are available on the website of the Company, in addition to the Annual Reports.

Registrar and Transfer Agents

The Company during the year has appointed M/s. Cameo Corporate Services Limited as the Registrar and Transfer Agent. The ISIN allotted to your company is INE 499S01018.

The Company has informed its members about this facility so that they may consider dematerialisation of the equity shares held by them in your Company.

After completion of the dematerialisation formalities, any Investor services related queries/requests/complaints may be directed at the following address:

M/s. Cameo Corporate Services Limited,
"Subramanian Building"
No. 1, Club House Road
Chennai 600 002 - India.
Ph : 91-44 - 2846 0390
E-mail : cameo@cameoindia.com

Directors' Responsibility Statement

In accordance with the requirements of 134(5) of the Companies Act, 2013 and in accordance with the Insurance Act, 1938, with respect to Directors' Responsibility statement, it is hereby confirmed:

- a) that in the preparation of the annual accounts for the financial year ended 31st March 2015, the applicable accounting standards, principles and policies have been followed, along with a proper explanation relating to material departures if any;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating profit and the net profit of the Company for the year ended 31st March 2015;
- c) that the Directors had 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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors have prepared the annual accounts on a going concern basis;
- e) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- f) that an Internal Audit system, commensurate with the size and nature of the business, exists and is operating effectively.

Acknowledgement

Your Company sincerely thank 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.

The Directors thank the Shareholders who have been a constant source of support and strength. The Directors gratefully acknowledge the support and guidance provided by Royal & SunAlliance Insurance Plc., UK, to the growth and development of your Company since its inception, for the past 15 years.

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

We extend our sincere appreciation to the Management and employees of the Company for their continued commitment, teamwork and contribution, in steering the Company in the right direction and delivering good results in a challenging business environment.

Place: Chennai
Date: July 31, 2015

For and on behalf of the Board

P.M. Venkatasubramanian
Chairman

REPORT ON CORPORATE GOVERNANCE

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

Royal Sundaram Alliance Insurance Company Limited is committed to follow Corporate Governance practices and with a highest business standard in conducting business. The Governance followed by the Company has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates.

Your Company has complied with the prescribed Corporate Governance guidelines for the Financial Year 2014-15 and a Report is furnished hereunder:-

I. GOVERNANCE STRUCTURE

The Company's Governance structure broadly comprises of the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

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 the Directors bring to the Board.

The Board currently comprises of twelve members of which eleven are Non-Executive Directors. The 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, Mr. M S Sundara Rajan are the Independent Directors and the composition of the Board is in conformity with the IRDAI guidelines on Corporate Governance. As required under Section 149(3) of the Companies Act, 2013, Ms. Radha Unni, has been appointed as a Woman Director on the Board. She also satisfies the conditions for being an Independent Director.

The Company has a process to familiarise the Independent Directors about their roles, rights and responsibilities in the Insurance Industry. In addition, at every Board and Committee Meetings, the developments and changes on the Regulatory/Statutory sides are provided to the Directors to ensure that they are periodically updated.

All Directors had executed the Deed of Covenant and necessary declarations as required by the Corporate Governance guidelines issued by IRDAI.

Composition of the Board of Directors

Name of Director	Category	Qualification	Specialisation
P.M. Venkatasubramanian (DIN: 00124505)	Chairman, Non-Executive	B.Com. (Hons), FIII	Insurance Industry
S Viji (DIN: 00139043)	Non-Executive	B.Com, ACA, M.B.A	Banking, Finance, Insurance and Automotive Component Manufacturing Industry
T T Srinivasaraghavan (DIN: 00018247)	Non-Executive	B.Com, M.B.A	Banking and Financial Service
Paul Whittaker (DIN: 00926614)	Non-Executive	MA	HR and General Insurance Professional
Sreenivasan Prasad (DIN: 00063667)	Non-Executive Independent	F.C.A	Finance and Audit
Gareth Morgan Roberts (DIN: 02537206)	Non-Executive	CA	Finance and Audit

Name of Director	Category	Qualification	Specialisation
M S Sundararajan (DIN: 00169775)	Non-Executive Independent	ACS, MA, CAIIB	Banking, Finance, Insurance and Capital Market
Harsha Viji (DIN: 00602484)	Non-Executive	B.Com, ACA, M.B.A	Finance and Strategy, Joint Venture negotiations and new business development
Philip Michael Bulgin (DIN: 07097237)	Non-Executive	Insurance Professional	Insurance Industry
Alexander Stephan Lay (DIN: 06644988)	Non-Executive	Graduate in Industrial Engineering and Management	Underwriting, Claims and Risk (Insurance Industry)
Radha Unni (DIN: 03242769)	Non-Executive Independent	M.A., B.Ed., CAIIB	Banking Industry
Ajay Singh Bimbhet (DIN: 01638214)	Managing Director	MA (Economics)	Banking and Insurance

Committee of Directors

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Investment Committee, Risk Management Committee, Policyholders Protection Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Executive Committee of Directors. Each of these Committees has been mandated to operate within a given framework and terms of reference as defined by the Board from time to time.

II. Board Meetings

The Board of Directors are actively involved in formulating the broad business and operational policies and deciding on the strategic issues concerning the Company. The Board periodically reviews the performance of the Company. Mrs. Tania Chakrabarthi, Appointed Actuary, is a permanent invitee to the Board Meetings.

During the year under review, 5 meetings of the Board of Directors were held on 09.05.2014, 06.08.2014, 19.11.2014, 18.02.2015 and 18.03.2015.

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

Name of Director	Board Meetings attended	Directorships in other Public Companies		Committees in which Chairman/Member of other Public Limited Companies ***	
		Chairman	Director	Chairman	Member
P.M. Venkatasubramanian	5	-	6	4	6
S.Viji	5	2	3	1	2
T.T.Srinivasaraghavan	5	-	6	1	1
Paul Whittaker	2	-	-	-	-
Christopher John Colahan*	3	-	-	-	-
Srinivas Acharya**	4	-	6	1	2
Gareth Morgan Roberts	5	-	-	-	-
S.Prasad	5	-	3	3	1
M S Sundara Rajan	4	-	8	2	7
Philip Michael Bulgin #	1	-	-	-	-
Harsha Viji	5	-	3	-	1
Alexander Stephan Lay	3	-	-	-	-
Radha Unni##	1	-	4	1	2
Ajay Bimbhet	5	-	-	-	-

appointed in February 2015 ## appointed in March 2015

*resigned in February 2015 **resigned in March 2015

*** Foreign companies, private companies and companies under Section 8 of the Companies Act, 2013 are excluded for the above said purpose.

III. Committee Meetings:

a. Audit Committee

Terms of Reference:

The functions of the Audit Committee include overseeing the Company's financial reporting process including details of contracts outsourced, disclosure of its quarterly/ half-yearly/ yearly financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment/removal of external auditor(s), fixation of audit fee and payment for any other services before submission to the Board including management report and solvency margin position.

The Committee also reviews the financial and risk management policies including frauds, if any, and looking into the reasons for substantial defaults, approval or any subsequent modification of transactions of the Company with related parties.

Composition:

During the year under review, the Composition of the Audit Committee and the Terms of References were reconstituted in line with the requirements of the Companies Act, 2013. Mr S Prasad, an Independent Director, is the Chairman of the Audit Committee. The Internal Auditor, the Head - Internal Audit, Statutory Auditors and their representatives, other officials at senior management of the Company are invitees to the Audit Committee, wherever necessary.

The composition of the Committee along with the attendance of the members at the Committee Meetings held during the year is as follows:

Name of the Members		No. of Meetings Attended	Meeting Dates
S Prasad	Chairman	6	08.05.2014, 24.07.2014, 07.10.2014, 10.11.2014, 16.02.2015, 30.03.2015 (6 meetings)
P M Venkatasubramanian	Member	6	
Srinivas Acharya*	Member	5	
Gareth Morgan Roberts	Member	6	
M S Sundara Rajan**	Member	1	
Radha Unni**	Member	1	

* Member till 18.03.2015 ** Inducted as Member on 18.03.2015

b. Investment Committee

The Company's Investment Committee is constituted in accordance with the IRDAI (Investment) Regulations, 2000.

Terms of Reference

The functions of the Committee include overseeing the implementation of the investment policy approved by the Board from time to time, reviewing the said policy, and the investment strategies adopted from time to time, make such modifications to the Investment Policy as may be necessary to bring them in line with the requirements of law and regulations. The Committee also supervises the asset allocation strategy to ensure financial liquidity, security and diversification through liquidity contingency plan and asset liability management policy. The Committee also oversees the assessment, measurement and accounting for other than temporary impairment in investments in accordance with the policy adopted by the company and approve the Investment budget, and determine targets for, the Company in terms of its Investment Performance and to review and revise these from time to time. The Committee updates the Board periodically on these.

Composition

The Committee is chaired by Mr. P M Venkatasubramanian. The Composition of the Investment Committee and attendance of the members at the Committee Meetings held during the year are as follows:

Name of the Members		No. of Meetings Attended	Meeting Dates
P M Venkatasubramanian	Chairman	4	09.05.2014, 06.08.2014 19.11.2014, 16.02.2015 (4 meetings)
M S Sundara Rajan	Member	3	
Gareth Morgan Roberts	Member	4	
Harsha Viji	Member	4	
Ajay Bimbhet	Managing Director	4	
Tania Chakrabarti	Appointed Actuary	4	
M S Sreedhar	Chief Operating Officer	4	
Venkatachalam Sekar	Financial Controller (CFO)	4	

c. Risk Management Committee

The Risk Management Committee constituted in accordance with the Corporate Governance Guidelines issued by IRDAI for Insurance Companies.

Terms of Reference

The functions of the Committee include assisting the Board in effective operation of the risk management programme by performing specialised analysis and quality reviews. The Committee also reports to the Board details on the risk exposures and the actions taken to manage the exposures and advising the Board with regard to various risk appetite. Ensure that the material risks facing the Company have been identified and that appropriate arrangements are in place to manage and mitigate these effectively. The Committee also ensures that the risk profile and mitigating actions, address the issues relating to the Company's overall control environment.

A detailed Report on Committee's views/decisions are submitted to the Board, with such recommendations as the Committee may deem appropriate. The Committee ensures that the Risk Management functions have an appropriate and achievable mandate to replicate the Company's risk management structure to the Regions and to ensure compliance with the agreed policies and standards.

Composition

The Committee Meetings are chaired by Mr. P M Venkatasubramanian. Along with the members of the Committee the Chief Risk Officer attends the Committee Meetings as an invitee. The Composition of the Risk Management Committee and attendance of the members at the Committee Meetings held during the year are as follows:

Name of the Members		No. of Meetings Attended	Meeting Dates
P M Venkatasubramanian	Chairman	4	21.04.2014, 06.08.2014, 26.11.2014, 17.03.2015 (4 meetings)
Ajay Bimbhet	Member	4	
Alexander Stephan Lay	Member	4	

d. Policyholders' Protection Committee

The Policyholders' Protection Committee constituted in accordance with the Corporate Governance Guidelines issued by IRDAI for Insurance Companies.

Terms of Reference

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

Composition

The Committee is chaired by Mr. M S Sundara Rajan, who is an Independent Director. The composition of the Committee is given below along with the attendance of the members:

Name of the Members		No. of Meetings Attended	Meeting Dates
M S Sundara Rajan	Chairman	4	15.07.2014, 16.10.2014, 12.01.2015, 18.03.2015 (4 meetings)
T T Srinivasavaraghavan	Member	4	
Ajay Bimbhet	Member	4	

e. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee constituted in accordance with the Section 135 of the Companies Act, 2013.

Terms of Reference

The terms of reference of the Corporate Social responsibility Committee is to formulate and recommend to the Board the CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of the expenditure to be incurred on such activities, review and recommend the annual CSR plan to the Board, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives as recommended/suggested by Companies Act, 2013. The Committee also take initiatives in inviting any experts / NGOs / Service organizations to present the details of any welfare activities carried out by them within the objectives approved by the Government under the CSR Rules as framed under the Companies Act, 2013.

Composition

The Committee was constituted at the Board Meeting held on May 9, 2014. Mr. T T Srinivasaraghavan, is the chairman of the Committee. The composition of the Committee and the attendance of the members are as follows:

Name of the Members		No. of meetings attended	Meeting Dates
T T Srinivasaraghavan	Chairman	3	15.07.2014, 16.10.2014 17.02.2015 (3 meetings)
M S Sundara Rajan	Member	3	
Ajay Bimbhet	Member	3	

f. Nomination and Remuneration Committee

The HR Committee was re-constituted as Nomination and Remuneration Committee in accordance with the requirements of Companies Act, 2013.

Terms of Reference

The Committee reviews the remuneration policy including any performance related pay schemes operated by the Company and the ongoing appropriateness of the same in line with the changing market trends and other business requirements. The Committee further reviews the performance and evaluation of Directors and the appointments/reappointments and also the remuneration and performance pay payable to the Managing Director and recommends the same for approval to the Board. The Committee also broadly reviews the increment and performance pay payable to the other employees including the Key Managerial Personnel's in the Company in addition to approving any policy changes.

The Nomination and Remuneration Committee formulates the criteria for determining the experience and qualification, positive attributes and Independence of a Director and also its policy on the remuneration payable to the Managing Director, Key Managerial Personnel and other employees to ensure that:

- the level and composition of the remuneration paid is reasonable and sufficient to attract, retain and motivate talent to effectively run the day to day management of the Company,
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration of Managing Director, Key Managerial Personnel and senior Management involves a balance between fixed and performance based incentive pay, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

Composition

As required under the Companies Act, 2013, the Nomination and Remuneration Committee comprises of two Independent Directors. The Committee is chaired by Mr. T T Srinivasaraghavan. The composition of the Committee and the attendance of the members are given below:

Name of the Members		No. of Meetings Attended	Meeting Dates
T T Srinivasaraghavan	Chairman	4	10.04.2014, 09.05.2014, 17.02.2015, 18.03.2015 (4 meetings)
S Prasad*	Member (ID)	2	
M S Sundara Rajan*	Member (ID)	2	
Christopher John Colahan**	Member	2	
Philip Michael Bulgin***	Member	-	

* Inducted as Member on 09.05.2014 **Member till 18.02.2015

*** Inducted as Member on 18.02.2015

g. Executive Committee of Directors (Non-mandatory)

The Committee reviews the Annual Business Plan, the various strategies to be adopted by the Company and recommends the same for the approval of the Board.

The constitution of the Executive Committee and the meeting dates are as follows:

Name of the Members		No. of Meetings Attended	Meeting Dates
T T Srinivasaraghavan	Chairman	5	10.04.2014, 23.07.2014, 17.10.2014, 18.02.2015, 18.03.2015 (5 meetings)
S Viji	Member	5	
Paul Whittaker	Member	2	
Gareth Roberts	Member	5	
Harsha Viji	Member	5	
Ajay Bimbhet	Member	5	
Christopher John Colahan*	Member	3	
Srinivas Acharya**	Member	4	
Philip Michael Bulgin***	Member	1	

* Member till 18.02.2015 ** Member till 18.03.2015 *** Inducted as Member on 18.02.2015

IV. Independent Directors' Meeting

During the year under review, the Independent Directors met separately on February 16, 2015, to discuss and evaluate (a) the performance of the non-independent Directors and the Board as a whole (b) Chairperson/Chairman of the Company, taking into account the views of the Executive and Non Executive Directors and (c) the quality, quantity and the timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the Meeting.

Company Secretary:

Mr S R Balachandher, Company Secretary acts as Secretary for the Board and all the above Committees. He has, during the year, attended all the meetings.

V. Annual General Meetings

The following table shows when and where the last three Annual General Meetings were held:

Financial Year	Date of Meeting	Time	Venue
2013-14	July 23, 2014	02.30 p.m	21, Patullos Road, Chennai 600 002
2012-13	August 1, 2013	10.30 a.m.	"Sundaram Towers" 45 & 46, Whites Road, Chennai 600 014
2011-12	July 26, 2012	10.00 a.m.	

VI. Extraordinary General Meeting

The Company held an Extraordinary General Meeting on March 18, 2015 for the appointment of Mr. S. Prasad as an Independent Director of the Company, for a term of 5 years.

VII. Evaluation Mechanism:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the valuation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, assessing the quality, quantity and timeliness of flow of information between the company management, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

Criteria for evaluation

The criteria laid down for evaluation of the directors, as approved and adopted by the Board, are as follows:

- A. Criteria for evaluation of the Board and Non-independent Directors at a separate meeting of Independent Directors:
1. Composition of the Board and availability of multi-disciplinary skills
Whether the Board comprises of Directors with sufficient qualification and experience in diverse fields to make the Company a versatile institution.
 2. Commitment to Good Corporate Governance Practices
 - a. Whether the company practices high ethical and moral standards.
 - b. Whether the company is fair and transparent in all its dealings with the stake holders.
 3. Adherence to regulatory Compliance
Whether the company adheres to the various Government regulations Local, State and Central, in time.
 4. Track record of Financial Performance
Whether the company has been constitutently recording satisfactory and profitable financial performance year on year adding to shareholders value. Whether the company is transparent in all its disclosures on financial date.
 5. Grievance redressed mechanism:
Whether a proper system is in place to attend to the complaints/grievances from the shareholders, customers, employees and others quickly and fairly.
 6. Existence of Integrated Risk Management System
Whether the Company has an Integrated Risk Management System to cover the business risk.

7. Use of Modern technology

Whether the Company has an integrated IT strategy and whether there is any system for periodical technology up gradation covering both hardware and software.

8. Commitment to Corporate Social Responsibility

Whether the company is committed to social causes and CSR and whether there is system to identify, finance and monitor such social activities.

B. Criteria for evaluation of Chairman at separate meeting of Independent Directors:

1. Leadership qualities
2. Standard of integrity
3. Understanding of Macroeconomic trends and Micro industry trends.
4. Public Relations
5. Future Vision and Innovation

C. Criteria for evaluation of Independent Directors by the entire Board:

1. Qualification and Experience
2. Standard of integrity
3. Attendance in Board Meetings/AGM/EGM
4. Understanding of Companies Business
5. Value addition in Board Meetings

D. Criteria for evaluation of the Audit Committee by the Board:

1. Qualification and Experience of Members
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud Monitoring

VIII. Remuneration of Directors

The Managing Director is the only Whole-time Executive Director and his appointment is based on terms approved by the Shareholders and IRDAI.

The Non-Executive Directors including the Independent Directors are paid a sitting fee of ₹10,000/- each, for every meeting of the Board/Committees attended by them. The Directors representing Royal & Sun Alliance Insurance plc, UK on our Board had agreed to waive off payment of sitting fees to them effective from October 2012. No sitting fees is paid to the members of the Executive Committee of Directors for attending the ECD meeting

IX. Internal Control

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

There is a well-established internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies (b) safeguarding of assets (c) prevention and detection of frauds / errors (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

Internal Audit Framework

The Company has established an internal audit framework. The internal audit covers auditing of processes as well as transactions. The Company has designed its internal control framework to provide reasonable assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. An annual audit plan is drawn up at the beginning of the year on the basis of risk profiling of the businesses/departments of the Company which is approved by the Audit Committee.

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

Risk Management structure

The Company is subject to the impact of changes in the business environment from time to time which necessitates continuous evaluation and management of significant risks faced by it. The Company has established appropriate risk assessment and minimisation procedures.

A complete framework has been provided in the Directors' Report pertaining to Risk Management.

X. Compliance Officer

Mr S R Balachandher, Company Secretary is the Chief Compliance Officer as per the requirements of IRDAI.

Place: Chennai
Date: April 24, 2015

For and on behalf of the Board
P.M. Venkatasubramanian
Chairman

Certification of compliance of the Corporate Governance Guidelines for 2014-15

I, S R Balachandher, Company Secretary and Chief Compliance Officer of Royal Sundaram Alliance Insurance Company Limited, hereby certify that the Company has complied with the Corporate Governance Guidelines as stated above, for insurance companies for 2014-15, as amended from time to time, and nothing has been concealed or suppressed.

S R Balachandher
Company Secretary & Chief Compliance Officer

Annexure - A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Under its Corporate Social Responsibility (CSR) initiative, Royal Sundaram is committed towards improving the quality of the lives and safety of the people living in the community. The Company aims to achieve this by working together with Organisations, NGO's and other agencies involved in social activities and who strive to improve the quality of life in the fields of Road Safety, improving awareness in Education, Environmental Protection, Health & safety and Community living. As a responsible Company, it stands committed to the causes of Education, Environment, Rural Health, Road Safety and Development. The Company also encourages and supports its employees to take part and contribute their time, skills and resources towards the social causes they feel passionate about. The Company's objective is to pro-actively support meaningful socio economic development.

In line with its objectives, the following areas have been shortlisted for the CSR roadmap health care, road safety, education, skill development and sustainable livelihoods, support employee volunteering in CSR activities and other areas such as disaster relief. The CSR policy was approved by the Committee in the meeting held on July 15, 2014 and subsequently approved by the Board of Directors. The said policy was put up on the company's website at www.royalsundaram.in.

2. The Composition of the CSR Committee

As required under Section 135 of the Companies Act, 2013, the CSR Committee comprises of three Directors out of which one director is an Independent Director. The composition of the Committee is as follows :

(a) Mr. T T Srinivasaraghavan, (Non-executive Director) is the Chairman of the Committee, (b) Mr. M S Sundara Rajan (Independent Director) and (c) Mr. Ajay Bimbhet (Managing Director & CEO)

The functions of the Committee include review of CSR initiatives undertaken by the company, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the company and recommendation of the amount of the expenditure to be incurred on such activities. The Committee also review and recommend the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives.

3. Average net profit of the company for last three financial years

The average net profit of the Company for the last three financial years is ₹54.55 Crores.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

The prescribed CSR expenditure requirement for FY2014-15 is ₹109 Lakhs

5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year was: ₹66 Lakhs

(b) Amount unspent, if any: ₹43 Lakhs

6. Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	Disaster Relief contribution in J&K	Disaster Relief	Jammu & Kashmir	₹10 Lakhs	₹10 Lakhs	₹10 Lakhs	Contribution to Prime Minister's National Relief Fund (PMNRF)
2	Health Care activity contribution	Health	Chennai	₹50 Lakhs	₹50 Lakhs	₹50 Lakhs	Contribution to Sundaram Medical Foundation
3	Training in its simulation Lab for Emergency Response Management	Road Safety	Chennai	₹6 Lakhs	₹6 Lakhs	₹6 Lakhs	Donation to ALERT
	TOTAL			₹66 Lakhs	₹66 Lakhs	₹66 Lakhs	

Details of implementing agency:

Sundaram Medical Foundation (SMF)

Sundaram Medical Foundation was established in 1990 by Dr.S.Rangarajan with the help of M/s Sundaram Finance Group of Companies as a Community Centred hospital, following the best tradition of medical service. Dr.Rangarajan's vision was to provide Quality Health care which is cost-effective and community centred. Today SMF is a multispeciality hospital with state-of-the-art health care facilities providing services to New Born to Nineties under one roof.

The vision of SMF are:

- provide Quality Health Care which is cost-effective and Community-centered in an environment which is clean, caring and responsive to the needs of the patient.
- serve as a Role Model of Health Care delivery system in India

ALERT:

ALERT, is a Chennai based NGO who specialise in Emergency Response management. One of their major activities has been to raise awareness amongst the public to come forward and get trained in basic emergency response so that they are able to help road accident victims.

A variety of Simulation Methodologies will be adapted for use in the laboratory. They are:

- Technical Skills – The set of skills that will be promoted are First Aid, CPR (Cardio Pulmonary Resuscitation), Automated External Defibrillator (AED) Readiness.
- Incident Command – Crisis Management, Disaster Preparedness
- Situational Leadership – Leading through chaos through role plays

The key social impact would be for citizens to get sensitized to the fact that he/she can do their bit to save lives. And when they do, it has a large impact on social values and even potential economic impact.

7. Responsibility statement of the CSR Committee

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

Place: Chennai
Date: April 24, 2015

Managing Director

CSR Committee Chairman

Annexure - B

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED
No. 21, Patullos Road, Chennai 600 002

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED** (CIN: U67200TN2000PLC045611) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, and as applicable to Company (being an unlisted entity) in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2015** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, if any, received during the above said Financial Year.
- (iii) The Insurance Act, 1938, together with Amendments as notified, and Insurance Regulatory and Development Authority of India Act, 1999 and the Rules framed thereunder, as may applicable to the company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above including the compliance of Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India and there were no observations to be reported by us.

We further report that

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (iii) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

- (i) Conducted Extra Ordinary General Meeting on 18.03.2015 for the appointment of Mr. Sreenivasan Prasad as Independent Director.

Place: Chennai
Date: April 24, 2015

Name of Company Secretary in practice / Firm : M. DAMODARAN
FCS No. : 5837
C P No. : 5081

Annexure – C

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and
Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

NIL

Place: Chennai
Date: April 24, 2015

P.M. Venkatasubramanian
Chairman

Annexure - D
EXTRACT OF ANNUAL RETURN
FORM MGT 9

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

Financial Year ended on 31.03.2015

I. REGISTRATION & OTHER DETAILS :

i	CIN	U67200TN2000PLC045611
ii	Registration Date	22/08/2000
iii	Name of the Company	Royal Sundaram Alliance Insurance Company Limited
iv	Category/Sub-category of the Company	Company having Share Capital
v	Address of the Registered Office & contact details	No.21, Patullos Road Chennai 600 002 Contact Details: S.R Balachandher Corp Off: Vishranthi Melaram Towers No.2/319, Rajiv Gandhi Salai (OMR) Karapakkam, Chennai 600 097 Phone : 044 7117 7117 Email : sr.balachandher@royalsundaram.in
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	Cameo Corporate Services Limited, "Subramanian Building" No. 1, Club House Road Chennai 600 002 - India. Ph : 91-44 - 2846 0390 E-mail : cameo@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
General Insurance	6512	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
Sundaram Finance Limited	L65191TN1954PLC002429	ASSOCIATE	49.90	2 (6)

IV SHAREHOLDING PATTERN (Equity Share Capital Break up as % to Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	17,93,075	17,93,075	0.57	-	17,93,075	17,93,075	0.57	NA
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	23,13,06,925	23,13,06,925	73.43	-	23,13,06,925	23,13,06,925	73.43	NA
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:	-	23,31,00,000	23,31,00,000	74.00	-	23,31,00,000	23,31,00,000	74.00	NA
(A) (1)									
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	8,19,00,000	8,19,00,000	26.00	-	8,19,00,000	8,19,00,000	26.00	NA
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL	-	8,19,00,000	8,19,00,000	26.00	-	8,19,00,000	8,19,00,000	26.00	NA
(A) (2)									
Total Shareholding of Promoter A = (A) (1)+(A)(2)	-	31,50,00,000	31,50,00,000	100.00	-	31,50,00,000	31,50,00,000	100.00	NA

V SHAREHOLDING PATTERN (Equity Share Capital Break up as % to Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions									
(a) Bodies corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto 1 lakhs	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
c) Any Other (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	31,50,00,000	31,50,00,000	100.00	-	31,50,00,000	31,50,00,000	100.00	NA

ii) SHAREHOLDING OF PROMOTERS:

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Sundaram Finance Limited	15,71,85,000	49.90	-	15,71,85,000	49.90	-	NA
2	Royal & Sun Alliance Insurance PLC, UK	8,19,00,000	26.00	-	8,19,00,000	26.00	-	NA
	Total	23,90,85,000	75.90	-	23,90,85,000	75.90	-	NA

iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
	Datewise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	No Change	No Change		
	At the end of the Year				

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	India Motor Parts & Accessories Limited	3,14,49,231	9.98	-	-
2	T.V Sundaram Iyengar & Sons Private Limited	2,90,76,924	9.23	-	-
3	Sundharams Private Limited	1,35,95,770	4.32	-	-
4	S. Ram	5,97,694	0.19	-	-
5	R. Ramanujam	5,97,690	0.19	-	-

VI. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr S. Viji, Director				
	At the beginning of the year	5,97,691	0.19	-	-
	Datewise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
	At the end of the Year	5,97,691	0.19	-	-

VII. INDEBTEDNESS : Indebtedness of the Company including interest outstanding/accrued but not due for payment
 - NIL

VIII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager : (in Lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Ajay Bimbhet (Managing Director)	
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53.59	53.59
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	217.49	217.49
	(c) Profits in lieu 17(3) Income- tax Act, 1961	NIL	NIL
2.	Stock Option*	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	271.08	271.08

* Company has not issued any stock option to any of its employees.

B) Remuneration to other directors: (in Lakhs)

Sl. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
1	Independent Directors				
	Mr. S Prasad	1.30	NIL	NIL	1.30
	Mr. M S Sundara Rajan	1.70	NIL	NIL	1.70
	Ms. Radha Unni	0.20	NIL	NIL	0.20
2	Other Non-Executive Directors				
	Mr. P M Venkatasubramanian	1.90	NIL	NIL	1.90
	Mr. S Viji	0.50	NIL	NIL	0.50
	Mr. T T Srinivasaraghavan	1.60	NIL	NIL	1.60
	Mr. Harsha Viji	0.90	NIL	NIL	0.90
	Mr. S Acharya*	0.90	NIL	NIL	0.90
	Total (B)				9.00

* Resigned from the Board on 18th March, 2015

C) Remuneration To Key Managerial Personnel Other than MD/Manager/WTD :

(in Lakhs)

		Key Managerial Personnel		
		Chief Financial Officer Mr. Venkatachalam Sekar	Company Secretary Mr. S R Balachandher	TOTAL
1	Gross salary	29.57	34.37	63.94
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	0.28	-	0.28
	Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total	29.85	34.37	64.22

IX. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any, (give details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

INDEPENDENT AUDITORS' REPORT

To the Members of Royal Sundaram Alliance Insurance Company Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Revenue Accounts, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provision of section 129 of the Companies Act 2013 ("the 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 III of the Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account, are, therefore, drawn up in conformity with the Regulations.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipts and Payments Statement of the Company in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Sub section (1) of Section 129 of the Act, provisions of Section 11 of the Insurance Act read with the IRDAI Regulations/Guidelines/Circulars/orders. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit.
We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, The Insurance Regulatory and Development Act, 1999 and The Companies Act, 2013 to the extent applicable and give the information required by the Act in the manner so required and give a true and fair view in conformity with the 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, 2015;
 - b) in the case of Revenue Accounts, of the operating profit for the year ended on that date;
 - c) in the case of Profit and Loss Account, the profit for the year ended on that date;
 - d) in the case of Receipts and Payments Statement, receipts and payments for the year ended on that date;
 - e) Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations;

- f) The Accounting policies selected by the insurer are appropriate and are in compliance with the applicable Accounting Standards and with the Accounting Principles, as prescribed in the regulations or any order or direction issued by the Authority in this behalf.

Report on Other Legal and Regulatory Requirements - As required under provisions of Section 143(3) of The Act and IRDAI regulations

6. We report that

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, the Revenue Accounts, Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account.
- d) the financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches
- e) in our opinion, the Balance Sheet, Profit and Loss Account, and Receipts and Payments Statement comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014 read together with IRDAI Regulations/Circulars/Orders
- f) The estimate of claims Incurred But Not Reported [IBNR] and claims Incurred But Not Enough Reported [IBNER] has been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority of India [IRDAI] and Actuarial Society of India in concurrence with IRDAI. We have relied on the appointed actuary's certificate in this regard
- g) on the basis of written representations received from the directors as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
- h) in our opinion and to the best of our information and according to the explanations given to us
- i) The Company has disclosed the impact of pending litigations on its financial position in Note No.2(a) of Schedule 17 to the Financial statements
- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

7. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

- a. We have reviewed the Management Report attached to the financial statements for the financial year ended 31st March, 2015 and there is no apparent mistake or material inconsistency therein with the financial statements.
- b. The Company has complied with the terms and conditions of registration stipulated by IRDAI vide their letter dated 15th July, 2002.
- c. We have verified the cash balances at the corporate office of the Company and investments of the Company.
- d. The Company is not a trustee of any trust.
- e. 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 application and investment of policyholders' funds.
- f. All expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts.

For Sundaram & Srinivasan
Chartered Accountants
Registration No: 004207S

S Usha
Partner
Membership No: 211785

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

R Mahesh
Partner
Membership No: 024775

Place : Chennai
Date : April 24, 2015

Form B - RA
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015 (FIRE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31 st March 2015	31 st March 2014
1 Premiums earned (Net)	1A	182,386	167,769
2 Profit/(Loss) on sale/redemption of Investments		4,212	(49)
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 91,238 thousand (Previous Year: ₹ 85,565 thousand)] (Refer note 19 of Schedule 17)		91,372	85,602
Total (A)		277,970	253,322
1 Claims Incurred (Net)	2A	93,298	77,705
2 Commission	3A	(18,726)	(21,839)
3 Operating Expenses related to Insurance Business	4	102,448	47,027
4 Premium Deficiency		-	-
Total (B)		177,020	102,893
Operating Profit/(Loss) from Fire Business C = (A-B)		100,950	150,429
Appropriations			
Transfer to Shareholders' Account		100,950	150,429
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		100,950	150,429
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.

As 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

R Mahesh
 Partner
 Membership No: 024775

Alexander Stephan Lay
 Director

S Prasad
 Director

 Place : Chennai
 Date : April 24, 2015

Venkatachalam Sekar
 Financial Controller & CFO

S R Balachandher
 Company Secretary

Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015 (MARINE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31 st March 2015	31 st March 2014
1 Premiums earned (Net)	1B & 1C	121,336	95,753
2 Profit/(Loss) on sale/redemption of Investments		924	(10)
3 Others - Exchange Gain		520	136
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 12,536 thousand (Previous Year: ₹ 11,454 thousand)] (Refer note 19 of Schedule 17)		12,566	11,461
Total (A)		135,346	107,340
1 Claims Incurred (Net)	2B & 2C	98,601	73,171
2 Commission	3B & 3C	3,375	(14,546)
3 Operating Expenses related to Insurance Business	4	38,404	26,033
4 Premium Deficiency		-	-
Total (B)		140,380	84,658
Operating Profit/(Loss) from Marine Business C = (A-B)		(5,034)	22,682
Appropriations			
Transfer to Shareholders' Account		(5,034)	22,682
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(5,034)	22,682
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.

As 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

R Mahesh
Partner
Membership No: 024775

Place : Chennai
Date : April 24, 2015

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Alexander Stephan Lay
Director

S Prasad
Director

Venkatachalam Sekar
Financial Controller & CFO

S R Balachandher
Company Secretary

Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015 (MISCELLANEOUS BUSINESS)

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

(₹ '000)

Particulars	Schedule	31 st March 2015	31 st March 2014
1 Premiums earned (Net)	1D	12,730,862	12,893,658
2 Profit/(Loss) on sale/redemption of Investments		93,871	(989)
3 Others - Transfer fee and Duplicate fee		515	828
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 1,554,878 thousand (Previous Year: ₹ 1,403,699 thousand)] (Refer note 19 of Schedule 17)		1,557,858	1,404,452
Total (A)		14,383,106	14,297,949
1 Claims Incurred (Net)	2D	9,974,575	9,890,981
2 Commission	3D	583,924	517,301
3 Operating expenses related to Insurance Business	4	4,120,929	3,501,776
4 Premium Deficiency		-	-
Total (B)		14,679,428	13,910,058
Operating Profit/(Loss) from Miscellaneous Business C = (A-B)		(296,322)	387,891
Appropriations			
Transfer to Shareholders' Account		(296,322)	387,891
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(296,322)	387,891
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.

As 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

R Mahesh
Partner
Membership No: 024775

Alexander Stephan Lay
Director

S Prasad
Director

Place : Chennai
Date : April 24, 2015

Venkatachalam Sekar
Financial Controller & CFO

S R Balachandher
Company Secretary

Form B - PL

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015

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

(₹ '000)

Particulars	Schedule	31 st March 2015	31 st March 2014
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		100,950	150,429
(b) Marine Insurance		(5,034)	22,682
(c) Miscellaneous Insurance		(296,322)	387,891
2 INCOME FROM INVESTMENTS			
(a) Interest, Dividend and Rent[Net of amortisation] [Gross Interest and Dividend ₹ 454,953 thousand (Previous Year: ₹ 452,724 thousand)] (Refer note 19 of Schedule 17)		456,017	453,018
(b) Profit on sale of investments		34,703	2,450
Less : Loss on sale of investments		(1,188)	(2,836)
3 OTHER INCOME			
(i) Profit on Sale of Assets		492	-
(ii) Interest on Staff Loan, Insurance Claim Recovery and Other Income		11,704	2,914
(iii) Income arising out of enrollment process of Aadhaar		-	-
Total (A)		301,322	1,016,548
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:			
(i) Expenses arising out of enrollment process of Aadhaar		-	-
b) Employees' remuneration and welfare benefits (Refer note 15 of Schedule 17)		12,108	2,701
c) Bad debts written off (Investments)		-	-
d) Expenses of Investment & Penalties		955	1,334
e) CSR Contribution		6,600	-
f) Loss on Sale of Assets		-	4,199
Total (B)		19,663	8,234
Profit/(Loss) Before Tax (A - B)		281,659	1,008,314
Provision for Taxation			
- Current [including Wealth Tax ₹ 49 thousand (Previous Year -- ₹85 thousand)]		(96,267)	(275,179)
- Deferred		34,502	(50,773)
Profit/(Loss) after tax		219,894	682,362
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		1,467,777	785,415
Balance carried forward to Balance Sheet		1,687,671	1,467,777
Significant accounting policies	16		
Notes to financial statements	17		
Earning per Share (Basic and Diluted)		0.70	2.17

As 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

R Mahesh
Partner
Membership No: 024775

Alexander Stephan Lay
Director

S Prasad
Director

Place : Chennai
Date : April 24, 2015

Venkatachalam Sekar
Financial Controller & CFO

S R Balachandher
Company Secretary

Form B - BS
BALANCE SHEET AS AT 31st MARCH 2015

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

(₹ '000)

Particulars	Schedule	31 st March 2015	31 st March 2014
SOURCES OF FUNDS			
SHARE CAPITAL	5	3,150,000	3,150,000
RESERVES AND SURPLUS	6	2,315,164	2,107,777
FAIR VALUE CHANGE ACCOUNT		32,340	(4,142)
BORROWINGS	7	-	-
TOTAL		5,497,504	5,253,635
APPLICATION OF FUNDS			
INVESTMENTS	8	24,914,421	22,233,970
LOANS	9	-	-
FIXED ASSETS	10	362,467	346,507
Deferred Tax Assets - Net (Refer note 7 of Schedule 17)		193,454	152,512
CURRENT ASSETS			
Cash and Bank Balances	11	496,915	503,000
Advances and Other Assets	12	2,114,123	1,971,426
Sub- Total (A)		2,611,038	2,474,426
CURRENT LIABILITIES			
PROVISIONS	14	7,579,222	6,729,648
Sub - Total (B)		22,583,876	19,953,780
NET CURRENT ASSETS (C)=(A-B)		(19,972,838)	(17,479,354)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		-	-
TOTAL		5,497,504	5,253,635
Significant accounting policies	16		
Notes to financial statements	17		

As 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

R Mahesh
 Partner
 Membership No: 024775

Alexander Stephan Lay
 Director

S Prasad
 Director

 Place : Chennai
 Date : April 24, 2015

Venkatachalam Sekar
 Financial Controller & CFO

S R Balachandher
 Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 1A		
PREMIUM EARNED (NET) — FIRE BUSINESS		
Premium from direct business written	795,786	671,691
Add: Premium on reinsurance accepted	72,833	38,570
Less: Premium on reinsurance ceded	(642,033)	(506,751)
Net Premium	226,586	203,510
Adjustment for change in reserve for unexpired risks	(44,200)	(35,741)
Total Premium Earned (Net)	182,386	167,769
SCHEDULE 1B		
PREMIUM EARNED (NET) — MARINE CARGO BUSINESS		
Premium from direct business written	332,480	287,534
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(191,112)	(188,615)
Net Premium	141,368	98,919
Adjustment for change in reserve for unexpired risks	(21,226)	(4,000)
Total Premium Earned (Net)	120,142	94,919
SCHEDULE 1C		
PREMIUM EARNED (NET) — MARINE HULL BUSINESS		
Premium from direct business written	7,808	23,118
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(7,120)	(21,923)
Net Premium	688	1,195
Adjustment for change in reserve for unexpired risks	506	(361)
Total Premium Earned (Net)	1,194	834
SCHEDULE 1D		
PREMIUM EARNED (NET) — MISCELLANEOUS BUSINESS		
Premium from direct business written	14,555,918	13,388,056
Add: Premium on reinsurance accepted	154,117	199,624
Less: Premium on reinsurance ceded	(1,197,774)	(1,204,732)
Net Premium	13,512,261	12,382,947
Adjustment for change in reserve for unexpired risks	(781,399)	510,710
Total Premium Earned (Net)	12,730,862	12,893,658

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 2A		
CLAIMS INCURRED (NET) — FIRE BUSINESS		
Claims paid		
Direct	333,112	431,989
Add: Reinsurance accepted	462	(40)
Less: Reinsurance ceded	(252,526)	(381,494)
Net Claims paid	81,048	50,455
Add: Claims outstanding at the end of the year	139,695	127,445
Less: Claims outstanding at the beginning	(127,445)	(100,195)
Total Claims Incurred	93,298	77,705
SCHEDULE 2B		
CLAIMS INCURRED (NET) — MARINE CARGO BUSINESS		
Claims paid		
Direct	528,568	148,811
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	(435,775)	(92,764)
Net Claims paid	92,793	56,047
Add: Claims outstanding at the end of the year	89,761	84,014
Less: Claims outstanding at the beginning	(84,014)	(67,084)
Total Claims Incurred	98,540	72,977
SCHEDULE 2C		
CLAIMS INCURRED (NET) — MARINE HULL BUSINESS		
Claims paid		
Direct	(212)	409
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	206	(399)
Net Claims paid	(6)	10
Add: Claims outstanding at the end of the year	257	190
Less: Claims outstanding at the beginning	(190)	(6)
Total Claims Incurred	61	194
SCHEDULE 2D		
CLAIMS INCURRED (NET) — MISCELLANEOUS BUSINESS		
Claims paid		
Direct	8,757,430	8,058,688
Add: Reinsurance accepted	268,351	511,526
Less: Reinsurance ceded	(540,193)	(673,437)
Net Claims paid	8,485,588	7,896,777
Add: Claims outstanding at the end of the year	12,767,741	11,278,754
Less: Claims outstanding at the beginning	(11,278,754)	(9,284,550)
Total Claims Incurred	9,974,575	9,890,981

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 3A		
COMMISSION — FIRE BUSINESS		
Commission paid		
Direct	66,231	52,328
TOTAL	66,231	52,328
Add: Commission on Reinsurance Accepted	2,767	-
Less: Commission on Reinsurance Ceded	(87,724)	(74,167)
Net Commission	(18,726)	(21,839)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	10,335	10,872
Brokers	41,633	27,858
Corporate Agency	14,263	13,598
Referral	-	-
Others	-	-
TOTAL	66,231	52,328
SCHEDULE 3B		
COMMISSION — MARINE CARGO BUSINESS		
Commission paid		
Direct	42,355	39,444
TOTAL	42,355	39,444
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(38,311)	(51,316)
Net Commission	4,044	(11,872)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	6,401	5,532
Brokers	27,948	26,305
Corporate Agency	8,006	7,607
Referral	-	-
Others	-	-
TOTAL	42,355	39,444

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 3C		
COMMISSION — MARINE HULL BUSINESS		
Commission paid		
Direct	-	680
TOTAL	-	680
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(669)	(3,354)
Net Commission	(669)	(2,674)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	-	-
Brokers	-	680
Corporate Agency	-	-
Referral	-	-
Others	-	-
TOTAL	-	680
SCHEDULE 3D		
COMMISSION — MISCELLANEOUS BUSINESS		
Commission paid		
Direct	782,541	762,724
TOTAL	782,541	762,724
Add: Commission on Reinsurance Accepted	1,039	-
Less: Commission on Reinsurance Ceded	(199,656)	(245,423)
Net Commission	583,924	517,301
Break-up of the expenses (Gross) incurred to procure business :		
Agents	122,434	139,492
Brokers	420,982	374,511
Corporate Agency	239,125	248,721
Referral	-	-
Others	-	-
TOTAL	782,541	762,724

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Break up Schedule for All Business

(For the year ended 31st March 2015)

(₹ '000)

Particulars	Fire Revenue Account						Marine Revenue Account												Miscellaneous Revenue Account												Grand Total	
	Fire		Marine Cargo		Marine Hull		Total Marine		Motor		Workmen's Compensation / Employers Liability		Public / Product Liability		Engineering		Personal Accident		Health Insurance		Others		Miscellaneous Total		Grand Total							
	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015							
Premium Earned (Net)	795,786	671,691	332,480	287,554	7,808	23,118	340,288	310,653	11,594,305	10,224,618	40,218	35,785	51,065	113,462	365,472	376,852	417,321	2,043,629	2,135,166	84,377	93,268	14,555,918	13,388,056	15,691,992	14,370,399							
Premium from direct business written	72,833	38,570	-	-	-	-	-	-	137,958	191,081	-	-	-	-	16,159	8,543	-	-	-	-	-	154,117	199,624	226,950	238,194							
Add: Premium on reinsurance accepted	(642,033)	(506,752)	(191,112)	(188,615)	(7,120)	(21,923)	(198,232)	(210,538)	(650,711)	(598,996)	(5,267)	(3,928)	(18,209)	(73,656)	(329,702)	(39,246)	(42,464)	(112,778)	(128,409)	(41,801)	(40,862)	(1,197,774)	(1,204,731)	(2,038,039)	(1,922,022)							
Less: Premium on reinsurance ceded	226,586	203,509	141,368	98,919	688	1,195	142,056	100,114	11,081,552	9,816,703	34,951	31,857	32,796	39,806	51,729	337,606	374,857	1,930,851	2,006,737	42,276	52,406	13,512,261	12,382,948	13,880,703	12,686,572							
Adjustment for change in reserve for unexpired risks	(44,200)	(35,742)	(21,226)	(4,000)	506	(361)	(20,720)	(4,360)	(777,080)	414,276	(1,649)	(408)	1,838	6,865	1,414	12,404	41,000	(23,145)	55,520	(4,769)	(7,363)	(781,399)	510,710	(846,319)	470,608							
Total Premium Earned (Net)	182,386	167,768	120,142	94,920	1,194	834	121,336	95,754	10,304,522	10,230,980	33,302	31,449	34,634	46,670	53,343	350,010	415,857	1,907,706	2,060,276	47,345	45,043	12,730,862	12,893,659	13,034,584	13,157,180							
Claims Incurred (Net)																																
Claims paid	333,112	431,989	528,568	148,811	(212)	409	528,356	149,220	7,341,153	6,514,296	3,802	3,830	4,788	5,205	48,623	162,080	183,613	1,166,086	1,232,319	30,898	22,135	8,757,430	8,058,688	9,618,898	8,639,897							
Add: Reinsurance accepted	462	(40)	-	-	-	-	-	-	266,878	511,263	-	-	-	-	1,473	263	-	-	-	-	-	-	268,351	511,526	268,813	511,486						
Less: Reinsurance ceded	(252,526)	(381,494)	(435,775)	(92,764)	206	(399)	(435,509)	(93,163)	(408,993)	(457,576)	(274)	(463)	(382)	(523)	(38,146)	(13,972)	(18,319)	(70,450)	(105,334)	(6,676)	(7,755)	(540,193)	(673,437)	(1,228,288)	(1,148,094)							
Net Claims paid	81,048	50,455	92,793	56,047	(6)	10	92,287	56,057	7,199,738	6,567,983	3,528	3,367	4,406	4,682	11,950	148,108	165,294	1,095,636	1,126,985	22,222	14,380	8,485,588	7,896,777	8,659,423	8,003,289							
Add: Claims remaining unpaid at the end of the year	139,695	127,445	89,701	84,014	257	190	90,018	84,203	12,171,745	10,627,695	18,976	12,385	19,169	14,110	62,509	202,949	250,688	274,410	276,232	17,983	39,980	12,767,741	11,278,753	12,997,654	11,490,402							
Less: Claims remaining unpaid at the beginning of the year	(127,445)	(100,195)	(84,014)	(67,084)	(190)	(6)	(84,204)	(67,090)	(10,627,695)	(8,676,513)	(12,385)	(10,207)	(14,110)	(16,063)	(57,644)	(250,688)	(255,031)	(276,252)	(227,109)	(39,980)	(35,262)	(11,278,754)	(9,284,550)	(11,490,403)	(9,451,835)							
Total Claims Incurred	93,298	77,705	98,540	72,977	61	194	98,601	73,170	8,743,788	8,519,165	10,119	5,545	9,465	2,729	16,815	100,369	160,951	1,093,794	1,176,128	225	19,098	9,974,375	9,890,980	10,166,474	10,041,856							
Commissions																																
Commission paid																																
Direct	66,231	52,328	42,355	39,444	-	680	42,355	40,124	471,588	457,213	3,159	2,925	4,914	9,674	29,764	43,488	48,384	222,640	202,247	6,988	7,597	782,541	762,724	891,127	855,176							
TOTAL	66,231	52,328	42,355	39,444	-	680	42,355	40,124	471,588	457,213	3,159	2,925	4,914	9,674	29,764	43,488	48,384	222,640	202,247	6,988	7,597	782,541	762,724	891,127	855,176							
Add: Commission on reinsurance accepted	2,767	-	-	-	-	-	-	-	-	-	-	-	-	-	1,039	-	-	-	-	-	-	1,039	-	-	3,806	-						
Less: Commission on reinsurance ceded	(87,724)	(74,167)	(38,311)	(51,316)	(669)	(3,354)	(38,980)	(54,670)	(69,019)	(83,693)	(366)	(560)	(2,772)	(12,470)	(100,342)	(5,820)	(7,669)	(13,568)	(28,861)	(7,169)	(7,799)	(199,656)	(245,423)	(326,360)	(374,260)							
Net commission	(18,726)	(21,839)	(4,044)	(11,872)	(669)	(2,674)	(3,375)	(14,546)	40,969	373,520	2,793	2,365	(2,142)	(2,976)	(69,539)	37,668	40,715	209,072	173,384	(181)	(202)	583,224	517,301	568,573	489,916							
Operating Expenses	102,448	47,027	38,319	25,863	85	170	38,404	26,033	3,509,335	2,695,078	6,122	5,196	4,901	6,076	16,803	13,187	81,752	485,869	690,141	16,147	8,114	4,120,929	3,501,776	4,261,781	3,574,836							

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1 Employees' remuneration and welfare benefits	954,191	848,239
2 Travel, conveyance and vehicle running expenses	83,056	68,437
3 Training expenses	8,064	16,492
4 Rents, rates and taxes	123,835	125,395
5 Repairs and maintenance	43,444	29,555
6 Printing and stationery	45,615	36,445
7 Communication	73,055	60,121
8 Legal and professional charges	11,418	49,809
9 Auditors' fees and expenses		
(a) as auditors	2,000	1,500
(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	913	771
(d) out of pocket expenses	134	22
10 Advertisement and publicity	59,174	35,742
11 Bank charges	19,809	19,442
12 Others		
- Data processing and outsourcing expenses	2,174,511	1,522,436
- Marketing and related expenses	328,599	396,139
- Software and Hardware maintenance charges	183,711	181,341
- Policy Stamp expenses	1,287	1,077
- Directors' sitting fees	900	760
- Miscellaneous expenses	79,855	52,766
13 a) Depreciation for current period		124,084
b) Depreciation charged in earlier years written back		(69,863)
14 Service tax on premium	13,789	30,152
	4,261,781	3,574,836
Allocation of expenses (per accounting policy 12, Schedule 16)		
Revenue Account – Fire Business	102,448	47,027
Revenue Account – Marine Business	38,404	26,033
Revenue Account – Miscellaneous Business	4,120,929	3,501,776
	4,261,781	3,574,836

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 5		
SHARE CAPITAL		
1 Authorised Capital 350,000,000 (31 st March 2014 - 350,000,000) Equity shares of ₹ 10/- each	3,500,000	3,500,000
2 Issued Capital 315,000,000 (31 st March 2014 - 315,000,000) equity shares of ₹ 10/- each, fully paid up	3,150,000	3,150,000
3 Subscribed Capital 315,000,000 (31 st March 2014 - 315,000,000) equity shares of ₹ 10/- each, fully paid up	3,150,000	3,150,000
4 Called-up Capital 315,000,000 (31 st March 2014 - 315,000,000) equity shares of ₹ 10/- each, fully paid up	3,150,000	3,150,000
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	3,150,000	3,150,000

SCHEDULE 5A

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

Shareholder	31 st March 2015		31 st March 2014	
	Number of Shares	% of holding	Number of Shares	% of holding
Promoters				
Indian	233,100,000	74%	233,100,000	74%
Foreign	81,900,000	26%	81,900,000	26%
	315,000,000	100%	315,000,000	100%
Others	-	-	-	-
Total	315,000,000	100%	315,000,000	100%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 6		
RESERVES AND SURPLUS		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	640,000	640,000
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	1,687,671	1,467,777
Less : Depreciation Adjustment		
(net of Deferred Tax of ₹ 6440 thousands -		
refer note no. 28 of Schedule 17)	<u>(12,507)</u>	
Total	<u>1,675,164</u> <u>2,315,164</u>	<u>1,467,777</u> <u>2,107,777</u>
SCHEDULE 7		
BORROWINGS		
1 Debentures / Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
Total	<u>-</u>	<u>-</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 8		
INVESTMENTS		
LONG TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills*	8,535,511	5,346,362
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	-	87,673
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	5,205,154	3,893,666
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	6,280,598	5,409,731
5 Other than Approved Investments - Equity Shares	-	-
SHORT TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills	699,254	1,066,394
2 Other Approved Securities	-	699,778
3 Other Investments		
(a) Shares		
(aa) Equity	1,002,071	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	1,452,626	2,049,756
(e) Other Securities-Certificate of Deposit/CBLO	290,606	1,335,094
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	1,448,601	2,345,516
5 Other than Approved Investments	-	-
Total	24,914,421	22,233,970
Aggregate market value of quoted investments other than Equity Shares	23,932,678	20,424,350
Aggregate book value of quoted investments other than Equity Shares	23,621,744	20,712,473
Historical cost of Equity Shares valued on fair value basis	969,731	91,815
Historical cost of Mutual funds valued on fair value basis	-	-
Aggregate book value of unquoted investments	290,606	1,433,824

* Includes Government securities of book value ₹ 1,48,906 thousand (31st March 2014: ₹ 102,625 thousands), held under Section 7 of the Insurance Act, 1938.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
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

Particulars	Cost/Gross Block				Depreciation				Net Block			
	Opening	Additions	Deductions	Closing	Upto 31 st March 2014	For the year	Writeback relating to prior years	On sales	Debit to General Reserve	Upto 31 st March 2015	As at 31 st March 2015	As at 31 st March 2014
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Intangibles - Information Technology Software	261,828	39,189	-	301,017	198,592	33,939	-	-	-	232,531	68,486	63,236
Furniture and Fittings	27,405	2,055	-	29,460	16,383	2,639	2,073	-	37	16,986	12,474	11,022
Improvements to Leased premises	232,512	13,648	5,220	240,940	93,842	22,511	-	5,220	-	111,133	129,807	138,670
Information Technology Equipment-Server	247,914	6,881	-	254,795	212,236	14,904	26,558	-	234	200,816	53,979	35,678
Information Technology Equipment - Others	170,011	19,358	102	189,267	140,378	31,645	41,232	80	18,676	149,387	39,880	29,633
Vehicles	16,914	219	2,104	15,029	5,706	3,483	-	1,894	-	7,295	7,734	11,208
Office Equipment	120,172	6,596	4,215	122,553	63,112	14,963	-	4,215	-	73,860	48,693	57,060
TOTAL	1,076,756	87,946	11,641	1,153,061	730,249	124,084	69,863	11,409	18,947	792,008	361,053	346,507
Work in progress	-	1,414	-	1,414	-	-	-	-	-	-	1,414	-
Grand Total	1,076,756	89,360	11,641	1,154,475	730,249	124,084	69,863	11,409	18,947	792,008	362,467	346,507
As at 31st March 2014	842,888	302,491	68,623	1,076,756	695,766	97,995	-	63,512	-	730,249	346,507	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 11		
CASH AND BANK BALANCES		
1 Cash (including cheques, drafts and stamps)	94,093	63,129
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current Accounts	402,822	439,871
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
Total	496,915	503,000
Included in Bank balances -- current accounts, are balances held outside India amounting to ₹ NIL (31 st March 2014 - ₹ 427 thousand) with non-scheduled banks 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	22,149	31,590
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source [Net of provision for tax amounting to ₹ 854,064 thousand (Previous Year: ₹ 728,524 Thousand)]	217,161	159,933
6 Others – Deposits for premises and advance rent	71,198	70,575
– Service Tax unutilised credit / Advance Payments	37,394	181,497
– Other Advances	14,831	13,889
Total (A)	362,733	457,484
OTHER ASSETS		
1 Income accrued on investments	899,343	787,476
2 Outstanding Premiums	222,975	138,367
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	38,400	13,295
6 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	509,973	434,519
– Balance with Declined Risk Pool (IMTPDRIP)	80,540	140,118
– Investment Related Receivables	159	167
Total (B)	1,751,390	1,513,942
Total (A+B)	2,114,123	1,971,426

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
SCHEDULE 13		
CURRENT LIABILITIES		
1 Agents' Balances	66,732	59,515
2 Balances due to other insurance companies	255,227	79,593
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	157,823	117,946
5 Unallocated Premium	414,463	243,627
6 Sundry creditors	751,187	834,811
7 Unclaimed amount of Policyholders	336,573	361,614
8 Due to subsidiaries / holding company	-	-
9 Claims Outstanding	12,997,454	11,490,403
10 Due to Officers / Directors	13,706	5,952
11 Others — Service Tax payable	11,489	16,458
12 Due to Other Members of TP Pool (IMTPIP)	-	14,213
Total	15,004,654	13,224,132
SCHEDULE 14		
PROVISIONS		
1 Reserve for Unexpired Risk	7,564,941	6,718,623
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	11,573	4,524
- Leave compensated absence	2,708	6,501
Total	7,579,222	6,729,648
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 of India (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 IRDAI from time to time, the Accounting Standards issued [by the Institute of Chartered Accountants of India ('ICAI')] under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 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 based on enrollment of lives and acknowledgement of the invoices by the Government. 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) Premium deficiency if any is calculated based on actuarial valuation duly certified by the Appointed Actuary.
- (e) 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 was a member of the Indian Motor Third Party Insurance Pool under which it collectively, mandatorily and automatically participated in a pooling arrangement to share all motor third party insurance business underwritten between 1st April 2007 to 31st March 2012, in respect of commercial vehicles.

IRDAI 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 10 of Schedule 17)

7. Indian Motor Third Party Declined Risk Insurance Pool (DR Pool)

In accordance with the directions of IRDAI, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR pool (based on underwriting policy approved by IRDAI). The DR Pool is administered by General Insurance Corporation of India ('GIC').

In terms of the DR Pool agreement, the company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year. 75% of the premium written by the member insurer is to be ceded to the DR Pool. The fulfillment or shortfall of the mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool. The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

Accordingly, based on the statements received for the period ended 31st December, 2014 the Company combines its proportionate share of the premium, claims and pool administrator fees with similar items in its financial statements, on a line-by-line basis. For the calendar quarter ended 31st March 2015, the premium, claims and pool administrator fees have been considered based on the management estimate. The difference, if any, between the estimates and the actual for the said quarter shall be recognized in the calendar quarter in which the Pool Administrator makes available the audited statement.

8. Investments

- (a) Investments are made in accordance with the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) (Amendment) Regulations.
- (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.

SIGNIFICANT ACCOUNTING POLICIES

- (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 9 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.
 - 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 last quoted closing prices available on the Balance Sheet date on the National Stock Exchange.
 - ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change – Equity Account" and carried to the Balance Sheet.
 - iii. Profit/loss on actual sale of a particular security shall include the accumulated fair value change thereof and is recycled to the Profit and Loss account.
 - iv. At each Balance Sheet date the company assesses impairment if any in the value, by examining if the investee company has been making losses continuously for the last three years and also its net worth is eroded, and recognizes the resultant impairment as an expense in the Revenue/Profit and Loss account.
- (g) Mutual funds – Liquid Funds / Gilts / Debt Funds
- i. Measured at each Balance Sheet date at the fair value, being the realisable Net Asset Value
 - ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change- Mutual Fund Account" and carried to the Balance Sheet.
 - iii. Profit/loss on actual sale of units of a particular mutual fund shall include the accumulated fair value change thereof and is recycled to the Profit and Loss account.
 - iv. At each Balance Sheet date the company assesses impairment if any in the value, by examining if the realisable net asset value of each mutual fund is lower than the weighted average cost thereof, and recognizes such impairment as an expense in the Revenue/Profit and Loss account.

9. 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.

10. Fixed assets and depreciation

Depreciation on tangible assets is provided on straight line method over the useful lives of assets estimated by the management. The management estimates the useful lives of assets as under:

SIGNIFICANT ACCOUNTING POLICIES

Useful Life and Depreciation:

Asset	Method of Depreciation	Useful Life (in years)	Rate
Furniture and Fittings	Straight Line Method	10	10%
Improvements to leased premises	Straight Line Method	Equally over the maximum period of the lease initially agreed upon and in case of Improvement to existing leased premises, over the balance lease period. *	
Information Technology Software	Straight Line Method	3	33.33%
Information Technology Equipment - Servers	Straight Line Method	6	16.67%
Information Technology Equipment - Other Hardware	Straight Line Method	3	33.33%
Vehicles	Straight Line Method	4	25% on 90% of the cost *
Office Equipment	Straight Line Method	5	20%

* For these class of assets, based on internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

11. 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.

12. 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 Net Written Premium - Direct in each business segment during the year.

13. 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.

14. 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) Costs of the Company's Retention Awards are valued and accounted for based on actuarial assumptions at each Balance Sheet date.
- (e) Actuarial gains/losses are recognized in the Revenue Accounts.

15. 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.

16. 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.

17. 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.

18. 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 2015	31 st March 2014
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	91,904*	785,374*
– Disputed Service tax Liability (Including of penalty of ₹394,400 thousands)	857,868**	857,868**
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 vide 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 2015	31 st March 2014
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)	37,919	49,053

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

	(₹ '000)	
	31 st March 2015	31 st March 2014
Lease payments debited to the Profit and Loss Account	1,03,280	107,475
Future minimum lease payments		
– Not later than one year	75,007	84,851
– Later than 1 year but not later than 5 years	177,895	174,351
– Later than 5 years	64,533	70,848

4. Ageing of Gross Outstanding Claims - Direct:

	(₹ '000)			
	31 st March 2015		31 st March 2014	
	Nos.	Amount	Nos.	Amount
Claims outstanding for a period exceeding six months	19,438	71,76,119	20,907	65,02,047
Other Claims (less than 6 months)	24,348	19,15,063	25,438	25,02,374
Total	43,786	90,91,182	46,345	90,04,421

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 31st March, 2015, 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 2015	31 st March 2014
Contracts for sales where payments are overdue	Nil	Nil
Contracts for Purchases due for delivery on the Balance Sheet date	Nil	Nil
b)	31 st March 2015	31 st March 2014
Non-performing investment	Nil	Nil

6. A) Employee Benefits - Gratuity

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

a) The amounts recognized in the Balance Sheet	(₹ '000)	
	31 st March 2015	31 st March 2014
Present value of obligations as at the end of the year	68,447	54,814
Fair value of plan assets as at the end of the year	56,874	50,290
Funded status (Liability)	(11,573)	(4,524)
Net Asset/(Liability) recognised in the Balance Sheet	(11,573)	(4,524)
b) Expenses recognised in Revenue Accounts	(₹ '000)	
	31 st March 2015	31 st March 2014
Current Service cost	10,893	9,058
Interest Cost	5,959	4,330
Expected return on plan assets	(3,998)	(3,409)
Net Actuarial loss recognized in the year	3,615	(342)
Expenses to be recognised in Revenue Accounts	16,468	9,637
c) Reconciliation of Benefit Obligation & Plan Assets for the period	(₹ '000)	
Changes in present value of obligations :	31 st March 2015	31 st March 2014
Present value of obligations as at the beginning of the year	54,814	45,999
Interest cost	5,959	4,330
Current Service Cost	10,893	9,058
Benefits Paid	(7,063)	(5,076)
Actuarial (gain)/loss on obligation	3,844	503
Present value of obligations as at the end of the year	68,447	54,814

NOTES TO FINANCIAL STATEMENTS

(₹ '000)

Changes in the fair value of plan assets – LIC Fund	31 st March 2015	31 st March 2014
Fair value of plan assets at the beginning of the year	50,290	41,720
Expected return on plan assets	3,998	3,409
Contributions	9,419	9,392
Benefits paid	(7,063)	(5,076)
Actuarial gain on plan assets	229	845
Fair value of plan assets at the end of the year	56,874	50,290

d) Asset Information

Category of Assets (% Allocation)	Period Ended			
	31 st March	31 st March	31 st March	31 st March
	2015	2014	2015	2014
	%	%	(₹ '000)	(₹ '000)
Government of India Securities	0%	0%	-	-
Corporate Bonds	0%	0%	-	-
Special Deposit Scheme	0%	0%	-	-
Equity Shares of Listed Companies	0%	0%	-	-
Property	0%	0%	-	-
Insurer Managed Funds	100%	100%	56,874	50,290
Others	0%	0%	-	-
Grand Total			56,874	50,290

e) Experience Adjustments

(₹ '000)

	Period Ended				
	31 st March	31 st March	31 st March	31 st March	31 st March
	2011	2012	2013	2014	2015
Defined benefit Obligation	28,792	39,142	45,999	54,814	68,447
Plan Assets	34,519	42,948	41,720	50,290	56,874
Surplus / (Deficit)	5,727	3,806	(4,279)	(4,524)	(11,573)
Exp. Adj. on Plan Liabilities	-	3,382	1,990	3,282	(204)
Exp. Adj. on Plan Assets	-	-	-	845	229

f) Assumptions:

(₹ '000)

	31 st March 2015	31 st March 2014
i) Discount rate	7.90%	9.35%
ii) Salary Escalation	8.00%	9.00%
iii) Expected return on plan assets	8.00%	7.50%
iv) Mortality has been considered as per the published rates under the Indian Assured Lives Mortality (2006-08) Ult table		
v) Rates of leaving service has been assumed at 21% per annum at all ages.		

B) Employee Benefits – Compensated absence

The present value of obligations towards compensated absences as at 31st March, 2015 as per Actuarial Certificate is ₹ 2,708 thousands (Previous Year: ₹ 6,501 thousands) and is provided for in the books of Accounts. The basis of provision for compensated absences is as follows:

(i) Changes in present value of obligations :

	(₹ '000)	
	31 st March 2015	31 st March 2014
Present value of obligations as at the beginning of the year	6,501	5,755
Interest cost	-	-
Current Service Cost	(3,793)	746
Benefits paid	-	-
Actuarial (gain)/loss on obligation	-	-
Present value of obligations as at the end of the year	2,708	6,501

(ii) Assumptions

	31 st March 2015	31 st March 2014
Discount rate	7.90%	9.35%
Salary Escalation	8.0%	9.0%
Earned leave	As per Company rules	
Retirement age	60 Years	60 Years
Mortality rate Table	IALM (2006-2008)	IALM (2006-2008)

C) Employee Benefits – Retention Awards

The present value of obligations towards retention awards as at 31st March, 2015 as per Actuarial Certificate is ₹ 34,664 thousands (Previous Year: ₹ 26,830 thousands) and is provided for in the books of Accounts. The basis of provision for retention awards is as follows:

(i) Changes in present value of obligations :

	(₹ '000)	
	31 st March 2015	31 st March 2014
Present value of obligations as at the beginning of the year	26,830	-
Interest cost	-	-
Current Service Cost	7,834	26,830
Benefits paid	-	-
Actuarial (gain)/loss on obligation	-	-
Present value of obligations as at the end of the year	34,664	26,830

(ii) Assumptions

	31 st March 2015	31 st March 2014
Discount rate	7.90%	8.75%
Increase in Incentive Amount	0.0%	0.0%
Retirement age	60 Years	60 Years
Mortality rate Table	Nil	Nil
Leaving Service	21%	21%
Disability	Nil	Nil

7. Deferred Tax

	(₹ '000)	
	31 st March 2015	31 st March 2014
Deferred Tax Assets		
Reserve for Unexpired risk	194,522	135,891
Depreciation	-	14,411
Accumulating Compensated Absence	920	2,210
	195,442	152,512
Deferred Tax Liability		
Depreciation	1,988	-
Net Deferred Tax Asset	193,454	152,512

8. Participation in Indian Terrorism Risk Insurance Pool

The Company has accounted for the retro cession for 4 Quarters upto December 2014 during the year.

	(₹ '000)	
	31 st March 2015	31 st March 2014
Due from the Pool Manager, beginning of the year	434,519	364,593
Premium on reinsurance accepted	47,233	47,113
Investment Income	42,570	35,191
Premium on reinsurance ceded	(8,515)	(6,973)
Claims paid on reinsurance accepted	(258)	(223)
Operating expenses related to insurance business	(5,577)	(5,182)
Profit Commission on XL	Nil	Nil
Due from the Pool Manager, end of the year	509,973	434,519
Claims outstanding, end of the year	(1,000)	(1,000)
Reserve for Unexpired risk, end of the year	(38,718)	(40,139)
Reserve for Unexpired risk, beginning of the year	40,139	41,864

9. Indian Motor Third Party Declined Risk Insurance Pool (DR Pool)

In accordance with the directions of IRDAI, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles. The company has accounted for the retro cession for 3 Quarters, upto 31st December, 2014, based on the audited statement received from the pool administrator & the 4th Quarter based on management estimate.

	(₹ '000)	
	31 st March 2015	31 st March 2014
Premium on reinsurance accepted	137,958	191,081
Incremental Reserve for unexpired risk	42,945	34,110
Claims Paid on Reinsurance Accepted	266,878	511,263
Claims Outstanding, end of the year	72,757	55,093
Claims Outstanding, beginning of the year	55,093	54,722
Claims Incurred	284,543	511,634
Operating expenses related to DR Pool	(507)	1,648
Profit / (Loss) from Pool	(103,132)	(288,091)

10. Indian Motor Third Party Pool

- IRDAI had vide its Orders IRDA/NL/ORD/MPL/277/12/2011 dated 23rd December, 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated 3rd January, 2012 directed dismantling of the IMTPIP with effect from 31st March, 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles got restated from industry market share basis to actual policy issued basis.
- Based on actual statements from the Pool received for the period from April 2007 to March 2012, the company had recognized an amount of ₹ 905,726 thousands (including interest thereon amounting to ₹ 27,915 thousands) as Due to Members of the Pool with a corresponding reduction in the outstanding claims. Of which, the Company has effected the settlement for the underwritten years 2007-08 and 2008-09 amounting to ₹ 668,710 thousands (including interest of ₹ 7,499 thousands) in Financial Year 2012-13 & Settlement for the underwriting year 2009-10 amounting to ₹ 235,131 thousands (including interest of ₹ 3,843 thousands) in Financial Year 2013-14. The balance amount of ₹ 1,885 thousands (including interest of ₹ 272 thousands) for underwriting years 2010-11 and 2011-12 was settled by the company in Financial Year 14-15.
- IRDAI, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated 22nd March, 2012, amongst other things, 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 ₹ 381,435 thousands in its Miscellaneous Revenue Account for the year ended 31st March, 2014 the final installment of actuarially estimated liability as of 31st March, 2012 relating to the underwriting year 2011-12.

	(₹ '000)	
	31 st March 2015	31 st March 2014
Premium on reinsurance accepted	-	-
Incremental Reserve for unexpired risk	-	-
Claims incurred	641,489	531,720
Our share of Commission Outgo	-	-
Our share of Pool Manager's fee	-	-
Our share of other Income	-	-
Our share of investment Income	272,096	239,151
Profit / (Loss) from Pool	(369,393)	(292,569)
Due from the Pool Manager, beginning of the year	(14,213)	(232,845)
Due from/(Due to) the Pool Manager, end of the year	-	(14,213)
Claims outstanding, end of the year	3,063,806	3,598,621
Reserve for Unexpired risk, end of the year	-	-

11. Solatium Fund

	(₹ '000)	
	31 st March 2015	31 st March 2014
Contribution to the Solatium Fund @ 0.1% of the Gross Written Premium of Motor Third Party Business	3,428	2,928

12. The Sector-wise Gross Written Premium Direct

	(₹ '000)			
	31 st March 2015		31 st March 2014	
	Amount	%	Amount	%
Rural Sector (including Social Sector)	1,494,901	9.53	1,317,686	9.17
Other Sectors	14,197,091	90.47	13,052,713	90.83
Total Gross Written Premium - Direct	15,691,992	100.00	14,370,399	100.00
Social Sector	31st March 2015		31st March 2014	
No. of Lives Covered	520,445		1,276,532	
No. of Policies Issued	40		88	

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

13. Premium Recognition on Varying Risk Pattern

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

14. Risk Retention / Reinsurance

	31 st March 2015	31 st March 2014
Risk retained (%)	87	88
Risk reinsured (%)	13	12

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

	(₹ '000)	
	31 st March 2015	31 st March 2014
Salary	5,359	4,806
Allowances and perquisites	21,749	12,895
Total	27,108	17,701

16. Related Party Transactions

a) Particulars of related parties

- I. JOINT VENTURE PROMOTERS
 - Sundaram Finance Limited
 - Royal & SunAlliance Insurance plc
- II. KEY MANAGERIAL PERSONNEL
 - Mr. Ajay Bimbhet (Managing Director)

b) Transactions with related parties and balances

(₹ '000)

Particulars	Joint Venture Promoters				Key Managerial Personnel	
	Sundaram Finance Ltd		RSA Insurance Plc		Mr. Ajay Bimbhet	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Income						
Insurance Premium Received	10,157	9,609			34	41
Claims on Re-Insurance	-	-	1,18,697	14,067	-	-
Commission on reinsurance ceded	-	-	18,383	30,252	-	-
Rent Received	-	-	-	-	-	-
Interest on Investment	64,902	54,796	-	-	-	-
Expenses						
Rent	6,208	20,804	-	-	-	-
Payment for Services Received	41,581	38,873	8,188	18,105	-	-
Agency Commission	30,197	34,985	-	-	-	-
Remuneration to Managing Director	-	-	-	-	27,108	17,701
Reinsurance Premium	-	-	1,15,823	209,205	-	-
Insurance Claims	4,264	2,628	-	-	-	-
Purchase						
Software Licences	-	-	-	-	-	-
Investment	1,00,000	3,04,635	-	-	-	-
Redemption						
Investment	2,10,000	50,000	-	-	-	-
Receivable						
Other Receivables	43,769	38,413	12,908	43,880	-	-
Investments Held	5,99,907	705,326	-	-	-	-
Rent Deposit	2,401	7,493	-	-	-	-
Payable						
Other Payable	-	432	61,910	1,41,631	13,706	5,952
Insurance Deposit	5,000	5,000	-	-	-	-
Share Capital	15,71,850	15,71,850	8,19,000	8,19,000	-	-

17. Penal Actions by various statutory authorities

 (For the year ended 31st March, 2015)

Amount in ₹

Sl No.	Authority	Non-Compliance Violation	Penalty Awarded	Penalty Paid	Penalty Waived/Reduced
1	Insurance Regulatory and Development Authority of India	Nil	Nil	Nil	Nil
2	Service Tax Authorities	Nil	Nil	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, 2013	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

(For the year ended 31st March, 2014)

Amount in ₹

Sl No.	Authority	Non-Compliance Violation	Penalty Awarded	Penalty Paid	Penalty Waived/Reduced
1	Insurance Regulatory and Development Authority of India	In respect of not meeting obligatory target towards IMTPDRIP	500,000	500,000	Nil
2	Service Tax Authorities	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, 2013	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

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

Particulars	(₹ '000)	
	31 st March 2015	31 st March 2014
Revenue Account – Policyholders’ Funds		
Fire	(134)	(37)
Marine	(30)	(7)
Miscellaneous	(2,980)	(753)
Profit and Loss Account – Shareholders’ Funds	(1,064)	(294)
Total	(4,208)	(1,091)

20. Summary of Financial Statements and Accounting Ratios

A summary of financial statements and Accounting Ratios as per the formats prescribed by the IRDAI in its master circular dated 5th October, 2012 & subsequent clarification thereon dated 3rd July, 2013 are provided in Annexure 2 and Annexure 3.

21. The liability of IBNR & IBNER for the year ending March 31st, 2015 has been estimated by the appointed actuary in compliance with the guidelines issued by the IRDAI. The IBNR has been recognized in the books of accounts based on the submission of IBNR details to IRDAI as per the guidelines.

22. Details of Outsourcing Expenses:

(₹ '000)

Nature of Outsourcing	31 st March 2015	31 st March 2014
Data processing and outsourcing expenses	2,174,511	1,522,436
Marketing and related expenses	328,599	396,139
Total	2,503,110	1,918,575

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

 (For the year ended 31st March, 2015)

(₹ '000)

Particulars	Total Amount	Age-Wise Analysis					
		4-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	-	-	-	-	-	-	-
Excess Premium / Refunds (Due to the insured)	7,118	601	150	5	170	122	6,070
Cheques issued but not encashed by the Policyholder/Insured	158,156	50,110	14,129	11,268	21,818	9,564	51,267

The above given figures do not include the policyholders dues for the ageing 0-3 months & hence would differ from the amount given under the head "Unclaimed Amount of Policyholders" in Schedule 13.

 (For the year ended 31st March, 2014)

(₹ '000)

Particulars	Total Amount	Age-Wise Analysis					
		4-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	-	-	-	-	-	-	-
Excess Premium / Refunds (Due to the insured)	10,174	3,596	170	262	461	215	5,469
Cheques issued but not encashed by the Policyholder/Insured	1,26,851	35,797	27,905	9,882	8,050	6,093	39,125

The above given figures do not include the policyholders dues for the ageing 0-3 months & hence would differ from the amount given under the head "Unclaimed Amount of Policyholders" in Schedule 13.

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

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
Motor TP (Including Declined Risk Pool)	357,000	353,000

25. Earning Per Share (EPS)

		(Amount in ₹)
Particulars		31 st March 2015
Profit/(Loss) after tax	- A	219,894,030
No. of Shares		315,000,000
Weighted avg. no. of Shares - B		315,000,000
(315,000,000 Shares)		
EPS – Basic & Diluted	- (A / B)	0.70

		(Amount in ₹)
Particulars		31 st March 2014
Profit/(Loss) after tax	- A	682,362,405
No. of Shares		315,000,000
Weighted avg. no. of Shares - B		315,000,000
(315,000,000 Shares)		
EPS – Basic & Diluted	- (A / B)	2.17

26. During the year the foreign exchange gain/(loss) included in the Revenue account of the Company is ₹ 152 thousands (Previous year loss ₹ 148 thousands).

27. Expenses not directly identifiable to business segments, apportioned to Revenue Accounts:

Product Segment	31 st March 2015*		31 st March 2014*	
	Investment Expenses	Other Expenses	Investment Expenses	Other Expenses
Fire	120	23,908	105	24,273
Marine Cargo	26	17,428	21	14,067
Marine Hull	-	85	-	170
Miscellaneous	2,674	1,647,999	2,134	1,732,702
Total	2,820	1,689,419	2,260	1,771,212
*Basis of Allocation	Mean Tech Fund	NWP - Direct	Mean Tech Fund	GWP - Direct

28. The Company has changed the accounting policy relating to the following:

Depreciation has been provided in accordance with Schedule II of the Companies Act 2013 (except in the case of Improvement to Premises and Vehicles, which have been depreciated based on internal technical evaluations). Accordingly an amount of ₹12,507 thousands (net of Deferred Tax of ₹ 6,440 thousands) has been recognized in the opening balance of retained earnings where the remaining useful life is Nil as of 1st April, 2014. The company has provided depreciation on straight line basis for all assets as against the earlier policy of providing depreciation on written down value basis on some assets and on straight line basis for others, with retrospective effect as required by Accounting Standard 6 on Depreciation Accounting issued by the ICAI. The aforesaid changes have resulted in higher depreciation of ₹ 5,961 thousands and write back of excess depreciation of earlier years of ₹ 69,863 thousands for the year ended 31st March, 2015, with consequential impact on profits.

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

(₹ '000)

Sl No.	Sch	Particulars	Previous year figures reported in current year	Reported in previous year	Difference	Reason
1	13	Unallocated Premium	243,627	179,584	64,043	Re-grouped for appropriate presentation
2	13	Sundry creditors	8,34,811	898,854	(64,043)	

As 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 24, 2015

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

R Mahesh
 Partner
 Membership No:024775

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Alexander Stephan Lay
 Director

Venkatachalam Sekar
 Financial Controller & CFO

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R Balachandher
 Company Secretary

SEGMENT REPORTING

Annexure I

- 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 12 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 2015)

(₹ '000)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmens Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total Excluding Motor TP Pool	Motor Pool & Declined Pool	Total Including Motor TP Pool
Gross Direct Premium	795,786	332,480	7,808	8,163,972	3,430,333	11,594,305	40,218	51,065	365,472	376,852	2,043,629	84,377	-	15,691,992	137,958	15,691,992
Premium inward	72,833	-	-	-	-	-	-	-	16,159	-	-	-	-	88,992	137,958	226,950
Net Written Premium	226,586	141,368	688	7,714,198	3,229,396	10,943,594	34,951	32,796	51,929	337,606	1,930,851	42,576	-	13,742,945	137,958	13,880,903
Premium earned (net)	182,386	120,142	1,194	7,244,649	2,878,969	10,123,618	33,302	34,634	53,343	350,010	1,907,706	47,345	-	12,853,680	180,904	13,034,584
Profit on sale / redemption of investments	4,212	916	7	27,984	54,453	82,437	173	205	589	2,227	7,944	296	33,515	132,522	-	132,522
Others	-	520	-	-	-	-	-	-	-	-	-	-	-	520	-	520
Interest (net of amortisation)	91,372	12,467	99	380,760	740,908	1,121,669	2,357	2,792	16,528	30,305	108,087	4,023	456,017	1,845,717	272,096	2,117,813
Total segmental revenue	277,970	134,045	1,300	7,653,393	3,674,330	11,327,724	35,832	37,632	70,460	382,542	2,023,737	51,664	489,532	14,832,439	453,000	15,285,439
Claims incurred (net)	(93,298)	(98,540)	(61)	(4,245,497)	(3,572,260)	(7,817,757)	(10,119)	(9,465)	(16,815)	(100,369)	(1,093,794)	(225)	-	(9,240,443)	(926,031)	(10,166,474)
Commission received / (paid), net	18,726	(4,044)	669	(398,192)	(3,777)	(401,969)	(2,793)	(2,142)	69,539	(37,668)	(209,072)	181	-	(568,573)	-	(568,573)
Operating expenses related to insurance business	(102,448)	(38,319)	(85)	(3,110,179)	(399,663)	(3,509,842)	(6,122)	(4,901)	(16,803)	(81,752)	(485,869)	(16,147)	-	(4,262,288)	507	(4,261,781)
Total segmental expenses	(177,020)	(140,903)	523	(7,753,868)	(3,975,700)	(11,729,568)	(19,034)	(16,508)	35,921	(219,789)	(1,788,735)	(16,191)	-	(14,071,304)	(925,524)	(14,996,828)
Segmental (loss) / profit	100,950	(6,858)	1,823	(100,475)	(301,370)	(401,844)	16,798	21,124	106,381	162,753	235,002	35,473	489,532	761,135	(472,524)	288,611
Other income	-	-	-	515	-	515	-	-	-	-	-	-	12,196	12,711	-	12,711
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(19,663)	(19,663)	-	(19,663)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(61,765)	(61,765)	-	(61,765)
Net profit/(Loss) for the year	100,950	(6,858)	1,823	(99,960)	(301,370)	(401,329)	16,798	21,124	106,381	162,753	235,002	35,473	420,300	692,418	(472,524)	219,894
Segment Assets	1,191,142	168,063	1,316	5,069,130	9,863,847	14,932,977	31,393	37,238	214,942	403,496	1,667,767	54,428	5,948,341	24,651,102	3,236,824	27,887,927
Segment Liabilities	844,088	203,164	1,948	5,713,985	10,438,567	16,152,552	37,073	41,089	150,976	375,579	1,547,361	44,886	-	19,398,717	3,185,158	22,583,875
Capital Expenditure	4,707	1,888	44	46,367	19,483	65,850	228	290	2,125	2,140	11,607	479	-	89,360	-	89,360
Amortisation of premium & discount	134	29	-	888	1,729	2,617	6	7	19	71	252	9	1,064	4,207	-	4,207
Depreciation	6,536	2,622	62	64,385	27,053	91,438	317	403	2,951	2,972	16,117	665	-	124,084	-	124,084
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2014-15 - NIL

(₹ '000)

 (For the year ended 31st March 2014)

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 & Declined Pool	Total Including Motor TP Pool
Gross Direct Premium	671,691	287,534	23,118	7,296,418	2,928,200	10,224,618	35,785	113,462	368,436	417,321	2,135,166	93,268	-	14,370,399	-	14,370,399
Premium inward	38,570	-	-	-	-	-	-	-	8,543	-	-	-	-	47,113	191,081	238,194
Net Written Premium	203,510	98,919	1,195	6,886,414	2,739,208	9,625,622	31,857	39,806	60,562	374,857	2,006,757	52,406	-	12,495,491	191,081	12,686,572
Premium earned (net)	167,769	94,919	834	7,223,095	2,782,693	10,005,788	31,449	46,670	63,383	415,857	2,060,277	45,043	-	12,931,989	225,191	13,157,180
Profit on sale / redemption of investments	(49)	(10)	-	(346)	(493)	(839)	(2)	(3)	(8)	(32)	(100)	(5)	(386)	(1,434)	-	(1,434)
Others	-	136	-	-	-	-	-	-	-	-	-	-	-	136	-	136
Interest (net of amortisation)	85,602	11,358	103	407,398	577,444	984,842	2,065	3,298	15,319	37,855	116,865	5,057	453,018	1,715,382	239,151	1,954,533
Total segmental revenue	253,322	106,403	937	7,630,147	3,359,644	10,989,791	33,512	49,965	78,694	453,680	2,177,042	50,095	452,632	14,646,073	464,342	15,110,415
Claims incurred (net)	(77,705)	(72,977)	(194)	(4,075,671)	(3,400,141)	(7,475,812)	(5,545)	(2,729)	(7,365)	(160,951)	(1,176,128)	(19,098)	-	(8,998,504)	(1,043,353)	(10,041,857)
Commission received / (paid), net	21,839	11,872	2,674	(373,520)	-	(373,520)	(2,365)	2,796	69,685	(40,715)	(173,384)	202	-	(480,916)	-	(480,916)
Operating expenses related to insurance business	(47,027)	(25,863)	(170)	(2,302,838)	(390,592)	(2,693,430)	(5,196)	(6,076)	(13,187)	(83,984)	(690,141)	(8,114)	-	(3,573,188)	(1,648)	(3,574,836)
Total segmental expenses	(102,893)	(86,968)	2,310	(6,752,029)	(3,790,733)	(10,542,762)	(13,106)	(6,009)	49,133	(285,650)	(2,039,653)	(27,010)	-	(13,052,608)	(1,045,001)	(14,097,609)
Segmental (loss) / profit	150,429	19,435	3,247	878,118	(431,089)	447,029	20,406	43,956	127,827	168,030	137,389	23,085	452,632	1,593,465	(580,659)	1,012,806
Other income	-	-	-	828	-	828	-	-	-	-	-	-	2,914	3,742	-	3,742
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(8,234)	(8,234)	-	(8,234)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(325,952)	(325,952)	-	(325,952)
Net profit/(Loss) for the year	150,429	19,435	3,247	878,946	(431,089)	447,857	20,406	43,956	127,827	168,030	137,389	23,085	121,360	1,263,021	(580,659)	682,362
Segment Assets	1,093,208	147,895	1,317	5,224,220	7,404,783	12,629,002	26,490	42,288	195,239	485,425	1,636,971	64,850	5,681,308	22,003,994	3,050,909	25,054,903
Segment Liabilities	762,705	168,384	4,192	5,197,673	7,825,463	13,023,136	28,011	45,083	144,180	437,973	1,522,727	72,135	-	16,208,526	3,745,254	19,953,780
Capital Expenditure	14,139	6,052	487	153,587	61,637	215,224	753	2,388	7,755	8,784	44,944	1,963	-	302,491	-	302,491
Amortisation of premium & discount	(37)	(7)	-	(265)	(375)	(640)	(1)	(2)	(6)	(25)	(76)	(3)	(294)	(1,091)	-	(1,091)
Depreciation	4,580	1,961	158	49,756	19,968	69,724	244	774	2,512	2,846	14,560	636	-	97,995	-	97,995
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2013-14 - NIL

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

SUMMARY OF FINANCIAL STATEMENTS

Annexure 2

(₹ in Lakhs)

Sl No	Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
	OPERATING RESULTS					
1	Gross Premiums Written-Direct	156,920	143,704	156,000	147,979	114,399
2	Net Premium Income#	138,809	126,866	132,010	124,909	96,250
3	Income from investments (net)@	17,608	15,005	12,989	10,413	7,217
4	Other income -Transfer fee etc	10	10	13	9	17
5	Total Income	156,427	141,880	145,012	135,330	103,484
6	Commissions (net)	5,686	4,809	3,617	2,224	2,081
7	Operating Expenses	42,618	35,748	37,656	35,318	30,471
8	Net Incurred Claims	101,665	100,419	92,442	86,559	66,022
9	Change in Unexpired Risk Reserve	8,463	(4,706)	7,948	14,406	8,630
10	Operating Profit/loss	(2,004)	5,610	3,349	(3,176)	(3,721)
	NON OPERATING RESULT					
11	Total income shareholders' account	4,821	4,473	2,977	3,130	2,233
12	Profit/(loss) before tax	2,817	10,082	6,326	(46)	(1,488)
13	Provision for tax	(618)	(3,260)	(859)	68	(526)
14	Profit/(loss) after tax	2,199	6,824	5,467	22	(2,014)
	MISCELLANEOUS					
15	Policyholders' Account (1)					
	Total funds	205,624	182,090	166,350	148,916	110,883
	Total investments	194,110	170,240	158,923	142,116	105,185
	Yield on investments	9.3%	8.7%	8.7%	8.2%	7.6%
16	Shareholders' Account					
	Total funds	54,975	52,536	45,590	36,121	29,839
	Total investments	55,035	52,100	49,037	41,937	33,087
	Yield on investments	9.3%	8.7%	8.7%	8.2%	7.6%
17	Paid up equity capital	31,500	31,500	31,500	29,000	25,000
18	Net worth	54,975	52,536	45,590	36,121	29,839
19	Total assets	280,814	252,074	235,935	206,791	158,152
20	Yield on total investments	9.3%	8.7%	8.7%	8.2%	7.6%
21	Earnings per share (₹)*	0.70	2.17	1.88	0.01	(0.96)
22	Book Value per share (₹)	17.45	16.68	14.47	12.46	11.94
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	2,199	6,824	5,467	22	(2,014)
	Weighted Average Number of Shares at the end of the year	315,000,000	315,000,000	290,273,973	250,218,579	210,328,767

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 IRDAI Circular INV/CIR/008/2008-09 dt. 22nd August, 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	2014-15	2013-14
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)	2.85	2.74
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)	4.64%	15.24%
4.	Net retention ratio (segment wise) (Net premium divided by gross premium)	Schedule 2	Schedule 2
5.	Net commission ratio (segment wise) (Commission net of reinsurance for a class of business divided by net premium)	Schedule 3	Schedule 3
6.	Expenses of Management to Gross Direct Premium ratio (Expenses of Management divided by the total gross direct premium)	32.84%	30.83%
7.	Expenses of Management to Net Written Premium ratio (Expenses of Management divided by the Net Written Premium)	37.12%	34.92%
8.	Net Incurred Claims to Net Earned Premium	78.00%	76.32%
9.	Combined ratio: (Net Incurred Claims divided by Net Earned Premium plus Expenses of Management divided by Net Written Premium)	113%	108%
10.	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by Net Written Premium)	1.48	1.44
11.	Underwriting balance ratio (segment wise) (Underwriting profit divided by net premium for the respective class of business)	Schedule 4	Schedule 4
12.	Operating profit ratio (Underwriting profit plus investment income divided by Net Earned premium)	-1.54%	4.26%
13.	Liquid assets to Liabilities ratio (Liquid assets of the insurer divided by the policyholders' liabilities)	0.26	0.44
14.	Net earnings ratio (Profit after tax divided by Net Written Premium)	1.58%	5.38%
15.	Return on networth (Profit after tax divided by net worth)	4.00%	12.99%
16.	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) Ratio	1.64	1.61

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Accounting Ratios - Schedule 1

Gross premium growth rate

Segment	Growth (%)	
	2014-15	2013-14
Fire	18%	-27%
Marine	10%	6%
Motor	13%	-8%
Workmen's Compensation/ Employers Liability	12%	10%
Public/Product Liability	-55%	-40%
Engineering	-1%	-3%
Personal Accident	-10%	-18%
Health Insurance	-4%	0%
Others	-10%	33%
Total	9%	-8%

Accounting Ratios - Schedule 3

Net commission ratio

Segment	% to NWP	
	2014-15	2013-14
Fire	-8%	-11%
Marine	2%	-15%
Motor	4%	4%
Workmen's Compensation/ Employers Liability	8%	7%
Public/Product Liability	7%	-7%
Engineering	-134%	-115%
Personal Accident	11%	11%
Health Insurance	11%	9%
Others	0%	0%
Total	4%	4%

Accounting Ratios - Schedule 2

Net retention ratio

Segment	% to GWP	
	2014-15	2013-14
Fire	26%	30%
Marine	42%	32%
Motor	94%	96%
Workmen's Compensation/ Employers Liability	87%	89%
Public/Product Liability	64%	35%
Engineering	14%	16%
Personal Accident	90%	90%
Health Insurance	94%	94%
Others	50%	56%
Total	87%	88%

Accounting Ratios - Schedule 4

Underwriting balance ratio

Segment	% to NEP	
	2014-15	2013-14
Fire	0.03	0.39
Marine	-0.16	0.12
Motor	-0.23	-0.13
Workmen's Compensation/ Employers Liability	0.43	0.58
Public/Product Liability	0.52	0.87
Engineering	1.67	1.78
Personal Accident	0.37	0.31
Health Insurance	0.06	0.01
Others	0.66	0.40
Total	-0.15	-0.07

MANAGEMENT REPORT

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority of India (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 of India, to transact general insurance business, continues to be valid. The fee for renewal of the Certificate of Registration has been paid for 2014-2015.
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 2015 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 IRDAI, under Section 64M of the Insurance Act, to revise the limits in its case.

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 various States 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 IRDAI 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 2015

Business Class	Upto 30 days		31 days - 6 months		6 Months - 1 Year		1 year - 5 years		5 Years and above		Total	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
Fire	444	13,663	706	113,443	113	91,118	49	130,222	1	184	1,313	348,630
Marine Cargo	3,461	22,537	2,470	412,453	191	66,385	30	25,764	(1)	(977)	6,151	526,162
Marine Hull	-	26	-	16	-	16	-	(270)	-	-	-	(212)
Motor	165,617	2,555,991	46,627	2,084,670	6,111	665,977	11,382	1,789,231	1,679	245,283	231,416	7,341,152
Workmen Compensation	1	2	20	1,791	4	857	3	1,152	-	-	28	3,802
Liability	24	261	172	3,838	5	530	-	163	-	(5)	201	4,787
Engineering	20	1,307	180	11,494	36	9,170	34	27,847	-	12	270	49,829
PA	856	24,165	894	100,606	38	25,924	8	11,381	-	4	1,796	162,080
Health	91,732	567,459	7,489	553,733	703	34,841	147	8,740	4	1,313	100,075	1,166,086
Others	371	6,640	90	6,655	6	4,481	8	481	-	-	475	18,257
Grand Total	262,526	3,192,051	58,648	3,288,698	7,207	899,298	11,661	1,994,712	1,683	245,813	341,725	9,620,572

Ageing as on 31st March 2014

(₹ '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.	Amt	No.	Amt	No.	No	Amt	Amt	No.	Amt	No.	Amt
Fire	125	47,261	342	142,102	121	70,957	36	173,854	-	-	624	434,174
Marine cargo	1,955	24,584	2,107	74,962	84	39,338	15	9,925	-	-	4,161	148,810
Marine Hull	1	37	2	364	1	8	-	-	-	-	4	409
Motor	175,564	2,019,272	41,780	2,284,645	4,012	640,944	5,142	1,429,899	386	98,069	226,884	6,472,829
Workmen compensation	-	-	20	1,098	8	733	1	1,114	3	885	32	3,830
Liability	12	303	37	3,891	11	827	1	183	-	-	61	5,205
Engineering	20	9,157	66	20,551	47	48,951	24	18,116	2	23	159	96,797
PA	518	22,047	839	116,779	122	24,094	43	19,680	2	1,013	1,524	183,613
Health	76,944	672,792	51,125	585,160	1,180	10,811	272	4,224	28	940	129,549	1,273,926
Others	344	7,146	93	10,483	14	1,400	6	1,276	-	-	457	20,304
Total	255,483	2,802,599	96,411	3,240,035	5,600	838,062	5,540	1,658,272	421	100,929	363,455	8,639,897

Ageing as on 31st March 2013

(₹ '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.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
Fire	127	6,507	320	106,106	130	71,441	36	28,049	2	201	615	212,303
Marine cargo	867	37,510	2,981	58,542	84	12,854	24	7,948	3	212	3,953	116,641
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	175,397	2,114,505	59,594	2,579,715	3,894	658,360	4,683	1,183,938	309	83,231	243,877	6,619,749
Workmen compensation	4	126	19	4,354	5	169	4	1,032	1	379	33	6,060
Liability	6	247	22	2,203	9	620	1	316	-	-	38	3,385
Engineering	26	4,240	92	11,362	63	12,661	78	26,812	3	1,309	262	56,384
PA	465	15,525	623	122,338	64	18,461	18	16,128	2	1,560	1,172	174,011
Health	19,701	549,643	10,408	319,130	193	6,373	52	3,802	2	654	30,356	879,602
Others	445	13,985	92	2,313	32	2,280	12	2,226	-	-	581	20,805
Total	197,038	2,570,939	74,151	3,216,495	4,474	783,218	4,908	1,270,249	316	87,121	280,887	8,088,940

Ageing as on 31st March 2012

(₹ '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.	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	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
Workmen compensation	6	62	17	3,368	5	525	6	2,076	-	-	34	6,031
Liability	16	973	24	3,331	6	452	2	173	-	-	48	4,929
Engineering	66	1,582	150	13,573	77	32,480	36	38,304	-	-	329	85,939
PA	426	20,602	543	72,938	59	9,360	21	15,090	-	-	1,049	117,989
Health	23,749	734,396	9,861	326,604	213	6,902	58	4,982	3	473	33,884	1,073,357
Others	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.	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

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 last quoted closing prices available on the Balance Sheet date on the National 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 9.32%. All investments in our portfolio as at 31st March 2015 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 net profit of the Company for the year ended 31st March 2015.
- 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, 2013, 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 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	6,208	Rent
		T.T. Srinivasaraghavan	Director	41,581	Information Technology
		Srinivas Acharya	Director	30,197	Agency Commission
		S. Prasad	Director	4,264	Insurance Claims
		Harsha Viji	Director		
2	Sundaram BNP Paribas Home Finance Limited	S. Viji	Director	2	Rent
		T.T. Srinivasaraghavan	Director	390	Insurance Claims
		Srinivas Acharya	Director		

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Alexander Stephan Lay
Director

S Prasad
Director

Place : Chennai
Date : April 24, 2015

Venkatachalam Sekar
Financial Controller & CFO

S R Balachandher
Company Secretary

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ '000)

Particulars	31 st March 2015	31 st March 2014
Cash flows from operating activities		
Premium received from policyholders, including advance receipts & Service Tax	17,939,083	16,335,335
Other receipts	12,217	3,744
Payments to the re-insurers, net of commissions and claims	(322,741)	(989,346)
Payments to co-insurers, net of claims recovery	(5,379)	(3,045)
Payments of claims	(9,889,453)	(8,896,097)
Payments of commission and brokerage	(891,007)	(845,737)
Payments of other operating expenses	(4,235,461)	(3,717,082)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	865	2,766
Income taxes paid (Net)	(153,489)	(305,593)
Service tax paid	(1,807,505)	(1,746,677)
Other payments	-	-
Cash flows before extraordinary items	-	-
Cash flow from extraordinary operations	-	-
Net cash flow from operating activities	647,130	(161,732)
Cash flows from investing activities		
Purchase of fixed assets	(100,259)	(296,278)
Proceeds from sale of fixed assets	723	546
Purchases of investments	(13,545,846)	(6,530,337)
Loans disbursed	0	0
Sales of investments	9,218,613	4,069,637
Repayments received	-	-
Rents/Interests/Dividends received	1,957,883	1,715,438
Investments in money market instruments and in liquid mutual funds (Net)	1,819,993	1,185,161
Expenses related to investments	(3,774)	(3,094)
Net cash flow from investing activities	(652,667)	141,073
Cash flows from financing activities		
Proceeds from issuance of share capital	-	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from financing activities	-	-
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	(548)	136
Net increase in cash and cash equivalents	(6,085)	(20,523)
Cash and Cash equivalents at the beginning of the year	503,000	523,523
Cash and cash equivalents at the end of the year	496,915	503,000

As 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 24, 2015

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

R Mahesh
 Partner
 Membership No: 024775

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Alexander Stephan Lay
 Director

Venkatachalam Sekar
 Financial Controller & CFO

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 as amended)

1. Registration Details:

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

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

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

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

Total Liabilities		5	4	9	7	5	0	4
Total Assets		5	4	9	7	5	0	4

Source of Funds:

Paid-up Capital		3	1	5	0	0	0	0	
Reserves and Surplus		2	3	1	5	1	6	4	
Fair Value Change Account				3	2	3	4	0	
Secured Loans							N	I	L
Unsecured Loans							N	I	L

Application of Funds:

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

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

Turnover	1	5	2	9	8	1	5	0	
(Net Earned Premium, income from Investments and other incomes)									
Total Expenditure	1	5	0	1	6	4	9	1	
Profit before Tax			2	8	1	6	5	9	
Profit after Tax			2	1	9	8	9	4	
Earnings per share (₹)					0	.	7	0	
Dividend Rate (%)							N	I	L

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

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Alexander Stephan Lay
Director

S Prasad
Director

Venkatachalam Sekar
Financial Controller & CFO

S R Balachandher
Company Secretary

Place : Chennai
Date : April 24, 2015



Royal Sundaram

General Insurance

Royal Sundaram Alliance Insurance Company Limited

Corporate Office: Vishranthi Melaram Towers, No.2/319, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600097.

Registered Office: 21, Patullos Road, Chennai - 600002.

IRDAI Regn. No. 102 | CIN: U67200TN2000PLC045611

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Insurance is the subject matter of solicitation