



Royal Sundaram
General Insurance



ANNUAL REPORT 2010-11



Royal Sundaram Alliance Insurance Company Limited

Board of Directors

P M Venkatasubramanian	Chairman
S Viji	Director
T T Srinivasaraghavan	Director
A.Rangaswami	Director
S Prasad	Director
A V Rajwade	Director
Srinivas Acharya	Director
Paul Whittaker	Director
Jonathan Hancock	Director
Gregory James Otterson	Director
Gareth Morgan Roberts	Director
Ajay Bimbhet	Managing Director

Audit Committee

S.Prasad	Chairman
P M Venkatasubramanian	Director
Srinivas Acharya	Director
Gregory James Otterson	Director

Company Secretary & Compliance Officer

S R Balachandher

Statutory Auditors

M/s Brahmayya & Co, Chartered Accountants, Vijayawada
 M/s Sundaram & Srinivasan, Chartered Accountants, Chennai

Information Security Assurance Services

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

Internal Auditors

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

Internal Auditors (Investments)

M/s T.Selvaraj & Co., Chartered Accountants, Chennai

Registered Office

21, Patullos Road, Chennai 600 002

Administrative / Corporate Office

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

Regional Offices

Chennai, Gurgaon, Kolkata & Mumbai.

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DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company take pleasure in presenting the Eleventh Annual Report on the Business, Operations and the Audited Financial Statements of your Company for the year ended 31st March 2011.

Review of the Financial Performance for 2010-2011

The highlights of the Financial Results of the Company are:

	(Rupees in lakhs)	
	2010-11	2009-10
Gross Written Premium	114399	91311
Net Written Premium	87458	67833
Net Earned Premium	79348	64399
Net Incurred Claims	48878	41789
Net Commission – Outgo/(Income)	1993	2314
Expenses of Management	30400	23293
Underwriting Profit /(Loss)	(1923)	(2997)
Investment Income - Policyholders	5773	5841
General Insurance Results Profit /(Loss)	3850	2844
Investment Income - Shareholders	2232	2300
Other Income/(Outgo)	11	24
Profit Before Tax & Motor Pool Losses	6093	5168
Motor Pool Losses	(7581)	(1767)
Provision for taxation	(526)	(304)
Profit/(Loss) After Tax	(2014)	3097

The year 2010-11 witnessed a good growth in all the sectors with the Automobile sector registering an impressive growth. The Insurance industry benefited by this and clocked a growth of about 22% over the previous year. Your Company has also recorded a robust growth of about 25% in its business compared to previous year as a result of our continued focus in the Retail sector, especially new Motor cars and Commercial Vehicles. Some of the Companies in the private sector have chosen not to chase top line growth and have even slowed down their growth rate to concentrate on consolidation due to severe competition and pressure on pricing in the market.

The market continues to be affected by fierce competition, resulting in a drop in the premium rates particularly in the property portfolio.

After considering the investment income of Rs. 94.50 cr. (Rs. 92.71 cr) – including investment income from Motor TP Pool - and providing for other outgoings and taxes, amounting to Rs. 5.26 cr. (Rs. 3.04 cr), the Loss After Tax for the year amounted to Rs. 20.14 cr. (Rs.30.97 cr profit). The total reserves of the Company as on 31st March 2011 stood at Rs. 48.65 cr. including a share premium of Rs. 25 cr. (Rs. 43.79 cr).

Market developments

The cautious approach adopted by many insurers continued this year too, as a result of which there was much competition in underwriting good risks. The markets continued to witness intense competition for well-managed commercial accounts.

The development in Motor Third Party Pool, created effective 1st April 2007 to deal with 'Third party risks' of Commercial Motor Vehicle Insurances, took all the General insurers by surprise during the year, impacting profitability adversely.

The Pool Administrator (GIC) and the Regulator vide its Order dated 12th March 2011, came out with increased loss ratios for the prior years 2007-08, 2008-09 and 2009-10 at 172.3%, 181.81% and 194.15% respectively, as against the earlier notified loss ratios of 122%, 124% and 127% respectively, by the Pool Administrator. Based on representations made, the Authority had agreed that given the variations in the actuarial estimates and pending a peer review by an independent Actuary to be appointed by the Authority, the industry should make a tentative provision for Pool losses at 153% for the past 3 financial years, viz., 2007-08, 2008-09, 2009-10 and the current financial year 2010-11. The deficit on account of this under provisioning by the Pool Administrator for the earlier years including premium deficiency, is likely to be to the tune of Rs.7000 cr. approx. based on the initial estimates.

The Authority has directed that all the insurers should make good the difference in the loss ratio, viz., 153% minus what had been actually provided in the books, while finalizing their results for 2010-11. As a result, your Company had to provide for Rs. 75.81 cr. towards the Motor Pool losses for the years 2007-08 to 2010-11. This has resulted in the PBT (before pool loss) of Rs. 60.93 cr. slipping into a loss of Rs. 20.14 cr. including necessary tax provisions.

Consequent to the above additional provisioning to be made by the Insurers, the Authority has reduced the solvency margin levels to 130% for 2010-11 instead of the earlier mandated 150%.

The Insurance industry is awaiting the report of the Peer Review by the Independent Actuary and depending on the findings, a further provisioning may be required to be made in 2011-12. However, better clarity on this issue is likely to emerge only after the above Report is made available.

This huge deficit in the reserving of the Third Party Pool has severely impacted the financial viability of most of the non-life insurance companies and also casts a huge burden on the shareholders to keep infusing additional capital from time to time. Your Company has taken up this matter with the Council and the Authority suitably, to clearly define the way forward particularly when the viability of the insurance industry itself is at 'stake' due to this adverse development.

Notwithstanding the above, the industry has been taking up with the Authority for adequately pricing the Motor Third party risk based on adverse claims experience. The industry has been pressing for a considerable increase in the Motor TP risk premium to reduce the huge losses being incurred by the Insurance Companies year after year. The last increase was provided in the year 2007 and that too was insufficient to cover the losses.

Based on the above representations, the Authority has provided for an increase of 68% effective end April 2011 as against the earlier indicated increase of about 80%, which in itself was insufficient to allow the Motor TP cover portfolio to break-even. This increase at best could only mitigate the losses incurred by Insurers but may not be adequate for the Motor TP business to stand on its own and sustain itself, which means that this risk would continue to eat away the profits made in other portfolios.

This is an unenviable situation for the Insurance Companies for they neither have control on the pricing of the Motor TP risk (Third party premium rates) nor is there any cap on the amount of Motor Third party claims awarded. As a result, the other portfolios are made to subsidise the losses incurred in this business. Your Company is of the view that unless this issue is sorted out at the industry level, it could jeopardize the orderly and healthy growth of the insurance companies.

The above increase proposed by the Regulator was challenged by a few Transport Operators Associations by way of writ petitions in several High Courts seeking injunction from the rate increase being implemented on them. The Regulator had also filed its response and the High Courts at Chennai and Kerala, recently vacated the injunction earlier granted by them. However, the High Court of Karnataka has recently ordered injunction in respect of an application filed by a Transport Operator Association in this matter. It is not clear now as to how this matter would be decided and whether the increase provided by the Regulator will be made available to the Insurers on a continued basis.

Commercial Insurances

The Commercial Insurance Business, including Commercial Motor Business recorded a growth of 14.5%, resulting in a Gross Written Premium of Rs. 397.6 cr (Rs. 347.10 cr).

Personal Insurances

The Personal Insurances Business segment witnessed a growth of 31.8%, with Gross Written Premium at Rs. 749.5 cr (Rs. 568.46 cr).

Despite the increase in market players & continued fierce competition and the cancellation of its corporate agency tie-up with Maruti, the private car Business grew by 30.3%, demonstrating the Company's capabilities to grow Motor Business in a focussed and sustained manner.

The number of insurance policies issued by the Company during the year was 17,03,824 as against 12,45,491 policies, showing a growth of 36.8%.

During the year, your Company apart from strengthening its existing relationships initiated a special drive to harness and develop the Agency channel into delivering improved business numbers.

Your Company continues to enjoy an excellent relationship with all its key Bancassurance partners.

Rural and Social Sector

Your Company continued to surpass its obligations in the Rural and Social sectors, achieving a premium of Rs. 148.05 cr. as against the Regulatory requirement of Rs. 80.08 cr. Further, in the Social sector, we have covered 10,08,539 lives as against the Regulatory requirement of 55,000 lives.

The foray into the Government Health Scheme, Rashtriya Swasthya Bima Yojana (RSBY) will further strengthen your Company's initiatives in the Rural and Social sectors.

Claims

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

This has been possible through 'fast-tracking' simple, standard claims up to a threshold, constant training and empowering people, effectively using cashless facility through dealer and hospital networks as well as Third Party Administrators (TPAs).

The claims settlement ratio for 2010-11 was at 91% (92% in 2009-10). During the year 2.35 lakh claims (2.13 lakhs) were settled, of which 70% were settled within a month and 91% were settled within 90 days (comparative ratios for 2009-10 are 75% and 95% respectively).

Investments

Your Company earned an investment income of Rs. 94.50 cr. including a profit on sale of investments to the tune of Rs. 1.89 cr. for the year ended 31st March 2011 as against Rs. 92.71 cr, including a profit on sale of investments of Rs. 14.27 cr, in the previous year. The yield on daily average funds was at 7.57% compared to 9.02% in the previous year. The Investment portfolio increased from Rs. 908.01 cr. in 2009-2010 to Rs. 1382.71 cr. (including a sum of Rs. 213.90 cr. of Motor TP Pool Investments being managed by the company from the current year) in 2010/2011, an increase of 52.28% (a growth of 28.72% excluding Motor TP Pool Investments).

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

Technology

Your Company continues to constantly review its system capabilities to improve further on customer service, tighter controls and in eliminating non-value added processes, thereby gaining cost efficiencies. With this key objective in mind your company has successfully implemented initiatives for improved Motor Insurance Capabilities, improved up-time including redundancies, projects for Phase II of the core platform and also successfully implemented enhancements to the E-Platforms including the version upgrade of the product as also functional enhancement for improving servicing and cost optimisation.

Your company has also successfully tested the IT disaster recovery capability of the key application platform by supporting the business out of the DR location in Bengaluru. Your company continues to focus on information security and also on data protection relating to customer sensitive data and has successfully rolled out initiatives for data protection. Your company has also initiated a program for identifying critical non application data and has been working on a plan of action for mitigating the associated risks.

Outlook for 2011-12

Our performance during the year under review has been quite heartening given the challenging market scenario. However, the results were impacted due to increased losses from the Motor TP Pool. While this issue will continue to impact performance

of all the insurance companies, the outlook for greater penetration of the market and improved performance in 2011-12 appears optimistic.

Your Company is well prepared to take on these challenges by strengthening its existing business relationships, continuing its prudent risk selection methodology and taking advantage of the opportunities in the retail insurances and thereby aim for profitable business growth.

People

Your Company has 1216 employees on its rolls as on 31st March 2011. Your Company continues to believe in people engagement, constant training and enhancement of the skills of its people. This initiative includes sponsoring our employees to attend Training & Career Development Programs conducted both in India and abroad, self driven and technologically enabled e-learning as well as internally developed career programs such as the Leadership Excellence Program (LEP) to further improve upon their domain & leadership capabilities. Employee Engagement continues to remain high in your company reflected from the recent Employee Survey results, at 88th percentile. Employee productivity has been improving year on year, for your Company which has been a positive trend.

Capital & Solvency requirements

Your Company came out with a Rights issue for mobilising further capital. The amount of Rs. 65 cr. raised included a share premium of Rs. 25 cr. Including this additional capital, the solvency margin ratio is at 1.56 times of the required solvency margin. The paid up share capital increased to Rs. 250 cr.

Dividend

In order to conserve the resources of your Company, your Directors do not recommend any dividend on equity shares for the year under review.

Board of Directors

M/s. Srinivas Acharya, T T Srinivasaraghavan, Paul Whittaker and Gareth Morgan Roberts, Directors of your Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

M/s. A.V. Rajwade and A.Rangaswami Directors relinquished their offices on 28th April 2011. Also, M/s. Jonathan Hancock and Gregory James Otterson, Directors, relinquished their offices on 30th June 2011. Your Directors place on record their sincere appreciation of the valuable contributions made by each of the above Directors during their tenure as Directors of your Company.

M/s. Stuart Edward Purdy, David Patrick Coughlan and M S Sundara Rajan, were appointed as Additional Directors, in terms of Section 260 of the Companies Act, 1956, by the Board at its Meeting held on 30th June 2011. They retire at the ensuing Annual General Meeting and being eligible, offer themselves for appointment as Directors, subject to retirement by rotation.

Meetings of the Board/Committees held during the year:

Board (13.5.2010, 27.8.2010, 26.10.2010, 21.1.2011, 21.3.2011)	5
Audit Committee (12.5.2010, 26.10.2010, 20.1.2011, 21.3.2011)	4
Investment Committee (28.6.2010, 26.10.2010, 21.1.2011, 21.3.2011)	5
Executive Committee (26.8.2010, 25.10.2010, 20.1.2011, 16.3.2011)	4
Risk Management Committee (28.6.2010, 23.10.2010, 20.1.2011, 16.3.2011)	4
Policyholders' Protection Committee (20.5.2010, 26.10.2010, 21.1.2011, 21.3.2011)	4

Corporate Governance

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

Internal Audit

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

Further, as per mandate of IRDA vide Circular dated 4th August 2009, your Company appointed a separate Internal Auditor M/s. T. Selvaraj & Co., Chartered Accountants, Chennai, for carrying out the concurrent audit of the investment management systems, processes and transactions of the Company.

Statutory Auditors

M/s. Brahmaya & Co., Chartered Accountants, Vijayawada, and M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, were appointed as the Joint Statutory Auditors of your Company for 2010-11 and will retire at the conclusion of the forthcoming Annual General Meeting.

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, being eligible, offer themselves for reappointment.

In terms of IRDA's Guidelines governing the appointment of Joint Statutory Auditors of Insurance Companies, M/s. Brahmaya & Co, Chartered Accountants, Vijayawada, complete their term of 5 years at the conclusion of the ensuing Annual General Meeting and as stipulated in the Guidelines they will not be eligible for reappointment. In their place, we are proposing to consider the appointment of M/s. Suri & Co., Chartered Accountants, Chennai, as the joint Statutory Auditors of the Company, subject to necessary approvals. The Company has received communication from the said M/s. Suri & Co, Chartered Accountants, Chennai, stating their willingness to accept the statutory audit of the Company and confirming that they fulfil the eligibility criteria stated under IRDA Regulations for appointment of Statutory Auditors, in the event of their appointment.

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

Management Report

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

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

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, are set out in the Annexure to this Directors' Report. The Report and Accounts are being sent to the Shareholders of the Company excluding the said information. Any Shareholder interested in obtaining such particulars may write to the Company Secretary.

Particulars regarding Conservation of Energy or Technology Absorption

The Company does not carry on any activity relating to conservation of energy or technology absorption as stated under Section 217(1) (e) of the Companies Act, 1956.

Foreign Exchange earnings and outgo

The Company had foreign exchange earnings equivalent to Rs. 24.5 cr. and the outgo amounted to Rs. 28.9 cr. for the year ended 31st March 2011.

Public Deposits

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

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable accounting standards, principles and policies have been followed, along with a proper explanation relating to material departures if any;
- b) the Directors have adopted applicable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating loss of the Company for the year ended 31st March 2011;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Financial Statements on a 'going concern' basis.
- e) an Internal Audit system, commensurate with the size and nature of the business, exists and is operating effectively.

Acknowledgement

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

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

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

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

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

For and on behalf of the Board

Date :30.6.2011
Place: Chennai

P.M. Venkatasubramanian
Chairman

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2011

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

Your Company has complied with these guidelines for the Financial Year 2010-11 and a Report is furnished hereunder:-

I. Board of Directors

All the members of the Board are eminent persons with considerable expertise and experience in Insurance, Finance, Transport, Automobile, Engineering and Banking sectors. The Company is 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. Mr. Ajay Bimbhet, Managing Director, is the only Executive Director. The Board is chaired by Mr. P.M.Venkatasubramanian, a Non-Executive Director with more than 4 decades of experience in the General Insurance industry.

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

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

II. Board Meetings

The Board of Directors formulates the business and operational policies and decides on strategic issues concerning the Company. The Board meets at least once a quarter and more frequently as necessary. During the year ended 31st March 2011, the Board met five times. The Board Meetings were held on 13.5.2010, 27.8.2010, 26.10.2010, 21.1.2011 and 21.3.2011.

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

Name of Director	Board Meetings attended	Directorships (other than Royal Sundaram Alliance Insurance Company Limited)		Committees in which Chairman/Member (other than Royal Sundaram Alliance Insurance Company Limited)	
		Chairman	Director	Chairman	Member
P.M. Venkatasubramanian	5	-	4	4	4
S. Viji	5	2	8	-	4
T.T. Srinivasaraghavan	5	1	8	3	2
Paul Whittaker	1	-	-	-	-
A. Rangaswami	1	-	-	-	-
A.V. Rajwade	2	-	5	5	4
Srinivas Acharya	5	-	9	3	3
Jonathan Hancock	2	-	1	-	-
Gareth Morgan Roberts	4	-	2	-	-
Gregory James Otterson	4	-	1	-	-
S. Prasad	5	-	4	4	2
Ajay Bimbhet	5	-	1	-	-

III. Audit Committee

Mr. S Prasad, an independent Director, is the Chairman of the Audit Committee. As of 31st March 2011, the Committee consisted of the following members:

S. Prasad	Chairman
P.M. Venkatasubramanian	Member
Srinivas Acharya	Member
Gregory James Otterson	Member

During the year the Committee met 4 times on 12.5.2010, 26.10.2010, 20.1.2011 and 21.3.2011.

IV. Investment Committee

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

P M Venkatasubramanian	Chairman
S Viji	Member
A V Rajwade	Member
Gareth Morgan Roberts	Member
Ajay Bimbhet	Managing Director
Tania Chakrabarti	Appointed Actuary
M S Sreedhar	Chief Investment Officer
S. Venugopalan	Head - Finance, Accounts & Taxation

During the year the Committee met 4 times on 28.6.2010, 26.10.2010, 21.1.2011 and 21.3.2011.

V. Risk Management Committee

The Risk Management Committee constituted in accordance with the Corporate Governance Guidelines issued by IRDA for Insurance Companies, comprises of the following Members as of 31st March 2011:

Mr. P.M. Venkatasubramanian	Chairman
Mr. Jonathan Hancock	Member
Mr. Ajay Bimbhet (MD)	Member

During the year the Committee met 4 times on 28.6.2010, 23.10.2010, 20.1.2011 and 16.3.2011.

VI. Policyholders' Protection Committee

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

Mr. A.V. Rajwade,	Chairman
Mr. T.T. Srinivasaraghavan	Member
Mr. Ajay Bimbhet (MD)	Member

During the year the Committee met 4 times on 20.5.2010, 26.10.2010, 21.1.2011 and 21.3.2011.

VII. Remuneration of Directors

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

VIII. Compliance Officer

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

For and on behalf of the Board

Date: 30.6.2011
Place: Chennai

P.M. Venkatasubramanian
Chairman

CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2010-11

I, S R Balachandher, Company Secretary & Head-Compliance of Royal Sundaram Alliance Insurance Company Limited (Company), hereby certify that the Company has complied with the corporate governance guidelines, as stated above, for Insurance Companies for 2010-11, as amended from time to time, and nothing has been concealed or suppressed.

S.R. Balachandher
Company Secretary & Compliance Officer

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of ROYAL SUNDARAM ALLIANCE INSURANCE COMPANY LIMITED ("the Company") as at 31st March 2011 and the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account of the Company for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956 ("the Companies Act"), the Balance Sheet, the Revenue Accounts and the Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule VI to the Companies Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account are, therefore, drawn up in conformity with the Regulations.
4. We report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them satisfactory.
 - ii. In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books.
 - iii. The financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches.
 - iv. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account.
 - v. The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been duly certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such estimate are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority ('IRDA') and Actuarial Society of India in concurrence with IRDA. We have relied on the appointed Actuary's certificate in this regard.
 - vi. On the basis of the written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of section 274(1)(g) of the Companies Act.
5. In our opinion and to the best of our information and according to the information and explanations given to us:
 - i. The accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act and the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act.
 - ii. Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the Regulations.
 - iii. The said financial statements are prepared in accordance with the requirements of the Insurance Act, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Companies Act to the extent applicable and in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011
 - b) in the case of the Revenue Accounts, of the operating profit / loss for the financial year ended on that date;
 - c) in the case of the Profit and Loss Account, of the loss for the financial year ended on that date; and
 - d) in the case of the Receipts and Payments Account, of the receipts and payments for the financial year ended on that date.
6. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- i. We have reviewed the Management Report attached to the financial statements for the financial year ended 31st March 2011 and there is no apparent mistake or material inconsistency therein with the financial statements.
 - ii. The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated 23rd October, 2000.
 - iii. We have verified the cash balances at the corporate office of the Company and investments of the Company.
 - iv. The Company is not a trustee of any trust.
 - v. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to the application and investment of policyholders' funds.
 - vi. All expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts as expenses.

For Sundaram & Srinivasan
Chartered Accountants
Registration No: 004207S

S Usha
Partner
Membership No: 211785

For Brahmayya & Co.
Chartered Accountants
Registration No: 000513S

T.V. Ramana
Partner
Membership No: 200523

Place : Chennai
Date : April 28, 2011

Form B - RA
REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011 (FIRE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2011	31st March 2010
1 Premiums earned (Net)	1A	158,120	129,253
2 Profit/(Loss) on sale/redemption of Investments		559	4,905
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 34,902 thousand (Previous Year: ₹37,188 thousand)] (Refer note 16 of Schedule 17)		32,693	35,103
Total (A)		191,372	169,261
1 Claims Incurred (Net)	2A	49,037	49,351
2 Commission	3A	(18,620)	(25,116)
3 Operating Expenses related to Insurance Business	4	95,076	70,180
4 Premium Deficiency		-	-
Total (B)		125,493	94,415
Operating Profit/(Loss) from Fire Business C = (A-B)		65,879	74,846
Appropriations			
Transfer to Shareholders' Account		65,879	74,846
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		65,879	74,846
Significant accounting policies	16		
Notes to financial statements	17		

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

Per our report of even date attached

For Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

For Brahmaya & Co.
 Chartered Accountants
 Registration No.000513S

S Usha
 Partner
 Membership No: 211785

T V Ramana
 Partner
 Membership No: 200523

 Place : Chennai
 Date : April 28, 2011

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Ajay Bimbhet
 Managing Director

Gareth Morgan Roberts
 Director

S Prasad
 Director

S Venugopalan
 Head-Finance, Accounts & Taxation

S R Balachandher
 Company Secretary

Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011 (MARINE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2011	31st March 2010
1 Premiums earned (Net)	1B & 1C	114,435	104,540
2 Profit/(Loss) on sale/redemption of Investments		254	2,086
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹11,353 thousand (Previous Year: ₹ 10,459 thousand)] (Refer note 16 of Schedule 17)		10,349	9,573
Total (A)		125,038	116,199
1 Claims Incurred (Net)	2B & 2C	73,109	68,243
2 Commission	3B & 3C	(6)	2,392
3 Operating Expenses related to Insurance Business	4	36,284	38,516
4 Premium Deficiency		-	-
Total (B)		109,387	109,151
Operating Profit/(Loss) from Marine Business C = (A-B)		15,651	7,048
Appropriations			
Transfer to Shareholders' Account		15,651	7,048
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		15,651	7,048
Significant accounting policies	16		
Notes to financial statements	17		

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

Per our report of even date attached

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

For Brahmayya & Co.
Chartered Accountants
Registration No.000513S

S Usha
Partner
Membership No: 211785

T V Ramana
Partner
Membership No: 200523

Place : Chennai
Date : April 28, 2011

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Head-Finance, Accounts & Taxation

S R Balachandher
Company Secretary

Form B - RA
REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011 (MISCELLANEOUS BUSINESS)
 (Registration No. and date of registration with IRDA : 102 / 23.10.2000)

(₹ '000)

Particulars	Schedule	31st March 2011	31st March 2010
1 Premiums earned (Net)	1D	8,489,392	6,914,848
2 Profit/(Loss) on sale/redemption of Investments		12,739	94,562
3 Others - Transfer fee and Duplicate fee		1,705	914
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 717,054 thousand (Previous Year: ₹ 591,102 thousand)] (Refer note 16 of Schedule 17)		665,137	550,907
Total (A)		9,168,973	7,561,231
1 Claims Incurred (Net)	2D	6,480,035	4,973,122
2 Commission	3D	226,774	330,391
3 Operating Expenses related to Insurance Business	4	2,915,783	2,230,994
4 Premium Deficiency		-	-
Total (B)		9,622,592	7,534,507
Operating Profit/(Loss) from Miscellaneous Business C = (A-B)		(453,619)	26,724
Appropriations			
Transfer to Shareholders' Account		(453,619)	26,724
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(453,619)	26,724
Significant accounting policies	16		
Notes to financial statements	17		

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

Per our report of even date attached

For and on behalf of the Board of Directors

For Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

For Brahmaya & Co.
 Chartered Accountants
 Registration No.000513S

P M Venkatasubramanian
 Chairman

Ajay Bimbhet
 Managing Director

S Usha
 Partner
 Membership No: 211785

T V Ramana
 Partner
 Membership No: 200523

Gareth Morgan Roberts
 Director

S Prasad
 Director

 Place : Chennai
 Date : April 28, 2011

S Venugopalan
 Head-Finance, Accounts & Taxation

S R Balachandher
 Company Secretary

Form B - PL

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

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

(₹ '000)

Particulars	Schedule	31st March 2011	31st March 2010
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		65,879	74,846
(b) Marine Insurance		15,651	7,048
(c) Miscellaneous Insurance		(453,619)	26,724
2 INCOME FROM INVESTMENTS			
(a) Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 239,026 thousand (Previous Year: ₹ 206,313 thousand)] (Refer note 16 of Schedule 17)		217,883	188,825
(b) Profit on sale of investments		7,766	41,805
Less : Loss on sale of investments		(2,414)	(666)
3 OTHER INCOME (Exchange gain, Interest on Staff Loan & Profit on Sale of Assets)		604	1,955
Total (A)		<u>(148,250)</u>	<u>340,537</u>
4 PROVISION (Other than taxation)			
a) For diminution in the value of investments		-	-
b) For doubtful debts		-	-
c) Others		-	-
5 OTHER EXPENSES			
a) Expenses other than those related to Insurance business - Investment related expenses		536	451
b) Bad debts written off		-	-
c) Exchange loss		-	-
Others		-	-
Total (B)		<u>536</u>	<u>451</u>
Profit/(Loss) Before Tax (A - B)		(148,786)	340,086
Provision for Taxation			
- Current [including Wealth Tax ₹ 29 thousand (Previous Year — ₹ 21 thousand)]		(29)	(58,621)
- Provision for taxation prior years		-	29,201
- Deferred		(52,510)	(135)
- Fringe Benefit Tax (Current year FBT includes ₹ 97 thousands relating to Prior year)		(97)	(821)
Profit/(Loss) after tax		<u>(201,422)</u>	<u>309,710</u>
Appropriations			
(a) Interim dividends paid during the year		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any Reserves or Other Accounts		-	-
Balance of Profit/(Loss) brought forward from last year		437,879	128,169
Balance carried forward to Balance Sheet		<u>236,457</u>	<u>437,879</u>
Significant accounting policies	16		
Notes to financial statements	17		
Earning per Share (Basic and Diluted)		(0.96)	1.47

Per our report of even date attached

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

For Brahmayya & Co.
Chartered Accountants
Registration No.000513S

S Usha
Partner
Membership No: 211785

T V Ramana
Partner
Membership No: 200523

Place : Chennai
Date : April 28, 2011

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Head-Finance, Accounts & Taxation

S R Balachandher
Company Secretary

Form B - BS
BALANCE SHEET AS AT 31st MARCH 2011

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

(₹ '000)

Particulars	Schedule	31st March 2011	31st March 2010
SOURCES OF FUNDS			
SHARE CAPITAL	5	2,500,000	2,100,000
RESERVES AND SURPLUS	6	486,457	437,879
FAIR VALUE CHANGE ACCOUNT		(2,583)	(6,293)
BORROWINGS	7	-	-
TOTAL		2,983,874	2,531,586
APPLICATION OF FUNDS			
INVESTMENTS	8	13,827,135	9,063,896
LOANS	9	-	-
FIXED ASSETS	10	126,890	166,157
Deferred Tax Assets - Net (Refer note 7 of Schedule 17)		51,624	104,134
CURRENT ASSETS			
Cash and Bank Balances	11	453,891	405,030
Advances and Other Assets	12	1,355,700	2,712,320
Sub- Total (A)		1,809,591	3,117,350
CURRENT LIABILITIES			
PROVISIONS	14	4,958,671	4,109,355
Sub - Total (B)		12,831,366	9,919,951
NET CURRENT ASSETS (C)=(A-B)		(11,021,775)	(6,802,601)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		-	-
TOTAL		2,983,874	2,531,586
Significant accounting policies	16		
Notes to financial statements	17		

Per our report of even date attached

For Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

S Usha
 Partner
 Membership No: 211785

 Place : Chennai
 Date : April 28, 2011

For Brahmayya & Co.
 Chartered Accountants
 Registration No.000513S

T V Ramana
 Partner
 Membership No: 200523

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Gareth Morgan Roberts
 Director

S Venugopalan
 Head-Finance, Accounts & Taxation

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R Balachandher
 Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 1A		
PREMIUM EARNED (NET) — FIRE BUSINESS		
Premium from direct business written	458,298	408,120
Add: Premium on reinsurance accepted	25,888	18,828
Less: Premium on reinsurance ceded	(339,212)	(316,910)
Net Premium	144,974	110,038
Adjustment for change in reserve for unexpired risks	13,146	19,215
Total Premium Earned (Net)	158,120	129,253
SCHEDULE 1B		
PREMIUM EARNED (NET) — MARINE CARGO BUSINESS		
Premium from direct business written	247,965	225,494
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(130,355)	(114,852)
Net Premium	117,610	110,642
Adjustment for change in reserve for unexpired risks	(3,293)	(6,225)
Total Premium Earned (Net)	114,317	104,417
SCHEDULE 1C		
PREMIUM EARNED (NET) — MARINE HULL BUSINESS		
Premium from direct business written	4,074	4,734
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(3,972)	(4,616)
Net Premium	102	118
Adjustment for change in reserve for unexpired risks	16	5
Total Premium Earned (Net)	118	123
SCHEDULE 1D		
PREMIUM EARNED (NET) — MISCELLANEOUS BUSINESS		
Premium from direct business written	10,729,556	8,492,708
Add: Premium on reinsurance accepted	884,366	768,389
Less: Premium on reinsurance ceded	(2,251,644)	(1,935,878)
Net Premium	9,362,278	7,325,219
Adjustment for change in reserve for unexpired risks	(872,886)	(410,371)
Total Premium Earned (Net)	8,489,392	6,914,848

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 2A		
CLAIMS INCURRED (NET) — FIRE BUSINESS		
Claims paid		
Direct	188,894	102,064
Add: Reinsurance accepted	143	8,096
Less: Reinsurance ceded	(139,409)	(64,816)
Net Claims paid	49,628	45,344
Add: Claims outstanding at the end of the year	73,183	73,774
Less: Claims outstanding at the beginning	(73,774)	(69,767)
Total Claims Incurred	49,037	49,351
SCHEDULE 2B		
CLAIMS INCURRED (NET) — MARINE CARGO BUSINESS		
Claims paid		
Direct	113,970	166,272
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	(50,710)	(100,798)
Net Claims paid	63,260	65,474
Add: Claims outstanding at the end of the year	78,640	68,791
Less: Claims outstanding at the beginning	(68,791)	(66,022)
Total Claims Incurred	73,109	68,243
SCHEDULE 2C		
CLAIMS INCURRED (NET) — MARINE HULL BUSINESS		
Claims paid		
Direct	-	-
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	-	-
Net Claims paid	-	-
Add: Claims outstanding at the end of the year	-	-
Less: Claims outstanding at the beginning	-	-
Total Claims Incurred	-	-
SCHEDULE 2D		
CLAIMS INCURRED (NET) — MISCELLANEOUS BUSINESS		
Claims paid		
Direct	5,307,389	4,287,921
Add: Reinsurance accepted	440,458	195,705
Less: Reinsurance ceded	(1,089,895)	(753,457)
Net Claims paid	4,657,952	3,730,169
Add: Claims outstanding at the end of the year	5,982,544	4,160,461
Less: Claims outstanding at the beginning	(4,160,461)	(2,917,508)
Total Claims Incurred	6,480,035	4,973,122

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 3A		
COMMISSION — FIRE BUSINESS		
Commission paid		
Direct	43,982	37,658
TOTAL	43,982	37,658
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(62,602)	(62,774)
Net Commission	(18,620)	(25,116)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	9,981	7,598
Brokers	20,469	16,122
Corporate Agency	13,532	13,938
Referral	-	-
Others	-	-
TOTAL	43,982	37,658
SCHEDULE 3B		
COMMISSION — MARINE CARGO BUSINESS		
Commission paid		
Direct	22,065	24,208
TOTAL	22,065	24,208
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(21,198)	(20,801)
Net Commission	867	3,407
Break-up of the expenses (Gross) incurred to procure business :		
Agents	7,673	4,962
Brokers	14,145	16,333
Corporate Agency	247	2,913
Referral	-	-
Others	-	-
TOTAL	22,065	24,208

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 3C		
COMMISSION — MARINE HULL BUSINESS		
Commission paid		
Direct	-	-
TOTAL	-	-
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(873)	(1,015)
Net Commission	<u>(873)</u>	<u>(1,015)</u>
Break-up of the expenses (Gross) incurred to procure business :		
Agents	-	-
Brokers	-	-
Corporate Agency	-	-
Referral	-	-
Others	-	-
TOTAL	-	-
SCHEDULE 3D		
COMMISSION — MISCELLANEOUS BUSINESS		
Commission paid		
Direct	501,971	589,086
TOTAL	501,971	589,086
Add: Commission on Reinsurance Accepted	8,858	76,271
Less: Commission on Reinsurance Ceded	(284,055)	(334,966)
Net Commission	<u>226,774</u>	<u>330,391</u>
Break-up of the expenses (Gross) incurred to procure business :		
Agents	58,644	43,033
Brokers	89,636	69,312
Corporate Agency	353,691	476,741
Referral	-	-
Others	-	-
TOTAL	501,971	589,086

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Break up Schedule for All Business

(For the year ended 31st March 2011)

(₹ '000)

Particulars	Fire Revenue Account						Marine Revenue Account						Miscellaneous Revenue Account												Grand Total		
	Fire		Marine Cargo		Marine Hull		Marine Total		Motor		Workmen's Compensation / Employers Liability		Public / Product Liability		Engineering		Personal Accident		Health Insurance		Others		Miscellaneous Total				
	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010			
Premium Earned (Net)	458,298	408,120	247,965	225,494	4,074	4,734	252,039	230,228	7,930,312	6,269,092	22,931	21,458	136,594	140,633	368,710	363,373	4,20,928	205,600	1,791,031	1,254,704	59,050	177,848	10,729,556	8,492,708	11,439,893	9,131,056	
Premium from direct business written	25,888	18,828	-	-	-	-	-	-	879,157	762,711	-	-	-	-	5,209	5,678	-	-	-	-	-	-	884,366	768,389	910,254	787,217	
Add: Premium on reinsurance accepted	(339,212)	(316,910)	(130,355)	(114,852)	(3,972)	(4,616)	(134,327)	(119,468)	(1,597,933)	(1,344,013)	(3,658)	(3,336)	(95,707)	(103,919)	(297,775)	(292,270)	(52,327)	(33,650)	(179,103)	(125,466)	(25,141)	(33,224)	(2,251,644)	(1,935,878)	(2,725,183)	(2,372,256)	
Less: Premium on reinsurance ceded	144,974	110,638	117,610	110,642	102	118	117,712	110,760	7,211,536	5,687,790	19,273	18,122	40,887	36,714	76,144	76,781	368,601	231,950	1,611,928	1,129,238	33,989	144,624	9,362,278	7,325,219	9,624,964	7,546,017	
Net Premium	13,146	19,215	(3,293)	(6,225)	16	5	(3,277)	(6,220)	(885,141)	(316,506)	(740)	(249)	(2,294)	(3,892)	5,313	(1,949)	9,349	(10,090)	19,384	(86,317)	682	(10,807)	(872,886)	(410,371)	(863,017)	(597,376)	
Adjustment for change in reserve for unexpired risks	158,120	129,253	114,317	104,417	118	123	114,435	104,540	6,326,395	5,371,284	18,533	17,873	38,593	32,822	81,457	74,832	358,511	241,299	1,631,312	1,042,921	34,591	133,817	8,489,392	6,914,848	8,761,947	7,148,641	
Total Premium Earned (Net)	188,894	102,064	113,970	166,272	-	-	113,970	166,272	4,180,059	3,438,955	2,379	8,967	1,825	11,240	81,709	118,427	123,936	105,114	892,650	537,839	24,831	67,379	5,307,389	4,287,921	5,610,253	4,556,257	
Claims paid	143	8,096	-	-	-	-	-	-	440,411	195,693	-	-	-	-	47	12	-	-	-	-	-	-	440,458	195,705	440,601	203,801	
Add: Reinsurance accepted	(139,409)	(64,816)	(50,710)	(100,798)	-	-	(50,710)	(100,798)	(921,661)	(589,418)	(238)	(1,090)	(1,833)	(1,124)	(60,107)	(84,610)	(13,087)	(13,087)	(89,060)	(55,534)	(5,007)	(8,594)	(1,089,895)	(753,457)	(1,280,014)	(919,071)	
Less: Reinsurance ceded	49,628	45,344	63,260	65,474	-	-	63,260	65,474	3,698,809	3,045,230	2,141	7,877	1,642	10,116	21,649	33,829	110,897	92,027	802,990	482,305	19,824	58,785	4,657,952	3,730,169	4,770,840	3,840,387	
Net Claims paid	73,183	73,774	78,640	68,791	-	-	78,640	68,791	5,507,288	3,744,308	9,459	5,455	7,562	6,383	66,266	50,325	186,255	170,885	177,819	141,275	27,895	42,630	5,982,544	4,160,461	6,134,367	4,303,026	
Add: Claims remaining unpaid at the end of the year	(73,774)	(69,767)	(68,791)	(66,022)	-	-	(68,791)	(66,022)	(3,744,308)	(2,535,124)	(5,455)	(4,338)	(6,383)	(4,967)	(50,325)	(58,049)	(170,083)	(173,350)	(141,275)	(113,728)	(42,630)	(27,952)	(4,160,461)	(2,917,508)	(4,303,026)	(3,053,297)	
Less: Claims remaining unpaid at the beginning of the year	49,037	49,351	73,109	68,243	-	-	73,109	68,243	5,460,789	4,254,414	6,145	8,994	2,821	11,532	37,590	26,105	127,067	88,762	839,534	509,852	5,089	73,463	6,480,035	4,973,122	6,602,181	5,099,716	
Total Claims Incurred	31,09%	38,2%	64,0%	65,4%	0,0%	0,0%	63,9%	65,3%	86,3%	79,2%	33,2%	50,3%	7,3%	35,1%	46,1%	34,9%	36,8%	36,8%	51,5%	48,9%	14,7%	54,9%	76,3%	71,9%	75,4%	71,2%	
Commissions																											
Commission paid	43,982	37,658	22,065	24,208	-	-	22,065	24,208	221,685	352,810	1,545	1,714	11,976	14,543	20,557	22,842	56,688	39,614	184,938	145,071	4,582	12,492	501,971	589,086	568,018	650,952	
TOTAL	43,982	37,658	22,065	24,208	-	-	22,065	24,208	221,685	352,810	1,545	1,714	11,976	14,543	20,557	22,842	56,688	39,614	184,938	145,071	4,582	12,492	501,971	589,086	568,018	650,952	
Add: Commission on reinsurance accepted	-	-	-	-	-	-	-	-	8,858	76,271	-	-	-	-	-	-	-	-	-	-	-	-	8,858	76,271	8,858	76,271	
Less: Commission on reinsurance ceded	(62,602)	(62,774)	(21,198)	(20,801)	(873)	(1,015)	(22,071)	(21,816)	(136,633)	(185,173)	(407)	(434)	(15,743)	(18,451)	(89,855)	(92,418)	(7,248)	(5,866)	(28,507)	(23,751)	(5,662)	(8,873)	(284,055)	(334,966)	(368,728)	(419,556)	
Net commission	(18,620)	(25,116)	867	3,407	(873)	(1,015)	(6)	2,392	99,910	245,908	1,138	1,280	(3,767)	(3,908)	(69,298)	(69,576)	49,440	33,748	156,431	121,320	(1,080)	3,619	226,774	330,391	208,148	307,467	
Operating Expenses	95,076	70,180	35,781	37,818	503	698	3,6284	38,516	2,303,410	1,709,573	3,696	3,545	17,355	20,893	58,887	68,378	78,687	45,241	444,554	335,858	9,194	47,506	2,915,783	2,230,994	3,047,143	2,339,690	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1 Employees' remuneration and welfare benefits	720,868	712,954
2 Travel, conveyance and vehicle running expenses	57,250	48,896
3 Training expenses	4,486	3,866
4 Rents, rates and taxes	101,033	99,509
5 Repairs and maintenance	23,659	20,546
6 Printing and stationery	45,458	50,244
7 Communication	56,610	52,173
8 Legal and professional charges	7,087	8,131
9 Auditors' fees and expenses		
(a) as auditors	1,250	950
(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	210	298
(d) out of pocket expenses	309	233
10 Advertisement and publicity	15,240	10,453
11 Bank charges	15,064	18,145
12 Others		
- Data processing and outsourcing expenses	1,380,699	811,911
- Marketing and related expenses	282,609	199,946
- Software and Hardware maintenance charges	126,156	110,491
- Policy Stamp expenses	1,278	1,255
- Directors' sitting fees	870	750
- Miscellaneous expenses	119,906	85,302
13 Depreciation	79,448	99,787
14 Service tax on premium	7,453	3,650
	<u>3,047,143</u>	<u>2,339,690</u>
Allocation of expenses (per accounting policy 11, Schedule 16)		
Revenue Account — Fire Business	95,076	70,180
Revenue Account — Marine Business	36,284	38,516
Revenue Account — Miscellaneous Business	2,915,783	2,230,994
	<u>3,047,143</u>	<u>2,339,690</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 5		
SHARE CAPITAL		
1 Authorised Capital 250,000,000 (31st March 2010 - 250,000,000) Equity shares of ₹ 10/- each	2,500,000	2,500,000
2 Issued Capital 250,000,000 (31st March 2010 - 210,000,000) equity shares of ₹ 10/- each, fully paid up	2,500,000	2,100,000
3 Subscribed Capital 250,000,000 (31st March 2010 - 210,000,000) equity shares of ₹ 10/- each, fully paid up	2,500,000	2,100,000
4 Called-up Capital 250,000,000 (31st March 2010 - 210,000,000) equity shares of ₹ 10/- each, fully paid up	2,500,000	2,100,000
Less: Calls unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid-up)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses (to the extent not written off)	-	-
Total	2,500,000	2,100,000

SCHEDULE 5A

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

Shareholder	31st March 2011		31st March 2010	
	Number of Shares	% of holding	Number of Shares	% of holding
Promoters				
Indian	185,000,000	74%	155,400,000	74%
Foreign	65,000,000	26%	54,600,000	26%
	250,000,000	100%	210,000,000	100%
Others	-	-	-	-
Total	250,000,000	100%	210,000,000	100%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 6		
RESERVES AND SURPLUS		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	250,000	-
4 General Reserves	-	-
Less: Debit balance in Profit and Loss Account		
Less: Amount utilized for Buy-back		
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	236,457	437,879
Total	486,457	437,879
SCHEDULE 7		
BORROWINGS		
1 Debentures / Bonds	-	-
2 Banks -	-	-
3 Financial Institutions	-	-
4 Others	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 8		
INVESTMENTS		
LONG TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills*	2,802,239	1,559,156
2 Other Approved Securities	805,504	807,138
3 Other Investments		
(a) Shares		
(aa) Equity	71,354	84,321
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	3,548,176	2,468,137
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	2,524,346	2,087,800
5 Other than Approved Investments	1,012	457
SHORT TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills	777,784	559,621
2 Other Approved Securities	79,825	-
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	396,080
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	1,154,999	802,515
(e) Other Securities-Commercial paper/Certificate of Deposit	1,108,718	198,839
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	953,178	99,832
5 Other than Approved Investments	-	-
Total	13,827,135	9,063,896
Aggregate market value of quoted investments other than Equity Shares	13,368,778	8,689,642
Aggregate book value of quoted investments other than Equity Shares	13,629,907	8,700,583
Historical cost of Equity Shares valued on fair value basis	74,949	91,150
Historical cost of Mutual funds valued on fair value basis	-	396,000
Aggregate book value of unquoted investments	124,862	198,839

* Includes Government securities of book value ₹ 113,988 thousand (31st March 2010: ₹ 117,257 thousand), held under Section 7 of the Insurance Act, 1938.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 9		
LOANS		
1. SECURITY-WISE CLASSIFICATION		
<i>Secured</i>		
(a) On mortgage of Property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
<i>Unsecured</i>		
	-	-
Total	-	-
2. BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
3. PERFORMANCE-WISE CLASSIFICATION		
(a) Loans Classified as standard	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performance loans less provisions	-	-
(aa) In India	-	-
(bb) Outside India	-	-
Total	-	-
4. MATURITY-WISE CLASSIFICATION		
(a) Short-Term	-	-
(b) Long-Term	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 10

FIXED ASSETS

(₹ '000)

Particulars	Cost/Gross Block			Depreciation			Net Block			
	Opening	Additions	Deductions	Closing	Upto 31st March 2010	For the year	On sales / adjustments	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Information Technology Software	152,315	8,245	-	160,560	111,576	19,816	-	131,392	29,168	40,739
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	17,562	399	-	17,961	13,469	1,109	-	14,578	3,383	4,093
Improvements to Leased premises	122,421	15,367	-	137,788	82,342	18,112	-	100,454	37,334	40,079
Information Technology Equipment	292,673	14,899	3,934	303,638	237,118	36,380	3,871	269,627	34,011	55,555
Vehicles	10,682	3,277	2,172	11,787	5,816	1,596	1,393	6,019	5,768	4,866
Office Equipment	63,477	3,021	449	66,049	53,928	2,435	239	56,124	9,925	9,549
TOTAL	659,130	45,208	6,555	697,783	504,249	79,448	5,503	578,194	119,589	154,881
Work in progress	11,276	7,301	11,276	7,301	-	-	-	-	7,301	11,276
Grand Total	670,406	52,509	17,831	705,084	504,249	79,448	5,503	578,194	126,890	166,157
As at 31st March 2010	587,544	102,335	19,473	670,406	412,460	99,787	7,998	504,249	166,157	

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 11		
CASH AND BANK BALANCES		
1 Cash (including cheques, drafts and stamps)	122,781	99,177
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	-	16,247
(bb) Others	-	-
(b) Current Accounts	331,110	289,606
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
Total	453,891	405,030
Included in Bank balances — current accounts, are balances held outside India amounting to ₹ 317 thousand (31st March 2010 - ₹ 331 thousand) with a non-scheduled bank and the other bank balances are with scheduled banks.		
SCHEDULE 12		
ADVANCES AND OTHER ASSETS		
ADVANCES		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	12,648	9,869
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source [Net of provision for tax amounting to ₹ 126 thousand (Previous Year: ₹ 30,241 Thousand)]	156,935	122,024
6 Others — Deposits for premises and advance rent	56,354	51,868
— Service Tax unutilised credit	32,123	25,073
— Employee Benefit Group Gratuity Net Plan Asset	5,727	-
— Other Advances	15,761	38,870
Total (A)	279,548	247,704
OTHER ASSETS		
1 Income accrued on investments	482,156	313,115
2 Outstanding Premiums	132,497	111,268
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	19,024	49,340
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	244,325	208,992
— Balance with Motor Third Party Pool	198,150	1,781,901
Total (B)	1,076,152	2,464,616
Total (A+B)	1,355,700	2,712,320

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2011	31st March 2010
SCHEDULE 13		
CURRENT LIABILITIES		
1 Agents' Balances	83,074	106,533
2 Balances due to other insurance companies	265,551	205,135
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	608,355	388,988
5 Unallocated Premium	-	-
6 Sundry creditors	599,995	644,354
7 Sundry Creditors - Due to Policyholders	120,521	135,749
8 Due to subsidiaries / holding company	-	-
9 Claims Outstanding	6,134,367	4,303,026
10 Due to Officers / Directors	4,435	4,579
11 Others — Service Tax payable	56,397	22,232
Total	7,872,695	5,810,596
SCHEDULE 14		
PROVISIONS		
1 Reserve for Unexpired Risk	4,953,886	4,090,869
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	-	4,386
- Leave compensated absence	4,785	14,100
Total	4,958,671	4,109,355
SCHEDULE 15		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
1 Discount Allowed in issue of shares / debentures	-	-
2 Others -	-	-
Total	-	-

SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE 16

1. Basis of preparation of financial statements

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

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

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

2. Revenue recognition for insurance business

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

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

The reserve for unexpired risks represents the proportion of premium written relating to periods of insurance subsequent to the Balance Sheet date, calculated principally on a daily pro-rata basis and is subject to a minimum of 50% as stipulated in the Insurance Act, 1938. However, in respect of Marine Cargo and Marine Hull business a fixed percentage of 50 and 100 respectively on Net Written Premium of the year, is adopted.

3. Claims

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

4. Reinsurance

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. Indian Market Terrorism Risk Insurance Pool

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

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

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

6. Indian Motor Third Party Pool

The Company is a member of the Indian Motor Third Party Insurance Pool under which it collectively, mandatorily and automatically participates in a pooling arrangement to share all motor third party insurance business underwritten on or after 1st April 2007, in respect of commercial vehicles.

The Company accounts for the pool transactions for the financial year on the basis of financial statements received for the period ended 28th February 2011. For the month of March 2011, the loss/profit is incorporated on an estimated basis by the management.

7. Investments

- (a) Investments are made in accordance with the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) (Amendment) Regulations, 2001.
- (b) Investments maturing within or intended to be held for a period of less than twelve months from the Balance Sheet date are classified as 'Short term investments' while those maturing beyond or intended to be held for a period of twelve months or above are classified as 'Long term investments'.
- (c) Investments are recorded at cost including acquisition charges (such as brokerage, transfer stamps etc), if any, and exclude interest paid on purchase.
- (d) Investments though not so separately classified in the accounts, are identified on an aggregate basis with the Policyholders' and Shareholders' Funds on the same lines as Investment income, as stated in item 8 herein below.
- (e) Debt securities
 - i. Debt securities, which include government securities are considered as 'held-to-maturity' and are measured at historical cost. The premium / discount, if any, on purchase of debt securities is amortised over the period to maturity based on their intrinsic yield. Acquisition charges such as brokerage, transfer stamps etc., are amortised in the year of acquisition.
 - ii. The net realised gains or losses on debt securities are the differences between the net sale consideration and the amortized cost, which is computed on a weighted average basis..
 - iii. The difference between the acquisition price and the maturity value of money market instruments is recognised as income in the Revenue Accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis.
- (f) Equity securities that are traded in active markets
 - i. Measured at each Balance Sheet date at the fair value, being the lower of the last quoted closing prices available on the Balance Sheet date on the National Stock Exchange or the Bombay Stock Exchange.
 - ii. Any unrealised gains or losses arising due to changes in the fair value at each Balance Sheet date are accounted in "Fair Value Change – Equity Account" and carried to the Balance Sheet
 - 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.

SIGNIFICANT ACCOUNTING POLICIES

- (g) Mutual funds – Liquid Funds / Gilts / Debt Funds
- Measured at each Balance Sheet date at the fair value, being the realisable Net Asset Value
 - 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
 - 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.
 - At each Balance Sheet date the company assesses impairment if any in the value, by examining if the realisable net asset value of each mutual fund is lower than the weighted average cost thereof, and recognizes such impairment as an expense in the Revenue/Profit and Loss account.

8. Investment income

- 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).
- ‘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.
- Investment income arising from pool accounts is allocated directly to respective Revenue Accounts.
- Dividend is accounted for as income as and when the right to receive is established.

9. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation :

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

* Based on a technical valuation

10. Impairment of Assets other than investments

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

SIGNIFICANT ACCOUNTING POLICIES

11. Operating expenses

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

12. Operating Leases

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

13. Employee Benefits

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

14. Income-tax

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

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

15. Transactions in foreign exchange

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

16. Provision for Contingencies

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

17. Earnings per share

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

NOTES TO FINANCIAL STATEMENTS

SCHEDULE 17

1. The assets of the Company are free from encumbrances.
2. a) Contingent liabilities

	(₹ '000)	
	31 st March 2011	31 st March 2010
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	1,224,342	850,588
Reinsurance obligations, to the extent not provided for in the accounts	Nil	Nil

- b) Commitments made for Investments and Fixed Assets

	(₹ '000)	
	31 st March 2011	31 st March 2010
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)	16,386	3,368

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

	(₹ '000)	
	31 st March 2011	31 st March 2010
Lease payments debited to the Profit and Loss Account	87,972	90,892
Future minimum lease payments		
Not later than one year	84,032	74,890
Later than 1 year but not later than 5 years	110,989	114,221
Later than 5 years	29,566	30,339

4. **Claims outstanding**

	(₹ '000)			
	31 st March 2011		31 st March 2010	
	Nos.	Amount	Nos.	Amount
Claims outstanding for a period exceeding six months	10049	3,382,387	8292	2,320,057
Other Claims (less than 6 months)	12469	2,751,980	10051	1,982,969
Total	22518	6,134,367	18343	4,303,026

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

As at the year end March 31, 2011, 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 2011	31 st March 2010
Contracts for sales where payments are overdue	Nil	Nil
Contracts for Purchases due for delivery on the Balance Sheet date	Nil	Nil

b)	(₹ '000)	
	31 st March 2011	31 st March 2010
Non-performing investment	Nil	Nil

6. A) Employee Benefits - Gratuity

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

a) Assumptions

	31 st March 2011	31 st March 2010
Discount rate	8.0%	8.0%
Salary Escalation	8.0%	8.0%
Attrition rate	1-3%	1-3%
Expected return on plan assets	8.0%	8.0%
Mortality rate Table	LIC (1994-1996)	LIC (1994-1996)

b) Changes in present value of obligations

	(₹ '000)	
	31 st March 2011	31 st March 2010
Present value of obligations as at the beginning of the year	26,928	19,370
Interest cost	2,154	1,550
Current Service Cost	8,167	6,071
Benefits Paid	(3,508)	(3,279)
Actuarial (gain)/loss on obligation	(4,949)	3,218
Present value of obligations as at the end of the year	28,792	26,928

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

	(₹ '000)	
	31 st March 2011	31 st March 2010
Fair value of plan assets at the beginning of the year	22,542	14,986
Expected return on plan assets	1,986	1,280
Contributions	13,499	9,555
Benefits paid	(3,508)	(3,279)
Actuarial gain on plan assets	Nil	Nil
Fair value of plan assets at the end of the year	34,519	22,542

NOTES TO FINANCIAL STATEMENTS

d) Actuarial Gain/Loss recognized

	(₹ '000)	
	31 st March 2011	31 st March 2010
Actuarial (gain) / loss on obligation	(4,949)	3,218
Actuarial (gain) / loss on plan assets	Nil	Nil
Total (gain) / loss for the year	(4,949)	3,218
Actuarial (gain) / loss recognised in the year	(4,949)	3,218

e) The amounts recognised in the Balance Sheet

	(₹ '000)	
	31 st March 2011	31 st March 2010
Present value of obligations as at the end of the year	28,792	26,928
Fair value of plan assets as at the end of the year	34,519	22,542
Funded status (Liability)	5,727	(4,386)
Net Asset/(Liability) recognised in the Balance Sheet	5,727	(4,386)

f) Expenses recognised in Revenue Accounts

	(₹ '000)	
	31 st March 2011	31 st March 2010
Current Service cost	8,167	6,071
Interest Cost	2,154	1,550
Expected return on plan assets	(1,986)	1,280
Net Actuarial loss recognised in the year	(4,949)	3,218
Expenses to be recognised in Revenue Accounts	3,386	9,558

B) Employee Benefits – Compensated absence

The present value of obligations towards compensated absences as at 31.03.2011 as per Actuarial Certificate is ₹ 4,785 thousands (Previous Year: ₹14,100 thousands) and is provided for in the books of Accounts. The basis of provision for compensated absences is as follows:

	31 st March 2011	31 st March 2010
Discount rate	8.05%	8.00%
Salary Escalation	8.0%	8.0%
Earned leave	As per Company rules	
Retirement age	60 Years	60 Years
Mortality rate Table	LIC (1994-1996)	LIC (1994-1996)

7. Deferred Tax Assets

The details of Deferred Tax Assets are as follows :

	(₹ '000)	
	31 st March 2011	31 st March 2010
Reserve for Unexpired risk	35,404	93,767
Depreciation	14,631	10,367
Accumulating Compensated Absence	1,589	-
Net Deferred Tax Asset	51,624	104,134

8. Participation in Indian Terrorism Risk Insurance Pool

The Company has accounted for the retro cession for 4 Quarters upto December 2010 during the year.

	(₹ '000)	
	31 st March 2011	31 st March 2010
Due from the Pool Manager, beginning of the year	208,992	183,203
Premium on reinsurance accepted	31,097	24,506
Investment Income	11,926	16,388
Premium on reinsurance ceded	(4,080)	(4,216)
Claims paid on reinsurance accepted	(189)	(8,108)
Operating expenses related to insurance business	(3,421)	(2,781)
Profit Commission on XL	Nil	Nil
Due from the Pool Manager, end of the year	244,325	208,992
Claims outstanding, end of the year	(1,000)	(1,000)
Reserve for Unexpired risk, end of the year	(27,018)	(20,290)
Reserve for Unexpired risk, beginning of the year	20,290	14,039

9. Indian Motor Third Party Pool

The Company, as a member of the Indian Motor Third Party Insurance Pool, collectively, mandatorily and automatically participates in a pooling arrangement to share in all motor third party insurance business underwritten in respect of commercial vehicles, on or after 1st April 2007, by any of the registered General Insurers in accordance with the directions of IRDA. In terms of the said Pool Agreement, the following transactions of the company with the said Pool have been accounted for in these accounts based on the statements for the period 1st March 2010 to 28th February 2011 furnished by the Pool Administrator.

The Company's share of premiums, claims, reinsurance commissions and expenses of the pool is recorded as inward reinsurance business, based on the returns submitted by GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous Revenue Account. Accordingly, such share has been recorded by the Company, up to 28th February 2011. Unexpired risks reserve is provided for at 50% of net premiums of such inward reinsurance business, being the minimum rate specified in the Insurance Act, 1938.

During the year, the funds available in the motor pool have been distributed to the members in the proportion of their respective market share. A sum of ₹ 1,842,929 thousands has been invested as per IRDA directions and the same is part of the overall Investments of the Company.

IRDA has directed the Indian Motor Third Party Insurance Pool to value the losses at an ultimate loss ratio of not less than 153% for all the financial years from 2007-08 to 2010-11. Accordingly, the Motor Pool losses for the 3 previous financial years from 2007-08 to 2009-10 were revised at an ultimate loss ratio of 153% and the impact of the same on the operating loss of the company in the current year is ₹ 438,593 thousands.

During the current financial year, the Company has provided for the losses for the month of March 2011 on a pro rata basis considering the statements provided by the Pool and the same is accounted under net incurred claims of the Motor Pool segment. However, the investment income has been accounted for the month of March 2011 on actual basis.

	(₹ '000)	
	31 st March 2011	31 st March 2010
Premium on reinsurance accepted	879,157	762,711
Incremental Reserve for unexpired risk	51,979	53,955
Claims incurred	1,714,360	911,835
Our share of Commission Outgo	8,858	76,271
Our share of Pool Manager's fee	7,194	10,402
Our share of other Income	692	Nil
Our share of investment Income	144,441	113,085
Profit / (Loss) from Pool	(758,101)	(176,668)
Due from the Pool Manager, beginning of the year	1,781,901	1,020,635
Due from the Pool Manager, end of the year	198,150	1,781,901
Claims outstanding, end of the year	2,986,472	1,712,523
Reserve for Unexpired risk, end of the year	433,334	381,355

10. Solatium Fund

	(₹ '000)	
	31 st March 2011	31 st March 2010
Contribution to the Solatium Fund @ 0.1% of the Gross Written Premium of Motor Business	7,930	6,269

11. The Sector-wise Gross Written Premium Direct

	(₹ '000)			
	31 st March 2011		31 st March 2010	
	Amount	%	Amount	%
Rural Sector (including Social Sector)	1,480,513	12.94	923,107	10.11
Other Sectors	9,959,380	87.06	8,207,949	89.89
Total Gross Written Premium	11,439,893	100.00	9,131,056	100.00

	31 st March 2011	31 st March 2010
Social Sector		
No. of Lives Covered	1,008,539	554,757
No. of Policies Issued	376	388

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

12. Premium Recognition on Varying Risk Pattern

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

13. Risk retention / reinsurance

	31 st March 2011	31 st March 2010
Risk retained (%)	84	83
Risk reinsured (%)	16	17

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

	(₹ '000)	
	31 st March 2011	31 st March 2010
Salary	3,870	3,499
Allowances and perquisites	10,673	9,822
Total	14,543	13,321

15. Related Party Transactions

a) Particulars of related parties

I. JOINT VENTURE PROMOTERS

Sundaram Finance Limited

Royal & SunAlliance Insurance plc

II. KEY MANAGERIAL PERSONNEL

Mr. Ajay Bimbhet (Managing Director)

b) Transactions with related parties and balances

Particulars	(₹ '000)					
	Joint Venture Promoters				Key Managerial Personnel	
	Sundaram Finance Ltd		Royal & SunAlliance Insurance Plc		Mr. Ajay Bimbhet	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Income						
Insurance Premium Received	4,958	5,435			53	48
Claims on Re-Insurance			5,485	4,975		
Commission on reinsurance ceded			2,825	4,184		
Rent Received	144	144				
Expenses						
Rent	23,447	28,095				
Payment for Services Received	19,037	16,542	6,721	4,968		
Agency Commission	56,478	46,603				
Remuneration to Managing Director					14,543	13,321
Reinsurance Premium			9,394	13,698		
Insurance Claims	804	831				
Purchase						
Software Licences	1,062	780				
Contribution Received towards Rights Issue	324,350		169,000			
Receivable						
Other Receivables			3,053	18,809		
Rent Deposit	7,493	7,493				
Payable						
Other Payable	7,007	11,300	10,410	5,962	4,435	4,579
Insurance Deposit	4,000	4,100				
Share Capital	1,247,500	1,047,900	650,000	546,000		

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

	(₹ '000)	
	31 st March 2011	31 st March 2010
Revenue Account – Policyholders’ Funds		
Fire	2,209	2085
Marine	1,004	886
Miscellaneous	51,917	40,195
Profit and Loss Account – Shareholders’ Funds	21,143	17,488
Total	76,273	60,654

17. Penal actions by various Statutory Authorities

Sl No.	Authority	Non-Compliance Violation	Amount in ₹		
			Penalty Award	Penalty Paid	Penalty Waived/Reduced
1	Insurance Regulatory and Development Authority	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, 1956	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central/State/Local Government / Statutory Authority	Nil	Nil	Nil	Nil

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

18. Segment Reporting

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

19. Summary of Financial Statements and Accounting Ratios

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

20. The liability of IBNR & IBNER (Excluding IMTPIP) for the year ending March 31, 2011 has been estimated by the appointed actuary in compliance with the guidelines issued by the IRDA. The IBNR has been recognized in the books of accounts based on the submission of IBNR details to IRDA as per the guidelines.

21. Details of Outsourcing Expenses:

Nature of Outsourcing	31 st March 2011	31 st March 2010
Data processing and outsourcing expenses	1,380,699	811,911
Marketing and related expenses	282,609	199,946
Total	1,663,308	1,011,857

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

(For the year ended 31st March 2011)

(₹ '000)

Particulars	Total Amount	Age-Wise Analysis						
		1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	51,522	51,522	-	-	-	-	-	-
Excess Premium (Due to the insured)	7,036	1,067	697	457	933	783	611	2488
Refunds (Due to the insured)	5,628	-	5,628	-	-	-	-	-
Cheques issued but not encashed by the Policyholder/Insured	408,902	352,566	11,567	8,607	6,509	5,766	4790	19,097

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

(For the year ended 31st March 2010)

(₹ '000)

Particulars	Total Amount	Age-Wise Analysis						
		1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	89,400	89,400	-	-	-	-	-	-
Excess Premium (Due to the insured)	7,866	2,131	1,354	655	660	1,245	-	1,221
Refunds (Due to the insured)	-	-	-	-	-	-	-	-
Cheques issued but not encashed by the Policyholder/Insured	284,666	246,183	5,270	6,539	5,435	6,365	2,391	12,483

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

Particulars	31 st March 2011	31 st March 2010
Motor TP (Including Motor TP Pool)	323,166	183,957

24. Earning Per Share (EPS)

Particulars	31 st March 2011	31 st March 2010
Profit/(Loss) after tax - A	(201,422,267)	309,710,000
No. of Shares	250,000,000	210,000,000
Weighted avg. no. of Shares - B (210,000,000 Shares for 1st April 2010 to 28th March 2011 & 250,000,000 Shares for 29th March 2011 to 31st March 2011)	210,328,767	210,000,000
EPS – Basic & Diluted - (A / B)	(0.96)	1.47

25. During the year the foreign exchange gain/(loss) included in the Profit and Loss account of the Company is ₹ 359 thousands (Previous year Nil).
26. Previous Year figures have been reclassified / regrouped, wherever necessary, to conform with the current year's classification.

Per our report of even date attached

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

For Brahmayya & Co.
Chartered Accountants
Registration No.000513S

S Usha
Partner
Membership No: 211785

T V Ramana
Partner
Membership No: 200523

Place : Chennai
Date : April 28, 2011

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Head-Finance, Accounts & Taxation

S R Balachandher
Company Secretary

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Annexure 1

18. SEGMENT REPORTING

- The Company's business is organised on a National basis and caters to the non-life insurance business. Accordingly, the Company has provided primary segmental information, as per Accounting Standard 17 - 'Segment Reporting' issued by ICAI, read with the Accounting Regulations.
- Segment revenues are either directly attributed to or, in the case of bundled products, allocated to the individual segments. There are no inter segment revenues.
- Operating expenses are attributed to the business segments in line with accounting policy 11 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 2011)

(₹ '000)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmen's Compensation/ Employers Liability	Public / Product Liability	Engi- neering	Personal Accident	Health Insurance	Others	Investment of Share- holders funds	Total Excluding Motor TP Pool	Motor Pool	Total Including Motor TP Pool
Gross Direct Premium	458,298	247,965	4,074	6,294,438	1,635,874	7,930,312	22,931	136,594	368,710	420,928	1,791,031	59,050	11,439,893	11,439,893	879,157	910,254
Premium inward	25,888	-	-	-	-	-	-	-	5,209	-	-	-	-	31,097	879,157	910,254
Net Written Premium	144,974	117,610	102	5,625,507	706,872	6,332,379	19,273	40,887	76,144	368,601	1,611,928	33,909	8,745,807	8,745,807	879,157	9,624,964
Premium earned (net)	158,120	114,317	118	4,870,101	629,116	5,499,217	18,533	38,593	81,457	358,511	1,631,312	34,591	7,934,769	7,934,769	827,178	8,761,947
Profit on sale / redemption of investments	559	254	-	3,709	6,542	10,251	29	51	213	538	1,577	80	5,352	18,904	-	18,904
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (net of amortisation)	32,693	10,340	9	151,038	266,385	417,423	1,175	2,060	10,668	21,900	64,206	3,264	217,883	781,621	144,441	926,062
Total segmental revenue	191,372	124,911	127	5,024,848	902,043	5,926,891	19,737	40,704	92,338	380,949	1,697,095	37,935	223,235	8,735,294	971,619	9,706,913
Claims incurred (net)	(49,037)	(73,109)	-	(3,025,778)	(721,651)	(3,747,429)	(6,145)	(2,821)	(37,590)	(127,067)	(839,534)	(5,089)	-	(4,887,821)	(1,714,360)	(6,602,181)
Commission received / (paid), net	18,620	(867)	873	(85,052)	-	(85,052)	(1,138)	3,767	69,298	(49,440)	(156,431)	1,080	-	(199,290)	(8,858)	(208,148)
Operating expenses related to insurance business	(95,076)	(35,781)	(503)	(1,822,550)	(473,666)	(2,296,216)	(3,696)	(17,355)	(58,887)	(78,687)	(444,554)	(9,194)	-	(3,039,949)	(7,194)	(3,047,143)
Total segmental expenses	(125,493)	(109,757)	370	4,933,380	(1,195,317)	(6,128,697)	(10,979)	(16,409)	(27,179)	(255,194)	(1,440,519)	(13,203)	-	(8,127,060)	(1,730,412)	(9,857,472)
Segmental (loss)/ profit	65,879	15,154	497	91,468	(293,274)	(201,806)	8,758	24,295	65,159	125,755	256,576	24,732	223,235	608,234	(758,793)	(150,559)
Other income	-	-	-	1,705	-	1,705	-	-	-	-	-	-	(88)	1,617	692	2,309
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(536)	(536)	-	(536)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(52,636)	(52,636)	-	(52,636)
Net profit (Loss) for the year	65,879	15,154	497	93,173	(293,274)	(200,101)	8,758	24,295	65,159	125,755	256,576	24,732	169,975	556,679	(758,101)	(201,422)
Segment Assets	592,559	176,834	155	2,587,437	4,547,743	7,135,180	20,090	35,374	189,472	374,356	1,230,948	55,788	3,667,382	13,478,137	2,337,103	15,815,240
Segment Liabilities	350,502	175,228	723	2,028,635	5,120,351	7,148,985	20,741	48,623	171,235	354,403	1,091,141	49,979	-	9,411,560	3,419,806	12,831,366
Capital Expenditure	2,104	1,138	19	28,891	7,509	36,400	105	627	1,692	1,932	8,221	271	-	52,509	-	52,509
Amortisation of premium & discount	2,209	1,003	1	14,656	25,849	40,505	114	200	841	2,125	6,230	317	21,143	74,689	1,584	76,273
Depreciation	3,183	1,722	28	43,714	11,361	55,075	159	949	2,561	2,923	12,438	410	-	79,448	-	79,448
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2010-11 - NIL

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Particulars	(₹ '000)													Total Including Motor TP Pool		
	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmen Compensation/ Employers Liability	Public / Product Liability	Engi- neering	Personal Accident	Health Insurance	Others	Investment of Share- holders funds		Total Excluding Motor TP Pool	Motor Pool
Gross Direct Premium	408,120	225,494	4,734	4,859,854	1,409,238	6,269,092	21,458	140,633	363,373	265,600	1,254,704	177,848	-	9,131,056	-	9,131,056
Premium inward	18,828	-	-	-	-	-	-	-	5,678	-	-	-	-	24,506	762,711	787,217
Net Written Premium	110,038	110,642	118	4,339,860	585,219	4,925,079	18,122	36,714	76,781	231,950	1,129,238	144,624	-	6,783,306	762,711	7,546,017
Premium earned (net)	129,253	104,417	123	4,101,468	561,060	4,662,528	17,873	32,822	74,832	241,299	1,042,921	133,817	-	6,439,885	708,756	7,148,641
Profit on sale / redemption of investments	4,905	2,084	2	44,221	29,123	73,344	206	377	1,803	4,602	12,891	1,339	41,139	142,692	-	142,692
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (net of amortisation)	35,103	9,563	10	202,969	133,668	336,637	944	1,731	12,074	21,123	59,169	6,145	188,824	671,323	113,085	784,408
Total segmental revenue	169,261	116,064	135	4,348,658	723,851	5,072,509	19,023	34,930	88,709	267,024	1,114,981	141,301	229,963	7,253,900	821,841	8,075,741
Claims incurred (net)	(49,351)	(68,243)	-	(2,677,478)	(665,101)	(3,342,579)	(8,994)	(11,532)	(26,105)	(88,762)	(509,852)	(73,463)	-	(4,178,881)	(911,835)	(5,090,716)
Commission received / (paid), net	25,116	(3,407)	1,015	(254,881)	87,244	(167,637)	(1,280)	3,908	69,576	(33,748)	(121,320)	(3,619)	-	(231,396)	(76,271)	(307,667)
Operating expenses related to insurance business	(70,180)	(37,818)	(698)	(1,560,066)	(139,104)	(1,699,170)	(3,545)	(20,893)	(68,378)	(45,241)	(335,858)	(47,507)	-	(2,329,288)	(10,402)	(2,339,690)
Total segmental expenses	(94,415)	(109,468)	317	(4,492,425)	(716,961)	(5,209,386)	(13,819)	(28,517)	(24,907)	(167,751)	(967,030)	(124,589)	-	(6,739,565)	(998,508)	(7,738,073)
Segmental (loss) / profit	74,846	6,596	452	(143,767)	6,890	(136,877)	5,204	6,413	63,802	99,273	147,951	16,712	229,963	514,335	(176,667)	337,668
Other income	-	-	-	914	-	914	-	-	-	-	-	-	1,955	2,869	-	2,869
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	(451)	-	(451)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,376)	-	(30,376)
Net profit for the year	74,846	6,596	452	(142,853)	6,890	(135,963)	5,204	6,413	63,802	99,273	147,951	16,712	231,918	486,377	(176,667)	309,710
Segment Assets	519,172	152,622	178	3,242,162	2,121,290	5,363,452	15,053	28,161	181,427	335,850	1,054,804	98,241	2,816,542	10,565,502	1,781,901	12,347,403
Segment Liabilities	361,170	161,990	910	3,636,865	2,029,312	5,666,177	16,089	47,841	165,156	302,707	1,007,892	96,140	-	7,826,072	2,093,878	9,919,950
Capital Expenditure	4,574	2,527	53	59,720	10,539	70,259	240	1,576	4,072	2,977	14,062	1,993	-	102,333	-	102,333
Amortisation of premium & discount	2,085	886	1	18,797	12,379	31,176	87	160	767	1,957	5,480	569	17,487	60,655	-	60,655
Depreciation	4,460	2,464	52	58,234	10,277	68,511	234	1,537	3,971	2,903	13,712	1,943	-	99,787	-	99,787
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2009-10 - NIL

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

SUMMARY OF FINANCIAL STATEMENTS

Annexure 2

(₹ in Lakhs)

Sl No	Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
	OPERATING RESULTS					
1	Gross Premiums Written-Direct	114398.93	91310.56	80336.04	69441.11	59819.70
2	Net Premium Income#	96249.64	75460.17	66831.18	53306.42	38954.88
3	Income from investments (net)@	7217.31	6971.35	5648.18	3497.04	2295.60
4	Other income -Transfer fee etc	17.05	9.14	6.33	11.48	3.00
5	Total Income	103484.00	82440.66	72485.69	56814.94	41253.48
6	Commissions	838.98	2059.00	2324.46	762.47	(1228.80)
7	Brokerage	1242.50	1017.67	881.81	861.94	1132.00
8	Operating Expenses	30471.43	23396.90	21955.00	17435.17	13639.80
9	Claims, increase in Unexpired Risk Reserve and Other outgo	74651.98	54880.91	48261.01	38537.90	25970.48
10	Operating Profit/loss	(3720.89)	1086.18	(936.59)	(782.54)	1740.00
	Non Operating Result					
11	Total income shareholders' account	2233.03	2314.68	1909.64	1259.50	978.05
12	Profit/(loss) before tax	(1487.86)	3400.86	973.05	476.97	2718.09
13	Provision for tax	(526.36)	(303.76)	(406.74)	(5.56)	(599.57)
14	Profit/(loss) after tax	(2014.22)	3097.10	566.31	471.41	2118.51
	MISCELLANEOUS					
15	Policyholders'Account (1)					
	Total funds	110882.53	62787.27	49262.51	44525.30	34687.97
	Total investments	105184.74	64506.67	55456.04	39832.51	32447.40
	Yield on investments	7.6%	9.0%	9.4%	8.2%	6.9%
16	Shareholders' Account					
	Total funds	29838.74	25315.86	21995.69	17619.47	14244.00
	Total investments	33086.61	26132.29	22297.90	16070.80	14018.80
	Yield on investments	7.6%	9.0%	9.4%	8.2%	6.9%
17	Paid up equity capital	25000.00	21000.00	21000.00	17000.00	14000.00
18	Net worth	29838.74	25315.86	21995.69	17619.47	14243.95
19	Total assets	158152.40	124515.37	100454.15	78166.11	57916.80
20	Yield on total investments	7.6%	9.0%	9.4%	8.2%	6.9%
21	Earnings per share (₹)*	(0.96)	1.47	0.33	0.34	1.51
22	Book Value per share (₹)	11.94	12.06	10.47	10.36	10.17
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	(1,487.86)	3097.10	566.31	471.41	2118.53
	Weighted Average Number of Shares at the end of the year	210,328,767	210,000,000	170,657,534	140,327,869	140,000,000

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

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Annexure 3

Ratios for Non-life Insurance Companies

Sl No	Performance Ratio	2010-11	2009-10
1	Gross premium growth rate (segment wise) (Gross premium for the current year divided by gross premium for the previous year)	Schedule 1	Schedule 1
2	Gross premium to shareholders' fund ratio: (Gross premium for the current year divided by the paid up capital plus free reserves)	3.83	3.61
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)	17.87%	15.09%
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)	31.60%	32.75%
7	Combined ratio: (Claims paid plus expenses divided by gross premium)	80.64%	82.65%
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	1.15	1.11
9	Underwriting balance ratio (segment wise) (Underwriting profit divided by net premium for the respective class of business)	Schedule 4	Schedule 4
10	Operating profit ratio (Underwriting profit plus investment income divided by net premium)	-0.04	0.01
11	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.41	0.29
12	Net earnings ratio (Profit after tax divided by net premium)	-0.02	0.04
13	Return on networth (Profit after tax divided by net worth)	-0.07	0.12
14	Reinsurance ratio (Risk reinsured divided by gross premium)	0.16	0.17

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Accounting Ratios - Schedule 1

Gross premium growth rate

Segment	Growth (%)	
	2010-11	2009-10
Fire	12%	-16%
Marine	9%	15%
Motor	26%	18%
Workmen's Compensation/ Employers Liability	7%	4%
Public/Product Liability	-3%	93%
Engineering	1%	-3%
Personal Accident	58%	-5%
Health Insurance	43%	10%
Others	-67%	15%
Total	25%	14%

Accounting Ratios - Schedule 3

Net commission ratio

Segment	% to NP	
	2010-11	2009-10
Fire	-13%	-23%
Marine	0%	2%
Motor	1%	4%
Workmen's Compensation/ Employers Liability	6%	7%
Public/Product Liability	-9%	-11%
Engineering	-91%	-91%
Personal Accident	13%	15%
Health Insurance	10%	11%
Others	-3%	3%
Total	2%	4%

Accounting Ratios - Schedule 2

Net retention ratio

Segment	% to GP	
	2010-11	2009-10
Fire	32%	27%
Marine	47%	48%
Motor	91%	91%
Workmen's Compensation/ Employers Liability	84%	84%
Public/Product Liability	30%	26%
Engineering	21%	21%
Personal Accident	88%	87%
Health Insurance	90%	90%
Others	57%	81%
Total	84%	83%

Accounting Ratios - Schedule 4

Underwriting balance ratio

Segment	% to NP	
	2010-11	2009-10
Fire	23%	32%
Marine	4%	-4%
Motor	-21%	-15%
Workmen's Compensation/ Employers Liability	39%	22%
Public/Product Liability	54%	12%
Engineering	71%	65%
Personal Accident	28%	32%
Health Insurance	12%	7%
Others	63%	6%
Total	-11%	-8%

MANAGEMENT REPORT

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

1. We confirm that the Certificate of Registration granted by the Insurance Regulatory and Development Authority, to transact general insurance business, continues to be valid. The fee for renewal of the Certificate of Registration has been paid for 2010/2011 and the Company has received the Certificate of Renewal of Registration.
2. We certify that all dues payable to the Statutory Authorities have been duly paid.
3. We confirm that the shareholding pattern during the year ended 31st March 2011 has been in accordance with the Statutory/Regulatory requirements.
4. We declare that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. The Company has maintained the required solvency margins.
6. The values of all the assets have been reviewed on the date of the Balance Sheet and in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings 'Investments', 'Interest, Dividends and Rents accruing but not due', 'Amounts due from other persons or Bodies carrying on insurance business', 'Cash' and the several items specified under 'Other Accounts', except debt securities which are shown at amortised cost.
7. The Company is exposed to a variety of risks such as quality of risks underwritten, fluctuations in the value of assets, operational risks and higher expenses.

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

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

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

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

8. The Company does not have operations in other countries and hence related country/currency fluctuation risk is not applicable.
9. The trend in average claim settlement time for various Segments for the past 5 years are given hereunder: -

Ageing as on 31st March 2011

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

Ageing as on 31st March 2010

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	245	10,017	537	31,799	179	35,200	67	23,539	1	1,509	1029	102,064
Marine cargo	1710	18,419	5330	81,744	422	52,832	195	9,107	4	4,150	7661	166,253
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	133328	1,487,175	39142	1,344,309	3319	274,245	1916	311,951	141	21,275	177846	3,438,955
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	6	768	36	4,258	21	12,419	11	2,762	-	-	74	20,207
Engineering	101	12,792	306	27,823	212	40,949	94	23,449	2	13,432	715	118,446
PA	485	14,374	377	60,249	64	12,401	45	17,828	4	262	975	105,114
Health	12252	300,737	8786	224,523	375	6,538	153	6,340	-	-	21566	538,138
Others	3370	55,433	376	10,211	59	1,126	12	310	-	-	3817	67,080
Total	151497	1,899,715	54890	1,784,917	4651	435,711	2493	395,286	152	40,629	213683	4,556,257

Ageing as on 31st March 2009

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	287	36,569	659	131,654	210	65,093	83	59,522	-	-	1,239	292,839
Marine cargo	3713	28,921	6633	67,460	427	18,448	215	(499)	14	(27,697)	11,002	86,633
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	153063	1,435,061	28900	848,811	2742	133,043	4,265	223,983	154	8,442	189,124	2,649,340
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	21	628	41	2,748	13	318	25	1,740	-	-	100	5,434
Engineering	180	11,405	482	57,362	172	16,362	147	29,532	-	-	981	114,660
PA	611	15,600	601	80,920	71	23,460	62	21,416	3	281	1,348	141,678
Health	16316	321,107	7690	177,190	285	5,385	143	4,525	-	-	24,434	508,208
Others	2563	29,906	396	4,904	37	955	23	3,847	-	-	3,019	39,612
Total	176,754	1,879,199	45,402	1,371,048	3,957	263,065	4,963	344,067	171	(18,974)	231,247	3,838,405

Ageing as on 31st March 2008

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	316	53,822	651	106,525	244	81,801	96	54,635	-	-	1,307	296,784
Marine cargo	3555	142,782	4808	63,795	817	19,273	332	11,685	1	5	9,513	237,540
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	116055	1,010,726	35101	707,383	2968	129,616	4,371	219,226	20	615	158,515	2,067,566
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	9	399	45	4,516	7	784	8	413	-	-	69	6,112
Engineering	138	14,691	342	41,830	200	28,321	87	28,591	-	-	767	113,434
PA	603	9,804	687	39,512	75	16,051	39	4,038	4	1,094	1,408	70,499
Health	14986	276,376	4902	101,300	239	4,686	48	1,505	-	-	20,175	383,867
Others	1416	21,175	315	10,391	36	3,904	11	262	-	-	1,778	35,731
Total	137078	1,529,774	46851	1,075,251	4586	284,437	4992	320,354	25	1,714	193,532	3,211,531

Ageing as on 31st March 2007

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	277	24,240	694	155,411	303	98,448	117	58,542	-	-	1,391	336,641
Marine cargo	2916	29,715	4343	81,150	453	19,160	253	7,780	-	-	7,965	137,805
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor	82901	678,864	36540	671,764	3229	122,591	4328	194,552	-	-	126,998	1,667,772
Workmen compensation	-	-	-	-	-	-	-	-	-	-	-	-
Liability	9	72	20	1,217	18	1,269	9	13,562	-	-	56	16,120
Engineering	132	5,087	411	21,361	176	29,647	51	8,539	-	-	770	64,634
PA	590	11,257	731	48,770	87	4,603	62	8,614	-	-	1,470	73,243
Health	11868	190,219	4501	77,586	229	7,969	51	900	-	-	16,649	276,674
Others	2275	9,124	385	4,943	49	10,221	16	1,050	-	-	2,725	25,337
Total	100968	948,578	47625	1,062,200	4544	293,909	4887	293,538	-	-	158,024	2,598,225

10. We certify that

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

The average yield on investments after considering the profit on sale and amortisation of costs of investments is 7.57%. All investments in our portfolio as at 31st March 2011 are performing investments.

12. Directors' Responsibility Statement:

- In the preparation of financial statements, the applicable Accounting Standards, principles and policies have been followed. To the best of our knowledge there were no material departures from such standards during the year under report.
- The Management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating loss and of the net loss of the Company for the year ended 31st March 2011.
- The Management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 1956, (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Management has prepared the financial statements on a going concern basis;
- The Management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

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

(₹ '000)

Sl No.	Entity in which Director is interested	Name of the Director	Interested as	Amount	Nature of Payments
1	Sundaram Finance Ltd	S. Viji	Director	23,447	Rent
		T.T. Srinivasaraghavan	Director	1,391	Tax Advisory & Training
		Srinivas Acharya	Director	18,631	Information Technology
		S. Prasad	Director		
2	Sundaram BNP Paribas Home Finance Limited	S. Viji	Director	36	Rent
		T.T. Srinivasaraghavan	Director		
		Srinivas Acharya	Director		
3	Sundaram Business Services Ltd.	T.T. Srinivasaraghavan Srinivas Acharya	Director Director	29,972	Policy processing
4	Sundaram Infotech Solutions Ltd	T.T. Srinivasaraghavan Srinivas Acharya	Director Director	180	Information Technology related services

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

Place : Chennai
Date : April 28, 2011

S Venugopalan
Head Finance, Accounts
& Taxation

S R Balachandher
Company Secretary

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

(₹ '000)

Particulars	31st March 2011	31st March 2010
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	11,605,852	9,381,966
Other receipts	606	1,359
Payments to the re-insurers, net of commissions and claims	1,084,782	(976,805)
Payments to co-insurers, net of claims recovery	(318)	9,884
Payments of claims	(5,616,335)	(4,702,678)
Payments of commission and brokerage	(610,862)	(649,082)
Payments of other operating expenses	(2,959,212)	(2,195,637)
Preliminary and pre-operative expenses		
Deposits, advances and staff loans	18,601	(24,199)
Income taxes paid (Net)	(35,036)	(198,434)
Service tax paid		
Other payments		
Cash flows before extraordinary items		
Cash flow from extraordinary operations		
Net cash flow from operating activities	<u>3,488,078</u>	<u>646,374</u>
Cash flows from investing activities		
Purchase of fixed assets	(55,025)	(79,468)
Proceeds from sale of fixed assets	866	385
Purchases of investments	(5,941,144)	(7,868,310)
Loans disbursed	-	-
Sales of investments	1,864,341	6,628,726
Repayments received		
Rents/Interests/Dividends received	802,455	782,269
Investments in money market instruments and in liquid mutual funds (Net)	(758,999)	(87,267)
Expenses related to investments	(1,893)	(1,566)
Net cash flow from investing activities	<u>(4,089,399)</u>	<u>(625,231)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	650,000	0
Proceeds from borrowing		
Repayments of borrowing		
Interest/dividends paid		
Net cash flow from financing activities	650,000	0
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	182	1,509
Net increase in cash and cash equivalents:	<u>48,861</u>	<u>22,652</u>
Cash and Cash equivalents at the beginning of the year	<u>405,030</u>	<u>382,378</u>
Cash and cash equivalents at the end of the year	<u>453,891</u>	<u>405,030</u>

Per our report of even date attached

For Sundaram & Srinivasan
 Chartered Accountants
 Registration No.004207S

S Usha
 Partner
 Membership No: 211785

 Place : Chennai
 Date : April 28, 2011

For Brahmayya & Co.
 Chartered Accountants
 Registration No.000513S

T V Ramana
 Partner
 Membership No: 200523

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Gareth Morgan Roberts
 Director

S Venugopalan
 Head-Finance, Accounts & Taxation

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R Balachandher
 Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

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

1. Registration Details:

Registration No.

1	8	-	4	5	6	1	1
---	---	---	---	---	---	---	---

State Code

						1	8
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1	-	0	3	-	1	1
---	---	---	---	---	---	---	---

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

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Rights Issue

		4	0	0	0	0	0
--	--	---	---	---	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

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

Total Liabilities

	2	9	8	3	8	7	4
--	---	---	---	---	---	---	---

Total Assets

	2	9	8	3	8	7	4
--	---	---	---	---	---	---	---

Source of Funds:

Paid-up Capital

	2	5	0	0	0	0	0
--	---	---	---	---	---	---	---

Reserves and Surplus

		4	8	6	4	5	7
--	--	---	---	---	---	---	---

Fair Value Change Account

				(2	2	8	3)
--	--	--	--	----	---	---	----

Secured Loans

					N	I	L
--	--	--	--	--	---	---	---

Unsecured Loans

					N	I	L
--	--	--	--	--	---	---	---

Application of Funds:

Net Fixed Assets

		1	2	6	8	9	0
--	--	---	---	---	---	---	---

Investments

1	3	8	2	7	1	3	5
---	---	---	---	---	---	---	---

Net Deferred Tax Assets

			5	1	6	2	4
--	--	--	---	---	---	---	---

Net Current Assets

(1	1	0	2	1	7	7	5)
----	---	---	---	---	---	---	----

Miscellaneous Expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

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

Turnover

	9	7	0	9	2	2	2
--	---	---	---	---	---	---	---

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

Total Expenditure

	9	8	5	8	0	0	8
--	---	---	---	---	---	---	---

Profit before Tax

		(1	4	8	7	8	6)
--	--	----	---	---	---	---	----

Profit after Tax

		(2	0	1	4	2	2)
--	--	----	---	---	---	---	----

Earnings per share (₹)

				(0	.	9	6)
--	--	--	--	----	---	---	----

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

Gareth Morgan Roberts
Director

S Prasad
Director

S Venugopalan
Head-Finance, Accounts & Taxation

S R Balachandher
Company Secretary

Place : Chennai

Date : April 28, 2011

NOTES :

NOTES :



Royal Sundaram

General Insurance

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

We Insure:          

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customer.services@royalsundaram.in