



Royal Sundaram

General Insurance

Strong Operating Performance



Annual Report 2012 - 2013

Royal Sundaram Alliance Insurance Company Limited

Board of Directors

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

Audit Committee

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

Company Secretary & Compliance Officer

S R Balachandher

Statutory Auditors

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

Information Security Assurance Services

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

Internal Auditors

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

Concurrent Auditors (Investments)

M/s R G N Price & 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.

Contents	Page
Directors' Report	3
Auditors' Report	11
Fire Insurance Revenue Account	13
Marine Insurance Revenue Account	14
Miscellaneous Insurance Revenue Account	15
Profit & Loss Account	16
Balance Sheet	17
Schedules	18
Significant Accounting Policies	31
Notes to Financial Statements	35
Management Report	50
Cash Flow Statement	54
Balance Sheet Abstract & Company's General Business Profile	55

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company are happy to present the 13th Annual Report on the Business, Operations and the Audited Financial Statements of your Company for the year ended 31st March 2013.

Review of the Financial Performance for 2012-2013

The highlights of the Financial Results of the Company are:

	(₹ in lakhs)	
Particulars	2012-13	2011-12
Gross Written Premium	156,000	147,979
Net Written Premium	129,377	108,202
Net Earned Premium	114,333	97,817
Net Incurred Claims	72,548	61,523
Net Commission – Outgo/(Income)	3,617	2,224
Expenses of Management	37,380	35,234
Underwriting Profit / (Loss)	789	(1,164)
Investment Income – Policyholders	10,764	8,141
General Insurance Results Profit / (Loss)	11,553	6,977
Investment Income – Shareholders	4,120	3,051
Other Income/(Outgo)	(1,130)	86
Profit Before Tax & Motor Pool Losses	14,543	10,115
Motor Pool & DR Pool Losses	(8,216)	(10,160)
Provision for taxation	(859)	67
Profit/(Loss) After Tax	5,467	22

For the year 2012-13, your Company achieved a Gross Written Premium of ₹ 1560.00 cr. (previous year ₹ 1479.79 cr.) registering a growth of 5%.

During 2012-13, the non-life Insurance Market in India grew at a rate of 19%. In comparison, your Company's growth was at 5% which was mainly on account of our focus in growing profitably and redefining our approach to writing of CV Motor, post dismantling of CV Motor TP Pool, effective 1st April 2012.

Our main foray continued to be the Retail sector. Private Car grew by 15% despite a decline in growth of auto sales. Motor vehicle segment grew by 3.63%. Government RSBY business did not show growth as expected due to certain operational issues.

Competition continues to be aggressive impacting overall growth and profitability. With the entry of a few more players, the market is expected to remain competitive as each would be aspiring for a share of the overall business.

Defying competition, your Company continued to do well in its chosen segments of business. The growth has been predominantly in the segments of Motor & Retail Health.

The total investment income including investment income from the funds of the Motor TP Pool was at ₹ 171.09 cr.

Market developments

The year 2012-13 was more an year of consolidation for all insurance companies particularly so when they had to realign their business after the impact created on the bottom-line by the absorption of the huge losses of the Motor Third Pool beginning from 2011-12. Many companies opted to go for absorption of the losses in 3 tranches as mandated by IRDA. Accordingly, your Company absorbed the maximum amount of losses as possible during 2011-12 and decided to absorb the remaining losses over a period of 2 financial years.

To further augment its solvency margin position, your Company infused an additional capital of ₹ 40 cr. during March 2013 by issue of 2.5 crore equity shares of ₹10 each at a premium of ₹ 6 per share. Your Company's authorized capital is ₹ 350 cr. and after the infusion of the fresh capital, the paid-up capital stands increased from ₹ 290 cr. to ₹315 cr.

With effect from 1st April 2012, in the place of the dismantled Motor Third Party Pool, the 'declined risk pool' concept for commercial vehicle stand alone third party liability insurance has become operational. All the insurance companies have entered into an agreement with the Pool Administrator M/s General Insurance Corporation of India, agreeing on the principles on which the declined pool mechanism will be operating.

The market continued to be challenging during the year with all insurance companies vying with each to either retain or grow their market share. Your Company adopted a cautious and conscious approach of not chasing top line but ensuring that the growth – although modest – was on profitable lines. This approach helped your Company to achieve an underwriting profit of ₹ 7.9 cr. during 2012-13 as against an underwriting loss of ₹ 11.6 cr. in the previous year.

Commercial Insurances

The Commercial Insurance Business, including Commercial Motor Business recorded a growth of approximately 10%, resulting in a Gross Written Premium of ₹ 503 cr (₹ 561 cr).

This is mainly due to our re-defining our approach to writing of CV Motor, post dismantling of CV Motor TP Pool and for 12-13, CV Motor showed a negative growth of 15%.

Your Company's Commercial Insurance business is always driven on the fundamental principles of prudent underwriting and risk management. The focus has always been to ensure profitable growth in underwriting.

Personal Insurances

The Personal Insurances Business segment witnessed a growth of 15%, with Gross Written Premium at ₹1057 cr (₹ 919 cr).

The private car business grew by 15% despite continued competition. Motor segment contributes to more than 63 percent of our business, while our health portfolio is consistently increasing and contributes approx 15%.

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

Rural and Social Sector

Your Company's performance has always been creditable in the Rural and Social Sector. Since inception, your Company has always been able to achieve and surpass its obligations in the Rural and Social sectors. This year too, it achieved a premium of ₹ 150.64 cr. as against the Regulatory requirement of ₹ 109.2 cr. Further, in the Social sector, we covered 977,533 lives as against the Regulatory requirement of 55,000 lives.

Claims

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

The claims settlement ratio for 2012-13 was at 90% (92% in 2011-12). During this year about 2.73 lakh claims were settled, of which 71% were settled within a month and 94% were settled within 90 days (comparative ratios for 2011-12 are 69% and 93% respectively).

Investments

Your Company earned an investment income of ₹ 171.09 cr. including a profit on sale of investments to the tune of ₹ 1.28 cr. for the year ended 31st March 2013 as against ₹ 134.65 cr including a profit on sale of investments of ₹ 1.04 cr. in the previous year. The yield on daily average funds was at 8.67 % compared to 8.16% in the previous year.

The Investment portfolio increased from ₹ 1840.53 cr. in 2011-2012 to ₹ 2079.60 cr. in 2012-2013, an increase of 13%.

During the year under review, one of the investments made by your Company had to be written off as it became overdue. The Company has initiated necessary legal recourse for recovering this due of ₹ 10 cr. together with interest accrued thereon.

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

Technology

Your Company has always endeavored to upgrade and maintain high levels of technological support in delivering the best of our services to our customers (internal as well as external) and partners.

During the year under review, your Company has developed a new technological platform keeping in mind the current needs of the market as well as future requirements, whereby the various products are delivered through the integration of our core applications for policy administration with the applications of our affinity partners on a 'real time' basis. This has been hailed as the first of its kind in the insurance industry.

This new initiative has transformed the way Retail Insurance distribution happens across Geographies, fulfilling the unique requirements of all the Partner Delivery Channels.

In recognition of this path breaking achievement our Technology team was conferred with the "Celent Model Insurer Asia Award", at an award ceremony held recently at Singapore.

Outlook for 2013-14

The outlook for year 2013-14 seems to be promising for the non-life Insurance Industry. The growth path will remain cautious considering the macro economic factors like slow down of the economy and inflationary trends will affect disposable incomes. Aggressive market conditions and competition will continue to impact pricing.

With the major part of Motor TP pool losses accounted for and done away with, the focus of the Companies had been to grow and consolidate the business on profitable lines. Prudent selection of risks and pricing them adequately continues to be one of the major challenges for the industry all through. Your Company has been able to balance these quite well as reflected in its achieving an underwriting profit during the year under review. Profitable growth will continue to engage the attention of your Company in future too.

General Insurance industry is now set for greater growth and improved penetration levels in the years to come. There has been increased focus both by the Government as well as the Regulator in developing the health insurance business. Retail insurance continues to be the dominant portfolio in our product mix and this trend is expected to continue.

People

As on 31st March 2013, your Company had employee strength of 1384.

Employee Engagement continues to remain one of the priorities for your Company. This was reflected in the recent Employee Survey results which continued to put your Company in the top quartile. The employee productivity has been improving year on year, for your Company which again is a positive trend.

The Company encourages employees to avail of the benefit of e-learning for which it had tied up with a global firm that focuses on the fundamentals of insurance and effective management.

Infusion of Capital

As stated earlier, your Company made a Rights issue in March 2013 to mobilise a further capital to the tune of ₹ 40 cr. This amount includes a share premium of ₹ 15 cr. Including this additional capital, the solvency margin ratio is well above the prescribed limit. Post allotment of shares, the paid up share capital stands increased to ₹315 cr.

Dividend

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

Board of Directors

During the year 2012-13, Mr. Stuart Purdy, Director resigned from the Board. Your Directors record their deep sense of gratitude and appreciation to the guidance and insight provided by him to your Company during his term.

Mr. Christopher John Colahan, was appointed as an Additional Director during the year under review.

Messrs 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.

Re-appointment of Managing Director

The Board vide resolution passed on 31st August 2012 approved, subject to the approval of Shareholders and the Insurance Regulatory and Development Authority, the re-appointment of Mr. Ajay Bimbhet as the Managing Director of the Company for a further term of 3 years with effect from 13th September 2012 on the same terms and conditions of remuneration as were approved by the Shareholders for the earlier term.

Necessary approval for the same has been obtained from IRDA vide its letter IRDA/NL/34(A)-RSA/12-13 dated 10th October 2012. The necessary Resolution in this regard is placed for the approval of the Shareholders at the ensuing Annual General Meeting.

Further, based on the recommendations of the Board at its Meeting held in May 2013, the Company is also seeking approval of the Shareholders for increasing the remuneration of the Managing Director effective from 1st April 2013. Resolutions in this regard are also placed for the approval of the Shareholders at the ensuing Annual General Meeting.

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.

Meetings of the Board/Committees held during the year

Board (30.4.2012, 26.7.2012, 30.10.2012, 21.1.2013)	4
Audit Committee (30.4.2012, 24.7.2012, 25.9.2012, 25.10.2012, 21.1.2013)	5
Investment Committee (30.4.2012, 26.7.2012, 29.10.2012, 21.1.2013)	4
Risk Management Committee (30.4.2012, 26.7.2012, 30.10.2012, 21.1.2013)	4
Policyholders' Protection Committee (13.6.2012, 25.9.2012, 10.1.2013, 14.3.2013)	4
Executive Committee (non-mandatory) (30.10.2012, 14.2.2013)	2

Internal Audit

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

M/s R G N Price & Co., Chartered Accountants, appointed as concurrent auditors carried out the concurrent audit of the investment transactions, investment management systems, processes and transactions of the Company for the year 2012-13.

Statutory Auditors

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, and M/s Suri & Co., Chartered Accountants, Chennai, were appointed as the Joint Statutory Auditors of your Company for 2012-13 and will retire at the conclusion of the forthcoming Annual General Meeting.

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

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

Management Report

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

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

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

Particulars regarding Conservation of Energy or Technology Absorption, Foreign exchange and outgo

The Company does not have any activities relating to conservation of energy or technology absorption as stated under Section 217(1) (e) of the Companies Act, 1956. The Company had foreign exchange earnings equivalent to ₹ 2.82 Cr. and the outgo amounted to ₹ 26.72 cr. for the year ended 31st March 2013.

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 2013, 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 profit and of the net profit of the Company for the year ended 31st March 2013;
- 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.

Date: 14th May 2013
Place: Chennai

For and on behalf of the Board

P M Venkatasubramanian
Chairman

REPORT ON CORPORATE GOVERNANCE

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 2012-13 and a Report is furnished hereunder:-

I. Board of Directors

All the Members of the Board are eminent persons with considerable expertise and varied experience in Insurance, Finance, Transport, Automobile, Engineering and Banking sectors. The Company has been immensely benefitted by the range of experience and skills that 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. S.Prasad and Mr. M S Sundara Rajan are the independent Directors and the composition of the Board is in conformity with the IRDA guidelines on Corporate Governance.

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

II. Board Meetings

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

During the year under review, 4 meetings of the Board of Directors were held on 30.4.2012, 26.7.2012, 30.10.2012, 21.1.2013.

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

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

*2 meetings through VC ** 1 meeting through VC @resigned in July 2012 # appointed in July 2012

III. Audit Committee

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and interacts with the Statutory Auditors, Internal Auditors, Concurrent Auditors for investment and Systems Auditors. Senior Executives and functional heads are invited to attend the meetings, where required. Mr. S Prasad, an independent Director, is the Chairman of the Audit Committee. The Composition of the Audit Committee and attendance of the members at the Committee Meetings held during the year are as follows:

Name of the Members		No. of meetings attended	Meeting dates
S Prasad	Chairman	5	30.4.2012, 24.7.2012, , 25.9.2012, 25.10.2012, 21.1.2013 (5 meetings)
P M Venkatasubramanian	Member	5	
Srinivas Acharya	Member	5	
Gareth Morgan Roberts	Member	4*	

*1 meeting through VC

IV. Investment Committee

The Company's Investment Committee is constituted in accordance with the IRDA (Investment) Regulations, 2000. The Composition of the Investment Committee and attendance of the members at the Committee Meetings held during the year are as follows: :

Name of the Members		No. of meetings attended	Meeting dates
P M Venkatasubramanian	Chairman	4	30.4.2012, 26.7.2012, 29.10.2012, 21.1.2013 (4 meetings)
S Viji	Member	4	
M S Sundara Rajan	Member	4	
Gareth Morgan Roberts	Member	4	
Ajay Bimbhet	Managing Director	4	
Tania Chakrabarti	Appointed Actuary	4	
M S Sreedhar	Chief Operating Officer	4	
S Venugopalan	Chief Financial Officer*	1	
Venkatachalam Sekar	Financial Controller**	3	

*Till July 12, 2012 **Eff. from July 13, 2012

V. Risk Management Committee

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

The Composition of the Risk Management Committee and attendance of the members at the Committee Meetings held during the year are as follows::

Name of the Members		No. of meetings attended	Meeting dates
P M Venkatasubramanian	Chairman	4	30.4.2012, 26.7.2012,, 30.10.2012, 21.1.2013 (4 meetings)
David Patrick Coughlan	Member	3	
Ajay Bimbhet	Member	4	

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:

Name of the Members		No. of meetings attended	Meeting dates
M S Sundara Rajan	Chairman	4	13.6.2012, 25.9.2012, 10.1.2013, 14.3.2013
T T Srinivasavaraghan	Member	4	
Ajay Bimbhet	Member	4	

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

VII. Remuneration of Directors

The Executive Director (Managing Director) is appointed based on terms approved by the Shareholders. His remuneration comprises of salary, allowances and perquisites as indicated in Notes to Accounts. The remuneration paid to him has been approved by IRDA. The Non-Executive Directors are paid a sitting fee of ₹ 10,000/- each, for every meeting of the Board/ Committees attended by them. During the year, the Directors representing Royal & SunAlliance Insurance plc on our Board, have agreed to waive off payment of sitting fees to them effective from October 2012.

VIII. Compliance Officer

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

Date: 14th May 2013
Place: Chennai

For and on behalf of the Board
P M Venkatasubramanian
Chairman

CERTIFICATION OF COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2012-13

I, S R Balachandher, Company Secretary and Compliance Officer of Royal Sundaram Alliance Insurance Company Limited, hereby certify that the Company has complied with the Corporate Governance Guidelines as stated above, for insurance companies for 2012-13, 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 of Royal Sundaram Alliance Insurance Company Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

3. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipts and Payments Statement of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211, provisions of sub sections (1), (2) and (5) of Section 211 and sub section (5) of Section 227 of the Companies Act, provisions of Section 11 of the Insurance Act read with the IRDA Regulations/Guidelines/Circulars/orders. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, The Insurance Regulatory and Development Act, 1999 and The Companies Act, 1956 to the extent applicable and give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of Revenue Accounts, of the operating profit for the year ended on that date;
 - c) in the case of Profit and Loss Account, the profit for the year ended on that date;
 - d) in the case of Receipts and Payments Statement, receipts and payments for the year ended on that date.
 - e) Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations,
 - f) The Accounting policies selected by the insurer are appropriate and are in compliance with the applicable Accounting Standards and with the Accounting Principles, as prescribed in the regulations or any order or direction issued by the Authority in this behalf.

Emphasis of Matter

6. Without qualifying our opinion, we draw attention to Note 10 of Schedule 17 to the financial statements, which describes deferment of the liability on dismantling of Indian Motor Third Party Insurance Pool by the Company to the extent of ₹ 381,435 thousands pursuant to the exercise of the option for the accounting treatment for the same prescribed under paragraph 3(b) of Insurance Regulatory and Development Authority Order no. IRDA/F&A/ORD/MTPP/070/03/2012 dated March 22, 2012.

Report on Other Legal and Regulatory Requirements - As required under provisions of Section 227(3) of the Companies Act, 1956 and IRDA regulations.

7. We report that
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - the Balance Sheet, the Revenue Accounts, Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account.
 - the financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches.
 - in our opinion, the Balance Sheet, Profit and Loss Account, and Receipts and Payments Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read together with IRDA Regulations/Circulars/Orders.
 - The estimate of claims Incurred But Not Reported [IBNR] and claims Incurred But Not Enough Reported [IBNER] has been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such 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.
 - on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
8. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- We have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2013 and there is no apparent mistake or material inconsistency therein with the financial statements.
 - The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated July 15, 2002.
 - We have verified the cash balances at the corporate office of the Company and investments of the Company.
 - The Company is not a trustee of any trust.
 - No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds.
 - All expenses of management in respect of Fire, Marine and Miscellaneous Insurance Business have been fully debited to the respective Revenue Accounts.

For Sundaram & Srinivasan
Chartered Accountants
Registration No: 004207S

S Usha
Partner
Membership No: 211785

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

S Swaminathan
Partner
Membership No: 020583

Place : Chennai
Date : May 14, 2013

Form B - RA
REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013 (FIRE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2013	31st March 2012
1 Premiums earned (Net)	1A	140,000	118,763
2 Profit/(Loss) on sale/redemption of Investments		370	240
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 72,823 thousand (Previous Year: ₹42,503 thousand)] (Refer note 19 of Schedule 17)		72,625	41,627
Total (A)		212,995	160,630
1 Claims Incurred (Net)	2A	55,969	56,276
2 Commission	3A	(26,772)	(32,893)
3 Operating Expenses related to Insurance Business	4	127,039	71,365
4 Premium Deficiency		-	-
Total (B)		156,236	94,748
Operating Profit/(Loss) from Fire Business C = (A-B)		56,759	65,882
Appropriations			
Transfer to Shareholders' Account		56,759	65,882
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		56,759	65,882
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

S Usha
 Partner
 Membership No: 211785

 Place : Chennai
 Date : May 14, 2013

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

S Swaminathan
 Partner
 Membership No: 020583

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Gareth Morgan Roberts
 Director

Venkatachalam Sekar
 Financial Controller

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R Balachandher
 Company Secretary

Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013 (MARINE BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2013	31st March 2012
1 Premiums earned (Net)	1B & 1C	111,087	124,447
2 Profit/(Loss) on sale/redemption of Investments		100	116
3 Others		-	-
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹11,747 thousand (Previous Year: ₹ 12,246 thousand)] (Refer note 19 of Schedule 17)		11,694	11,824
Total (A)		122,881	136,387
1 Claims Incurred (Net)	2B & 2C	55,822	27,861
2 Commission	3B & 3C	(1,062)	5,993
3 Operating Expenses related to Insurance Business	4	41,617	35,778
4 Premium Deficiency		-	-
Total (B)		96,377	69,632
Operating Profit/(Loss) from Marine Business C = (A-B)		26,504	66,755
Appropriations			
Transfer to Shareholders' Account		26,504	66,755
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		26,504	66,755
Significant accounting policies	16		
Notes to financial statements	17		

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

Per our report of even date attached

For and on behalf of the Board of Directors

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

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

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

S Usha
Partner
Membership No: 211785

S Swaminathan
Partner
Membership No: 020583

Gareth Morgan Roberts
Director

S Prasad
Director

Place : Chennai
Date : May 14, 2013

Venkatachalam Sekar
Financial Controller

S R Balachandher
Company Secretary



Form B - RA

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013 (MISCELLANEOUS BUSINESS)

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

(₹ '000)

Particulars	Schedule	31st March 2013	31st March 2012
1 Premiums earned (Net)	1D	12,155,169	10,807,121
2 Profit/(Loss) on sale/redemption of Investments		8,849	7,134
3 Others - Transfer fee and Duplicate fee		1,279	852
4 Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 1,210,000 thousand (Previous Year: ₹ 1,001,880 thousand)] (Refer note 19 of Schedule 17)		1,205,257	980,312
Total (A)		13,370,554	11,795,419
1 Claims Incurred (Net)	2D	9,132,443	8,571,762
2 Commission	3D	389,509	249,293
3 Operating Expenses related to Insurance Business	4	3,596,961	3,424,621
4 Premium Deficiency		-	-
Total (B)		13,118,913	12,245,676
Operating Profit/(Loss) from Miscellaneous Business C = (A-B)		251,641	(450,257)
Appropriations			
Transfer to Shareholders' Account		251,641	(450,257)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		251,641	(450,257)
Significant accounting policies	16		
Notes to financial statements	17		

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

Per our report of even date attached

For and on behalf of the Board of Directors

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

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

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

S Usha
Partner
Membership No: 211785

S Swaminathan
Partner
Membership No: 020583

Gareth Morgan Roberts
Director

S Prasad
Director

Place : Chennai
Date : May 14, 2013

Venkatachalam Sekar
Financial Controller

S R Balachandher
Company Secretary

Form B - PL

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

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

(₹ '000)

Particulars	Schedule	31st March 2013	31st March 2012
1 OPERATING PROFIT/(LOSS)			
(a) Fire Insurance		56,759	65,882
(b) Marine Insurance		26,504	66,755
(c) Miscellaneous Insurance		251,641	(450,257)
2 INCOME FROM INVESTMENTS			
(a) Interest, Dividend and Rent [Net of amortisation] [Gross Interest and Dividend ₹ 410,367 thousand (Previous Year: ₹ 313,053 thousand)] (Refer note 19 of Schedule 17)		408,529	302,258
(b) Profit on sale of investments		3,516	2,955
Less : Loss on sale of investments		-	-
3 OTHER INCOME			
(i) Profit on Sale of Assets		525	36
(ii) Interest on Staff Loan, Interest on Tax Refund.		724	13,442
(iii) Income arising out of enrollment process of Aadhaar		-	-
Total (A)		748,198	1,071
4 PROVISION (Other than taxation)			
a) For diminution in the value of investments		-	-
b) For doubtful debts		-	-
c) Others		-	-
5 OTHER EXPENSES			
a) Expenses other than those related to Insurance business:			
(i) Expenses arising out of enrollment process of Aadhaar		-	-
b) Employees' remuneration and welfare benefits (Refer note 15 of Schedule 17)		2,641	-
c) Bad debts written off (Investments)		112,144	-
d) Others (Expenses of Investment & Filing Fee etc.)		773	5,648
Total (B)		115,558	5,648
Profit/(Loss) Before Tax (A - B)		632,640	(4,577)
Provision for Taxation			
- Current [including Wealth Tax ₹ 58 thousand (Previous Year — ₹ 8 thousand)]		(230,758)	(8)
- Deferred		144,857	6,804
Profit/(Loss) after tax		546,739	2,219
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		238,676	236,457
Balance carried forward to Balance Sheet		785,415	238,676
Significant accounting policies	16		
Notes to financial statements	17		
Earning per Share (Basic and Diluted)		1.88	0.01

Per our report of even date attached

For and on behalf of the Board of Directors

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

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

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

S Usha
Partner
Membership No: 211785

S Swaminathan
Partner
Membership No: 020583

Gareth Morgan Roberts
Director

S Prasad
Director

Place : Chennai
Date : May 14, 2013

Venkatachalam Sekar
Financial Controller

S R Balachandher
Company Secretary

Form B - BS
BALANCE SHEET AS AT 31st MARCH 2013

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

(₹ '000)

Particulars	Schedule	31st March 2013	31st March 2012
SOURCES OF FUNDS			
SHARE CAPITAL	5	3,150,000	2,900,000
RESERVES AND SURPLUS	6	1,425,415	728,676
FAIR VALUE CHANGE ACCOUNT		(16,438)	(16,614)
BORROWINGS	7	-	-
TOTAL		4,558,977	3,612,062
APPLICATION OF FUNDS			
INVESTMENTS	8	20,795,999	18,405,279
LOANS	9	-	-
FIXED ASSETS	10	147,122	124,868
Deferred Tax Assets - Net (Refer note 7 of Schedule 17)		203,285	58,428
CURRENT ASSETS			
Cash and Bank Balances	11	523,523	701,359
Advances and Other Assets	12	1,923,610	1,389,167
Sub- Total (A)		2,447,133	2,090,526
CURRENT LIABILITIES			
PROVISIONS	14	7,199,265	6,399,498
Sub - Total (B)		19,034,562	17,067,039
NET CURRENT ASSETS (C)=(A-B)		(16,587,429)	(14,976,513)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		-	-
TOTAL		4,558,977	3,612,062
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 : May 14, 2013

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

S Swaminathan
 Partner
 Membership No: 020583

For and on behalf of the Board of Directors

P M Venkatasubramanian
 Chairman

Gareth Morgan Roberts
 Director

Venkatachalam Sekar
 Financial Controller

Ajay Bimbhet
 Managing Director

S Prasad
 Director

S R Balachandher
 Company Secretary

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 1A		
PREMIUM EARNED (NET) — FIRE BUSINESS		
Premium from direct business written	925,305	510,685
Add: Premium on reinsurance accepted	40,329	29,645
Less: Premium on reinsurance ceded	(516,889)	(419,832)
Net Premium	448,745	120,498
Adjustment for change in reserve for unexpired risks	(308,745)	(1,735)
Total Premium Earned (Net)	140,000	118,763
SCHEDULE 1B		
PREMIUM EARNED (NET) — MARINE CARGO BUSINESS		
Premium from direct business written	277,687	311,750
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(186,767)	(180,669)
Net Premium	90,920	131,081
Adjustment for change in reserve for unexpired risks	20,081	(6,736)
Total Premium Earned (Net)	111,001	124,345
SCHEDULE 1C		
PREMIUM EARNED (NET) — MARINE HULL BUSINESS		
Premium from direct business written	15,506	3,434
Add: Premium on reinsurance accepted	-	-
Less: Premium on reinsurance ceded	(14,672)	(3,348)
Net Premium	834	86
Adjustment for change in reserve for unexpired risks	(748)	16
Total Premium Earned (Net)	86	102
SCHEDULE 1D		
PREMIUM EARNED (NET) — MISCELLANEOUS BUSINESS		
Premium from direct business written	14,381,547	13,972,043
Add: Premium on reinsurance accepted	271,867	1,677,676
Less: Premium on reinsurance ceded	(1,992,904)	(3,410,461)
Net Premium	12,660,510	12,239,258
Adjustment for change in reserve for unexpired risks	(505,341)	(1,432,137)
Total Premium Earned (Net)	12,155,169	10,807,121

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



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 2A		
CLAIMS INCURRED (NET) — FIRE BUSINESS		
Claims paid		
Direct	212,303	162,294
Add: Reinsurance accepted	182	(8)
Less: Reinsurance ceded	(161,641)	(127,897)
Net Claims paid	50,844	34,389
Add: Claims outstanding at the end of the year	100,195	95,070
Less: Claims outstanding at the beginning	(95,070)	(73,183)
Total Claims Incurred	55,969	56,276
SCHEDULE 2B		
CLAIMS INCURRED (NET) — MARINE CARGO BUSINESS		
Claims paid		
Direct	116,641	125,667
Add: Reinsurance accepted	-	-
Less: Reinsurance ceded	(73,055)	(74,020)
Net Claims paid	43,586	51,647
Add: Claims outstanding at the end of the year	67,084	54,854
Less: Claims outstanding at the beginning	(54,854)	(78,640)
Total Claims Incurred	55,816	27,861
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	6	-
Less: Claims outstanding at the beginning	-	-
Total Claims Incurred	6	-
SCHEDULE 2D		
CLAIMS INCURRED (NET) — MISCELLANEOUS BUSINESS		
Claims paid		
Direct	7,759,995	7,244,203
Add: Reinsurance accepted	292,139	656,905
Less: Reinsurance ceded	(702,136)	(1,726,415)
Net Claims paid	7,349,998	6,174,693
Add: Claims outstanding at the end of the year	9,278,476	8,379,613
Less: Claims outstanding at the beginning	(7,496,031)	(5,982,544)
Total Claims Incurred	9,132,443	8,571,762

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

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 3A		
COMMISSION — FIRE BUSINESS		
Commission paid		
Direct	55,329	45,909
TOTAL	55,329	45,909
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(82,101)	(78,802)
Net Commission	(26,772)	(32,893)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	11,507	10,622
Brokers	28,612	21,998
Corporate Agency	15,210	13,289
Referral	-	-
Others	-	-
TOTAL	55,329	45,909
SCHEDULE 3B		
COMMISSION — MARINE CARGO BUSINESS		
Commission paid		
Direct	30,427	34,828
TOTAL	30,427	34,828
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(29,714)	(28,099)
Net Commission	713	6,729
Break-up of the expenses (Gross) incurred to procure business :		
Agents	4,011	4,282
Brokers	19,442	22,572
Corporate Agency	6,974	7,974
Referral	-	-
Others	-	-
TOTAL	30,427	34,828



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 3C		
COMMISSION — MARINE HULL BUSINESS		
Commission paid		
Direct	649	-
TOTAL	649	-
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(2,424)	(736)
Net Commission	(1,775)	(736)
Break-up of the expenses (Gross) incurred to procure business :		
Agents	-	-
Brokers	649	-
Corporate Agency	-	-
Referral	-	-
Others	-	-
TOTAL	649	-
SCHEDULE 3D		
COMMISSION — MISCELLANEOUS BUSINESS		
Commission paid		
Direct	766,976	566,718
TOTAL	766,976	566,718
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Reinsurance Ceded	(377,467)	(317,425)
Net Commission	389,509	249,293
Break-up of the expenses (Gross) incurred to procure business :		
Agents	153,392	114,252
Brokers	340,085	152,412
Corporate Agency	273,499	300,054
Referral	-	-
Others	-	-
TOTAL	766,976	566,718

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Break up Schedule for All Business

(For the year ended 31st March 2013)

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		Grand Total	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	
Premium Earned (Net)	925,305	510,685	311,750	15,506	3,434	293,193	315,184	11,056,697	10,669,609	32,551	26,844	187,653	161,512	381,473	368,339	508,857	376,192	2,144,247	2,311,370	70,069	58,177	14,381,547	15,600,045	14,797,912	15,600,045	
Premium from direct business written	40,329	29,645	-	-	-	-	-	263,265	1,670,695	-	-	-	8,602	6,981	-	-	-	-	-	-	271,867	1,677,676	312,196	1,707,321	312,196	
Add: Premium on reinsurance accepted	(516,889)	(419,832)	(180,669)	(14,672)	(3,348)	(200,439)	(184,017)	(1,200,229)	(2,678,835)	(4,905)	(3,954)	(141,576)	(117,466)	(302,642)	(301,764)	(62,227)	(45,965)	(214,425)	(231,137)	(38,900)	(31,340)	(1,992,904)	(3,410,461)	(2,711,232)	(3,410,461)	
Less: Premium on reinsurance ceded	448,745	120,498	90,220	131,081	834	86	91,754	10,118,733	9,661,469	27,646	22,890	46,077	44,046	60,433	73,556	446,630	330,227	1,929,822	2,080,233	31,169	26,837	12,660,510	13,201,009	12,490,923	13,201,009	
Net Premium	(808,745)	(1,735)	20,081	(6,736)	(748)	16	19,333	(253,412)	(1,207,007)	(1,196)	(1,889)	(1,149)	(2,664)	1,525	2,639	(77,052)	3,446	(171,559)	(228,779)	(2,498)	2,117	(505,341)	(1,432,137)	(794,753)	(1,432,137)	
Adjustment for change in reserve for unexpired risks	140,000	118,763	111,001	124,345	86	102	111,087	8,454,462	26,450	21,001	44,928	41,382	61,958	76,195	369,578	333,673	1,758,263	1,851,454	28,671	28,954	121,551,169	10,807,121	12,406,256	10,807,121		
Total Premium Earned (Net)																										
Claims Incurred (Net)																										
Claims paid	212,303	162,294	116,641	125,667	-	-	116,641	6,619,748	5,931,655	6,060	6,031	3,385	4,929	56,384	85,939	174,011	117,989	879,602	1,073,357	20,805	24,303	7,759,995	7,244,203	8,088,939	7,244,203	
Add: Reinsurance accepted	182	(8)	-	-	-	-	-	291,679	656,831	-	-	-	460	74	-	-	-	-	-	-	-	292,139	656,905	292,321	656,905	
Less: Reinsurance ceded	(161,641)	(127,897)	(74,020)	(73,055)	(74,020)	(73,055)	(74,020)	(546,291)	(1,533,068)	(644)	(606)	(354)	(554)	(40,863)	(66,811)	(18,605)	(12,855)	(88,098)	(107,558)	(7,271)	(4,963)	(702,136)	(1,726,415)	(936,832)	(1,726,415)	
Net Claims paid	50,844	34,389	43,586	51,647	-	-	43,586	6,365,136	5,055,418	5,416	5,425	3,031	4,375	15,981	19,202	155,396	105,134	791,504	965,299	13,534	19,340	7,349,998	6,174,693	7,444,428	6,260,729	
Add: Claims remaining unpaid at the end of the year	100,195	95,070	67,084	54,854	6	67,090	54,854	8,670,439	7,877,758	10,207	12,421	16,063	10,034	64,365	64,196	253,031	229,534	227,109	153,744	35,262	31,026	9,278,476	8,379,613	9,445,761	8,529,537	
Less: Claims remaining unpaid at the beginning of the year	(95,070)	(73,183)	(54,854)	(78,640)	-	-	(54,854)	(6,994,176)	(5,507,888)	(12,421)	(9,459)	(10,034)	(7,562)	(64,196)	(66,266)	(229,534)	(186,255)	(153,744)	(177,819)	(31,926)	(27,895)	(7,496,031)	(5,982,544)	(6,134,367)	(5,982,544)	
Total Claims Incurred	55,969	56,276	55,816	27,861	6	55,822	27,861	8,041,399	7,425,888	3,202	8,387	9,060	6,847	16,150	17,132	180,893	148,413	864,849	941,724	16,870	23,371	9,132,443	8,571,762	9,244,234	8,655,899	
NIC/NEP	39,988	47,398	30,288	22,418	0.00%	50.25%	22.39%	81.51%	87.83%	12.11%	39.94%	20.17%	16.55%	26.07%	22.48%	48.95%	44.48%	49.19%	50.88%	58.84%	80.72%	75.13%	79.32%	74.51%	78.33%	
Commissions																										
Commission paid	55,329	45,909	30,427	34,828	649	31,076	34,828	482,642	271,875	2,699	1,954	12,684	11,882	30,248	24,257	55,951	49,689	180,172	204,050	2,580	3,011	766,976	566,718	853,381	647,455	
TOTAL	55,329	45,909	30,427	34,828	649	31,076	34,828	482,642	271,875	2,699	1,954	12,684	11,882	30,248	24,257	55,951	49,689	180,172	204,050	2,580	3,011	766,976	566,718	853,381	647,455	
Add: Commission on reinsurance accepted																										
Less: Commission on reinsurance ceded	(82,101)	(78,802)	(29,714)	(28,099)	(2,424)	(736)	(32,138)	(191,508)	(167,491)	(744)	(730)	(22,858)	(19,955)	(96,468)	(74,893)	(12,679)	(10,343)	(45,023)	(36,461)	(8,187)	(7,552)	(377,467)	(314,425)	(491,706)	(425,062)	
Net commission	(26,772)	(32,893)	713	6,729	(1,775)	(736)	(1,062)	291,134	104,384	1,955	1,224	(10,174)	(8,073)	(66,220)	(50,636)	43,272	39,346	135,149	167,389	(5,607)	(4,541)	389,509	249,293	361,675	222,393	
Operating Expenses	127,039	71,365	39,903	35,449	1,714	329	41,687	2,857,634	2,533,761	4,405	3,275	21,154	15,771	51,090	42,544	86,977	59,140	566,704	542,856	8,997	7,274	3,424,621	3,424,621	3,424,621	3,424,621	

(₹ '000)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1 Employees' remuneration and welfare benefits	813,919	806,984
2 Travel, conveyance and vehicle running expenses	63,287	52,535
3 Training expenses	8,334	3,594
4 Rents, rates and taxes	115,318	104,726
5 Repairs and maintenance	28,671	23,343
6 Printing and stationery	43,558	42,444
7 Communication	58,460	56,772
8 Legal and professional charges	13,870	34,727
9 Auditors' fees and expenses		
(a) as auditors	1,500	1,250
(b) as adviser or in any other capacity, in respect of		
(i) Taxation matters	200	200
(ii) Insurance matters	-	-
(iii) Management services	-	-
(c) in any other capacity - certification	525	300
(d) out of pocket expenses	17	15
10 Advertisement and publicity	35,645	42,267
11 Bank charges	20,122	21,065
12 Others		
- Data processing and outsourcing expenses	1,866,218	1,717,885
- Marketing and related expenses	389,570	322,352
- Software and Hardware maintenance charges	140,319	134,526
- Policy Stamp expenses	1,242	866
- Directors' sitting fees	780	950
- Miscellaneous expenses	69,190	91,034
13 Depreciation	68,511	66,999
14 Service tax on premium	26,361	6,931
	3,765,617	3,531,764
Allocation of expenses (per accounting policy 12, Schedule 16)		
Revenue Account – Fire Business	127,039	71,365
Revenue Account – Marine Business	41,617	35,778
Revenue Account – Miscellaneous Business	3,596,961	3,424,621
	3,765,617	3,531,764

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 5		
SHARE CAPITAL		
1 Authorised Capital 350,000,000 (31st March 2012 - 350,000,000) Equity shares of ₹ 10/- each	3,500,000	3,500,000
2 Issued Capital 315,000,000 (31st March 2012 - 290,000,000) equity shares of ₹ 10/- each, fully paid up	3,150,000	2,900,000
3 Subscribed Capital 315,000,000 (31st March 2012 - 290,000,000) equity shares of ₹ 10/- each, fully paid up	3,150,000	2,900,000
4 Called-up Capital 315,000,000 (31st March 2012 - 290,000,000) equity shares of ₹ 10/- each, fully paid up	3,150,000	2,900,000
Less: Calls unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid-up)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses (to the extent not written off)	-	-
Total	3,150,000	2,900,000

SCHEDULE 5A

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

Shareholder	31st March 2013		31st March 2012	
	Number of Shares	% of holding	Number of Shares	% of holding
Promoters				
Indian	233,100,000	74%	214,600,000	74%
Foreign	81,900,000	26%	75,400,000	26%
	315,000,000	100%	290,000,000	100%
Others	-	-	-	-
Total	315,000,000	100%	290,000,000	100%

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 6		
RESERVES AND SURPLUS		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	640,000	490,000
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	785,415	238,676
Total	1,425,415	728,676
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 2013	31st March 2012
SCHEDULE 8		
INVESTMENTS		
LONG TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills*	4,611,197	3,117,799
2 Other Approved Securities	699,605	653,467
3 Other Investments		
(a) Shares		
(aa) Equity	98,511	98,346
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	3,245,828	3,888,904
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	4,957,349	2,553,778
5 Other than Approved Investments - Equity Shares	1,092	1,081
SHORT TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills	1,123,076	1,686,086
2 Other Approved Securities	200,000	150,284
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures / Bonds	2,195,663	2,298,228
(e) Other Securities-Certificate of Deposit/CBLO	2,213,086	2,053,083
(f) Subsidiaries	-	-
(g) Investment in Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	1,450,592	1,904,223
5 Other than Approved Investments	-	-
Total	20,795,999	18,405,279
Aggregate market value of quoted investments other than Equity Shares	18,496,296	16,043,642
Aggregate book value of quoted investments other than Equity Shares	18,483,310	16,252,769
Historical cost of Equity Shares valued on fair value basis	116,041	116,041
Historical cost of Mutual funds valued on fair value basis	-	-
Aggregate book value of unquoted investments	2,213,086	2,053,083

* Includes Government securities of book value ₹ 106,689 thousand (31st March 2012: ₹ 110,470 thousands), held under Section 7 of the Insurance Act, 1938.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 9		
LOANS		
1 SECURITY-WISE CLASSIFICATION		
<i>Secured</i>		
(a) On mortgage of Property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
<i>Unsecured</i>	-	-
Total	-	-
2 BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
3 PERFORMANCE-WISE CLASSIFICATION		
(a) Loans Classified as standard	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performance loans less provisions	-	-
(aa) In India	-	-
(bb) Outside India	-	-
Total	-	-
4 MATURITY-WISE CLASSIFICATION		
(a) Short-Term	-	-
(b) Long-Term	-	-
Total	-	-

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 10

FIXED ASSETS

(₹ '000)

Particulars	Cost/Gross Block			Depreciation			Net Block			
	Opening	Additions	Deductions	Closing	Upto 31st March 2012	For the year	On sales / adjustments	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Information Technology Software	186,654	40,030	-	226,684	153,367	21,940	-	175,307	51,377	33,287
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	18,453	1,203	2,954	16,702	15,201	1,302	2,397	14,106	2,596	3,252
Improvements to Leased premises	147,207	11,862	8,648	150,421	113,322	11,996	8,648	116,670	33,751	33,885
Information Technology Equipment	332,960	28,719	93	361,586	295,717	27,913	58	323,572	38,014	37,243
Vehicles	10,041	6,810	3,744	13,107	6,222	1,457	3,177	4,502	8,605	3,819
Office Equipment	69,632	5,994	1,604	74,022	59,290	3,903	1,584	61,609	12,413	10,342
TOTAL	764,947	94,618	17,043	842,522	643,119	68,511	15,864	695,766	146,756	121,828
Work in progress	3,040	366	3,040	366	-	-	-	-	366	3,040
Grand Total	767,987	94,984	20,083	842,888	643,119	68,511	15,864	695,766	147,122	124,868
As at 31st March 2012	705,084	72,467	9,564	767,987	578,194	66,999	2,074	643,119	124,868	



SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 11		
CASH AND BANK BALANCES		
1 Cash (including cheques, drafts and stamps)	68,004	200,222
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	-	-
(bb) Others	-	-
(b) Current Accounts	455,519	501,137
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
Total	523,523	701,359
Included in Bank balances -- current accounts, are balances held outside India amounting to ₹ 372 thousand (31st March 2012 - ₹ 361 thousand) with non-scheduled banks and the other bank balances are with scheduled banks.		
SCHEDULE 12		
ADVANCES AND OTHER ASSETS		
ADVANCES		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	35,418	14,049
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source [Net of provision for tax amounting to ₹ 453,524 thousand (Previous Year: ₹ 222,766 Thousand)]	179,128	169,884
6 Others – Deposits for premises and advance rent	59,360	62,211
– Service Tax unutilised credit	129,455	46,164
– Employee Benefit Group Gratuity Net Plan Asset	-	3,806
– Other Advances	22,159	23,896
Total (A)	425,520	320,010
OTHER ASSETS		
1 Income accrued on investments	730,623	695,867
2 Outstanding Premiums	242,728	65,415
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	15,177	15,410
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	364,593	292,465
– Balance with Declined Risk Pool (IMTPDRIP)	144,969	-
Total (B)	1,498,090	1,069,157
Total (A+B)	1,923,610	1,389,167

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ '000)

Particulars	31st March 2013	31st March 2012
SCHEDULE 13		
CURRENT LIABILITIES		
1 Agents' Balances	50,359	51,493
2 Balances due to other insurance companies	457,915	347,908
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	157,209	768,192
5 Unallocated Premium	52,691	49,804
6 Sundry creditors	1,059,841	798,398
7 Sundry Creditors - Due to Policyholders	342,598	300,060
8 Due to subsidiaries / holding company	-	-
9 Claims Outstanding	9,451,835	7,645,956
10 Due to Officers / Directors	6,093	5,541
11 Others — Service Tax payable	23,911	3,503
12 Due to Other Members of TP Pool (IMTPIP)	232,845	696,686
Total	11,835,297	10,667,541
SCHEDULE 14		
PROVISIONS		
1 Reserve for Unexpired Risk	7,189,231	6,394,477
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	4,279	-
- Leave compensated absence	5,755	5,021
Total	7,199,265	6,399,498
SCHEDULE 15		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
1 Discount Allowed in issue of shares / debentures	-	-
2 Others	-	-
Total	-	-

SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE 16

1. Basis of preparation of financial statements

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

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

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

2. Revenue recognition for insurance business

Premium (net of service tax) is recognized as income over the contract period or period of risk, as appropriate and for installment cases, it is recognized on installment due dates after adjusting for unearned premium (unexpired risk) and premium deficiency, if any. For Government sponsored Health Scheme (RSBY), premium is recognized based on enrollment of lives and acknowledgement of the invoices by the Government. Subsequent revisions to or cancellations of premium are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

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

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

3. Claims

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

4. Reinsurance

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. Indian Market Terrorism Risk Insurance Pool

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

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

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

6. Indian Motor Third Party Pool

The Company was a member of the Indian Motor Third Party Insurance Pool under which it collectively, mandatorily and automatically participated in a pooling arrangement to share all motor third party insurance business underwritten between 1st April 2007 to 31st March 2012, in respect of commercial vehicles.

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

(Refer note 10 of Schedule 17)

The Company accounts for the pool transactions for the financial year on the basis of audited financial statements received from Pool for the period ended 31st March 2012.

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

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

In terms of the DR Pool agreement, the company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year. 70% of the premium written by the member insurer is to be ceded to the DR Pool. The fulfillment or shortfall of the mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool. The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

Accordingly, based on the statements received for the period ended December 31, 2012 the Company combines its proportionate share of the premium, claims and pool administrator fees with similar items in its financial statements, on a line-by-line basis. For the calendar quarter ended 31st March 2013, the premium, claims and pool administrator fees have been considered based on the management estimate. The difference, if any, between the estimates and the actual for the said quarter shall be recognized in the calendar quarter in which the Pool Administrator makes available the audited statement.

8. Investments

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

SIGNIFICANT ACCOUNTING POLICIES

(e) Debt securities

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

(f) Equity securities that are traded in active markets

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

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

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

9. Investment income

- i. Investment income other than that from pool accounts (including profit/loss on sale of investments) is allocated to the respective Revenue Accounts and the Profit and Loss Account based on the ratio of average 'Technical Funds' and "Shareholders' Funds" respectively (average of funds at the beginning and end of the year).
- ii. Technical Funds' in relation to policyholders' funds are the aggregate of outstanding claims, estimates for IBNR (including IBNER) and reserve for unexpired risk excluding the technical funds relating to pool accounts. "Shareholders' Funds" are the aggregate of funds available to the Company's shareholders, i.e., net worth of the Company.
- iii. Investment income arising from pool accounts is allocated directly to respective Revenue Accounts.
- iv. Dividend is accounted for as income as and when the right to receive is established.

10. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation:

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

* Based on a technical valuation

SIGNIFICANT ACCOUNTING POLICIES

11. Impairment of Assets other than investments

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

12. Operating expenses

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

13. Operating Leases

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

14. Employee Benefits

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

15. Income-tax

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

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

16. Transactions in foreign exchange

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

17. Provision for Contingencies

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

18. Earnings per share

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

NOTES TO FINANCIAL STATEMENTS

SCHEDULE 17

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

	(₹ '000)	
	31 st March 2013	31 st March 2012
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	554,551 *	235,339
– Disputed Service tax Liability (Including of penalty of ₹394,400 thousands)	857,868 **	708,113
Reinsurance obligations, to the extent not provided for in the accounts	Nil	Nil

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

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

- b) Commitments made for Investments and Fixed Assets

	(₹ '000)	
	31 st March 2013	31 st March 2012
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)	34,887	43,054

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

	(₹ '000)	
	31 st March 2013	31 st March 2012
Lease payments debited to the Profit and Loss Account	102,382	93,688
Future minimum lease payments		
– Not later than one year	60,648	82,144
– Later than 1 year but not later than 5 years	112,248	108,130
– Later than 5 years	24,249	8,940

4. Ageing of Gross Outstanding Claims - Direct:

	(₹ '000)			
	31 st March 2013		31 st March 2012	
	Nos.	Amount	Nos.	Amount
Claims outstanding for a period exceeding six months	12,898	5,267,275	11375	4,111,281
Other Claims (less than 6 months)	10,086	2,024,020	11440	2,269,344
Total	22,984	7,291,295	22815	6,380,625

*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, 2013, 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 2013	31 st March 2012
Contracts for sales where payments are overdue	Nil	Nil
Contracts for Purchases due for delivery on the Balance Sheet date	Nil	200,397
b)	(₹ '000)	
	31 st March 2013	31 st March 2012
Non-performing investment	Nil	Nil

6. A) Employee Benefits - Gratuity

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

a) The amounts recognized in the Balance Sheet	(₹ '000)	
	31 st March 2013	31 st March 2012
Present value of obligations as at the end of the year	45,999	39,142
Fair value of plan assets as at the end of the year	41,720	42,948
Funded status (Liability)	(4,279)	3,806
Net Asset/(Liability) recognised in the Balance Sheet	(4,279)	3,806
b) Expenses recognised in Revenue Accounts	(₹ '000)	
	31 st March 2013	31 st March 2012
Current Service cost	7,036	8,635
Interest Cost	3,131	2,303
Expected return on plan assets	(3,759)	(2,999)
Net Actuarial loss recognized in the year	1,698	3,382
Expenses to be recognised in Revenue Accounts	8,106	11,321
c) Reconciliation of Benefit Obligation & Plan Assets for the period		
i) Changes in present value of obligations	(₹ '000)	
	31 st March 2013	31 st March 2012
Present value of obligations as at the beginning of the year	39,142	28,792
Interest cost	3,131	2,303
Current Service Cost	7,036	8,635
Benefits Paid	(5,008)	(3,970)
Actuarial (gain)/loss on obligation	1,698	3,382
Present value of obligations as at the end of the year	45,999	39,142

NOTES TO FINANCIAL STATEMENTS

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

(₹ '000)

	31 st March 2013	31 st March 2012
Fair value of plan assets at the beginning of the year	42,948	34,519
Expected return on plan assets	3,760	2,999
Contributions	20	9,400
Benefits paid	(5,008)	(3,970)
Actuarial gain on plan assets	Nil	Nil
Fair value of plan assets at the end of the year	41,720	42,948

d) Asset Information

Category Assets (% Allocation)	Period Ended		
	31 st March 2012	31 st March 2013	31 st March 2013
	%	(₹ '000)	
Government of India Securities	0%	0%	0
Corporate Bonds	0%	0%	0
Special Deposit Scheme	0%	0%	0
Equity Shares of Listed Companies	0%	0%	0
Property	0%	0%	0
Insurer Managed Funds	100%	100%	41,720
Others	0%	0%	0
Grand Total			41,720

e) Experience Adjustments

(₹ '000)

	Period Ended				
	31 st March 2009	31 st March 2010	31 st March 2011	31 st March 2012	31 st March 2013
Defined benefit Obligation	0	0	28,792	39,142	45,999
Plan Assets	0	0	34,519	42,948	41,720
Surplus / (Deficit)	0	0	5,727	3,806	(4,279)
Exp. Adj. on Plan Liabilities	0	0	0	3,382	1,990
Exp. Adj. on Plan Assets	0	0	0	0	0

f) Assumptions:

(₹ '000)

	31 st March 2013	31 st March 2012
i) Discount rate	8.05%	8.00%
ii) Salary Escalation	8.00%	8.00%
iii) Expected return on plan assets	7.50%	8.00%
iv) Mortality has been considered as per the published rates under the Indian Assured Lives Mortality (2006-08) Ult table		

v) Rates of leaving service at specimen ages are as shown below

Age (Years)	Rates p.a
21-30	10%
31-40	5%
41-50	3%
51-59	2%

B) Employee Benefits – Compensated absence

The present value of obligations towards compensated absences as at 31.03.2013 as per Actuarial Certificate is ₹ 5,755 thousands (Previous Year: ₹ 5,021 thousands) and is provided for in the books of Accounts. The basis of provision for compensated absences is as follows:

	31 st March 2013	31 st March 2012
Discount rate	8.05%	8.50%
Salary Escalation	8.0%	8.0%
Earned leave	As per Company rules	
Retirement age	60 Years	60 Years
Mortality rate Table	IALM (2006-2008)	LIC (1994-1996)

7. Deferred Tax Assets

The details of Deferred Tax Assets are as follows :

	(₹ '000)	
	31 st March 2013	31 st March 2012
Reserve for Unexpired risk	184,845	39,596
Depreciation	16,484	17,203
Accumulating Compensated Absence	1956	1,629
Net Deferred Tax Asset	203,285	58,428

8. Participation in Indian Terrorism Risk Insurance Pool

The Company has accounted for the retro cession for 4 Quarters upto December 2012 during the year

	(₹ '000)	
	31 st March 2013	31 st March 2012
Due from the Pool Manager, beginning of the year	292,465	244,325
Premium on reinsurance accepted	48,931	36,625
Investment Income	35,894	20,846
Premium on reinsurance ceded	(7,067)	(5,235)
Claims paid on reinsurance accepted	(642)	(66)
Operating expenses related to insurance business	(4,988)	(4,030)
Profit Commission on XL	Nil	Nil
Due from the Pool Manager, end of the year	364,593	292,465
Claims outstanding, end of the year	(1,000)	(1,000)
Reserve for Unexpired risk, end of the year	(41,864)	(31,390)
Reserve for Unexpired risk, beginning of the year	31,390	27,018

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

In accordance with the directions of IRDA, the Company, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles.

	(₹ '000)
	31 st March 2013*
Premium on reinsurance accepted	251,300
Incremental Reserve for unexpired risk	(125,650)
Claims Paid on Reinsurance Accepted	170,410
Claims Outstanding, end of the year	11,782
Claims Outstanding, beginning of the year	-
Claims Incurred	182,193
Operating expenses related to DR Pool	1,251
Profit / (Loss) from Pool	(57,793)

* The DR Pool was formed on 01st April 2012 and hence no comparative numbers for the previous year has been given

10. Indian Motor Third Party Pool

- a) IRDA had vide its Orders IRDA /NL/ORD/MPL/277/12/2011 dated 23rd December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles got restated from industry market share basis to actual policy issued basis.
- b) Based on Actual statements from the Pool received for the period from April 2007 to March 2012, the company has recognized an amount of ₹ 901,555 thousands (including interest thereon amounting to ₹ 23,744 thousands) as Due to Members of the Pool with a corresponding reduction in the outstanding claims. Of which, the Company has effected the settlement for the underwritten years 2007-08 and 2008-09 amounting to ₹ 668,710 thousands (including interest of ₹ 7,499 thousands).
- c) IRDA, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, amongst other things, had provided an option to insurers for a deferred absorption of the differential liability subject to certain conditions listed in the said Order. The Company, having exercised the option, has recognized
 - (i) ₹ 381,435 thousands in its Miscellaneous Revenue Account for the year ended March 31, 2013 representing the current year's share of actuarially estimated liability as of 31st March 2012 relating to the underwriting year 2011-12 and has deferred the balance loss of ₹ 381,435 thousands to the financial year 2013-14 and
 - (ii) ₹ 1,259,578 thousands in its Miscellaneous Revenue Account for the year ended March 31, 2013 representing the entire actuarially estimated liability on the premium earned during the current year relating to the underwriting year 2011-12. This amount includes ₹ 387,517 thousands absorbed in the current year without deferring to the financial year 2013-14 therefore impacting the profit for the current year.

	(₹ '000)	
	31 st March 2013	31 st March 2012
Premium on reinsurance accepted	11,965	1,670,695
Incremental Reserve for unexpired risk	(835,347)	402,013
Claims incurred	1,764,343	2,224,891
Our share of Commission Outgo	-	-
Our share of Pool Manager's fee	290	8,354
Our share of other Income	-	-
Our share of investment Income	170,726	227,185
Profit / (Loss) from Pool	(746,595)	(737,378)
Due from the Pool Manager, beginning of the year	(696,686)	198,150
Due from/(Due to) the Pool Manager, end of the year	(232,845)	(696,686)
Claims outstanding, end of the year	4,296,114	3,670,950
Reserve for Unexpired risk, end of the year	-	835,347

11. Solatium Fund

	(₹ '000)	
	31 st March 2013	31 st March 2012
Contribution to the Solatium Fund @ 0.1% of the Gross Written Premium of Motor Third Party Business	2,891	2,742

12. The Sector-wise Gross Written Premium Direct

	(₹ '000)			
	31 st March 2013		31 st March 2012	
	Amount	%	Amount	%
Rural Sector (including Social Sector)	1,506,428	9.66	1,722,179	11.64
Other Sectors	14,093,617	90.34	13,075,733	88.36
Total Gross Written Premium	15,600,045	100.00	14,797,912	100.00

	31 st March 2013	31 st March 2012
Social Sector		
No. of Lives Covered	977,533	651,494
No. of Policies Issued	48	191

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

13. Premium Recognition on Varying Risk Pattern

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

14. Risk retention / reinsurance

	31 st March 2013	31 st March 2012
Risk retained (%)	85	84
Risk reinsured (%)	15	16

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

	(₹ '000)	
	31 st March 2013	31 st March 2012
Salary	4,725	4,278
Allowances and perquisites	12,916	11,670
Total	17,641	15,948

16. Related Party Transactions

a) Particulars of related parties

I. JOINT VENTURE PROMOTERS

Sundaram Finance Limited

Royal & SunAlliance Insurance plc (RSA)

II. KEY MANAGERIAL PERSONNEL

Mr. Ajay Bimbhet (Managing Director)

b) Transactions with related parties and balances

(₹ '000)

Particulars	Joint Venture Promoters				Key Managerial Personnel	
	Sundaram Finance Ltd		RSA		Mr. Ajay Bimbhet	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Income						
Insurance Premium Received	8,290	5,001	-	-	46	74
Claims on Re-Insurance	-	-	14,350	10,761	-	-
Income - Information tech support	-	-	-	5,324	-	-
Commission on reinsurance ceded	-	-	36,657	26,914	-	-
Rent Received	358	-	-	-	-	-
Expenses						
Rent	23,293	20,968	-	-	-	-
Payment for Services Received	28,610	20,871	6,043	15,074	-	-
Agency Commission	42,681	64,923	-	-	-	-
Remuneration to Managing Director	-	-	-	-	17,641	15,948
Reinsurance Premium	-	-	261,814	184,009	-	-
Insurance Claims	3,063	1,023	-	-	-	-
Purchase						
Software Licences	776	753	-	-	-	-
Subscription to Rights Issue	199,600	319,360	104,000	166,400	-	-
Receivable						
Other Receivables	-	-	25,654	26,268	-	-
Rent Deposit	7,493	7,493	-	-	-	-
Payable						
Other Payable	58	-	153,009	147,853	6,093	5,541
Insurance Deposit	5,000	5,000	-	-	-	-
Share Capital	1,571,850	1,447,100	819,000	754,000	-	-

17. Penal Actions by various statutory authorities

(For the year ended 31st Mar.2013)

Amount in ₹

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

(For the year ended 31st Mar.2012)

Amount in ₹

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

18. Segment Reporting

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

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

(₹ '000)

Particulars	31 st March 2013	31 st March 2012
Revenue Account – Policyholders’ Funds		
Fire	197	876
Marine	53	422
Miscellaneous	4,712	21,568
Profit and Loss Account – Shareholders’ Funds	1,872	10,795
Total	6,834	33,661

20. Summary of Financial Statements and Accounting Ratios

A summary of financial statements and Accounting Ratios as per the formats prescribed by the IRDA in its circular dated 29th April, 2003 & subsequent clarification thereon dated 9th April, 2010 is provided in Annexure 2 and Annexure 3

21. The liability of IBNR & IBNER (Excluding IMTPIP) for the year ending March 31, 2013 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.

22. Details of Outsourcing Expenses:

(₹ '000)

Nature of Outsourcing	31 st March 2013	31 st March 2012
Data processing and outsourcing expenses	1,866,218	1,717,885
Marketing and related expenses	389,570	322,352
Total	2,255,788	2,040,237

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

(For the year ended 31st March 2013)

(₹ '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	248,381	248,381	-	-	-	-	-	-
Excess Premium (Due to the insured)	8,943	2,150	269	729	326	-	18	5,451
Cheques issued but not encashed by the Policyholder/Insured	388,645*	315,731	13,480	10,011	8,518	6,360	4,732	29,813

* The items forming part of the amount given under 1-6 months category consists of "Cheques issued but not encashed by the policyholder/insured" amounting to ₹ 303,371 thousands which are pending in Bank Reconciliation Statements & hence to the extent would differ from the amount given under the head "Sundry Creditor - Due to Policyholders in Schedule 13. In the opinion of the management a sum of ₹ 85,274 thousand representing the old refunds and claims are pending for revalidation or reissuance of fresh cheques.

(For the year ended 31st March 2012)

(₹ '000)

Particulars	Total Amount	Age-Wise Analysis						
		1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	31-36 Months	Beyond 36 Months
Claims Settled but not paid to the policyholders	212,472	212,472	-	-	-	-	-	-
Excess Premium (Due to the insured)	9,838	3,594	298	328	164	123	344	4,987
Cheques issued but not encashed by the Policyholder/Insured	418,160	340,410	17,509	8,600	7,924	9,143	4,718	29,856

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

(₹ '000)

Particulars	31 st March 2013	31 st March 2012
Motor TP (Including Motor TP Pool)	178,000	456,835

25. Earning Per Share (EPS)

(For the year ended 31st March 2013)		(Amount in ₹)
Particulars		31 st March 2013
Profit/(Loss) after tax - A		546,738,669
No. of Shares		315,000,000
Weighted avg. no. of Shares - B (290,000,000 Shares for 1st April 2012 to 27th March 2013 & 315,000,000 Shares for 28th March to 31st March 2013)		290,273,973
EPS – Basic & Diluted - (A / B)		1.88

(For the year ended 31st March 2012)		(Amount in ₹)
Particulars		31 st March 2012
Profit/(Loss) after tax - A		2,219,238
No. of Shares		290,000,000
Weighted avg. no. of Shares - B (250,000,000 Shares for 1st April 2011 to 29th March 2012 & 290,000,000 Shares for 30th March to 31st March 2012)		250,218,579
EPS – Basic & Diluted - (A / B)		0.01

26. During the year the foreign exchange gain/(loss) included in the Revenue account of the Company is ₹ (733) thousands (Previous year ₹ (1,769) thousands).
27. The Company has changed the method of recognition of Premium on Long Term policies in the current Financial Year. The Premium income for the whole policy period is recognized in the year of inception of the policy instead of recognizing only one year premium in the inception year. Consequent to this change, Premium Income Direct, UPR and Operating Profit are higher by ₹ 573,945 thousands, ₹ 515,811 thousands and ₹ 8,604 thousands respectively and Premium Received in Advance are lower by ₹ 573,945 thousands respectively.
28. Previous Year figures have been reclassified / regrouped, wherever necessary, to conform with the current year's classification.

Per our report of even date attached

For Sundaram & Srinivasan
Chartered Accountants
Registration No.004207S

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

S Usha
Partner
Membership No: 211785

S Swaminathan
Partner
Membership No:020583

Place : Chennai
Date : May 14, 2013

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Ajay Bimbhet
Managing Director

Gareth Morgan Roberts
Director

S Prasad
Director

Venkatachalam Sekar
Financial Controller

S R Balachandher
Company Secretary

Annexure 1
17. SEGMENT REPORTING

- The Company's business is organised on a National basis and caters to the non-life insurance business. Accordingly, the Company has provided primary segmental information as per Accounting Standard 17 - 'Segment Reporting' issued by ICAI, read with the Accounting Regulations.
- Segment revenues are either directly attributed to or, in the case of bundled products, allocated to the individual segments. There are no inter segment revenues.
- Operating expenses are attributed to the business segments in line with accounting policy 12 in Schedule 16.
- Investments and other Assets and liabilities are identified with the respective segments in the ratio of Shareholders and Technical Funds as defined in Policy 8 of Schedule 16
- Since the business operations of the Company are entirely in India, the same is considered as one geographical segment.

(For the year ended 31st March 2013)

(₹ '000)

Particulars	Fire	Marine Cargo	Marine Hull	Motor OD	Motor TP	Motor Total	Workmen Compensation/ Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total Excluding Motor TP Pool	Motor Pool	Total Including Motor TP Pool
Gross Direct Premium	925,305	277,687	15,506	8,165,360	2,891,337	11,056,697	32,551	187,653	381,473	508,857	2,144,247	70,069		15,600,045		15,600,045
Premium inward	40,329					8,602								48,931	263,265	312,196
Net Written Premium	448,745	90,920	834	7,317,760	2,537,708	9,855,468	27,646	46,077	60,433	446,630	1,929,822	31,169		12,937,744	263,265	13,201,009
Premium earned (net)	140,000	111,001	86	7,280,794	1,611,564	8,892,358	26,450	44,928	61,958	369,578	1,758,263	28,671		11,433,293	972,963	12,406,256
Profit on sale / redemption of investments	370	100	-	3,856	3,501	7,357	19	31	89	328	986	39	3,516	12,835	-	12,835
Others																
Interest (net of amortisation)	72,625	11,647	47	448,049	406,827	854,876	2,159	3,653	16,593	38,135	114,534	4,581	408,529	1,527,379	170,726	1,698,105
Total segmental revenue	212,995	122,748	133	7,732,699	2,021,892	9,754,591	28,628	48,612	78,640	408,041	1,873,783	33,291	412,045	12,973,507	1,143,689	14,117,196
Claims incurred (net)	(55,969)	(55,816)	(6)	(4,168,981)	(1,925,882)	(6,094,863)	(3,202)	(9,060)	(16,150)	(180,893)	(864,869)	(16,870)		(7,297,698)	(1,946,536)	(9,244,234)
Commission received / (paid), net	26,772	(713)	1,775	(291,134)	-	(291,134)	(1,955)	10,174	66,220	(43,272)	(135,149)	5,607		(361,675)	-	(361,675)
Operating expenses related to insurance business	(127,039)	(39,903)	(1,714)	(2,535,662)	(320,431)	(2,856,093)	(4,405)	(21,154)	(51,090)	(86,977)	(566,704)	(8,997)		(3,764,076)	(1,541)	(3,765,617)
Total segmental expenses	(156,236)	(96,432)	55	(6,995,777)	(2,246,313)	(9,242,090)	(9,562)	(20,040)	(1,020)	(311,142)	(1,566,722)	(20,260)	-	(11,423,449)	(1,948,077)	(13,371,526)
Segmental (loss)/ profit	56,759	26,316	188	736,922	(224,421)	512,501	19,066	28,572	77,620	96,899	307,061	13,031	412,045	1,550,058	(804,388)	745,670
Other income	-	-	-	1,279	-	1,279	-	-	-	-	-	-	1,249	2,528	-	2,528
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	(115,558)	(115,558)	-	(115,558)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	(85,901)	(85,901)	-	(85,901)
Net profit (Loss) for the year	56,759	26,316	188	738,201	(224,421)	513,780	19,066	28,572	77,620	96,899	307,061	13,031	211,835	1,351,127	(804,388)	546,739
Segment Assets	887,443	158,801	620	6,004,641	5,452,196	11,456,837	28,931	49,059	203,554	511,156	1,778,164	61,422	5,419,500	20,555,486	3,038,053	23,593,539
Segment Liabilities	760,130	155,149	3,219	5,762,947	5,483,930	11,246,878	26,074	68,915	167,518	510,721	1,596,856	59,481	-	14,594,942	4,439,620	19,034,562
Capital Expenditure	5,634	1,691	94	49,716	17,604	67,321	198	1,143	2,323	3,098	13,056	427	-	94,984	-	94,984
Amortisation of premium & discount	197	53	-	2,053	1,864	3,917	10	17	47	175	525	21	1,872	6,834	-	6,834
Depreciation	4,064	1,220	68	35,860	12,698	48,558	143	824	1,675	2,235	9,417	308	-	68,511	-	68,511
Non-Cash Expenditure other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Aviation Segment Business for 2012-13 - Nil.

(₹ '000)

(For the year ended 31st March 2012)

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

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

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

SUMMARY OF FINANCIAL STATEMENTS

Annexure 2

(₹ in Lakhs)

Sl No	Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
OPERATING RESULTS						
1	Gross Premiums Written-Direct	156000.45	147979.12	114398.93	91310.56	80336.04
2	Net Premium Income#	132010.09	124909.23	96249.64	75460.17	66831.18
3	Income from investments (net)@	12988.95	10412.53	7217.31	6971.35	5648.18
4	Other income -Transfer fee etc	12.79	8.52	17.05	9.14	6.33
5	Total Income	145011.83	135330.28	103484.00	82440.66	72485.69
6	Commissions	(264.64)	254.11	838.98	2059.00	2324.46
7	Brokerage	3881.39	1969.82	1242.50	1017.67	881.81
8	Operating Expenses	37656.17	35317.64	30471.43	23396.90	21955.00
9	Claims, increase in Unexpired Risk Reserve and Other outgo	100389.87	100964.91	74651.98	54880.91	48261.01
10	Operating Profit/loss	3349.04	(3176.20)	(3720.89)	1086.18	(936.59)
NON OPERATING RESULT						
11	Total income shareholders' account	2977.36	3130.43	2233.03	2314.68	1909.64
12	Profit/(loss) before tax	6326.40	(45.77)	(1487.86)	3400.86	973.05
13	Provision for tax	(859.01)	67.96	(526.36)	(303.76)	(406.74)
14	Profit/(loss) after tax	5467.39	22.19	(2014.22)	3097.10	566.31
MISCELLANEOUS						
15	Policyholders' Account (1)					
	Total funds	166349.92	148916.25	110882.53	62787.27	49262.51
	Total investments	158922.54	142116.07	105184.74	64506.67	55456.04
	Yield on investments	8.7%	8.2%	7.6%	9.0%	9.4%
16	Shareholders' Account					
	Total funds	45589.77	36120.62	29838.74	25315.86	21995.69
	Total investments	49037.45	41936.72	33086.61	26132.29	22297.90
	Yield on investments	8.7%	8.2%	7.6%	9.0%	9.4%
17	Paid up equity capital	31500.00	29000.00	25000.00	21000.00	21000.00
18	Net worth	45589.77	36120.62	29838.74	25315.86	21995.69
19	Total assets	235935.30	206791.01	158152.40	124515.37	100454.15
20	Yield on total investments	8.7%	8.2%	7.6%	9.0%	9.4%
21	Earnings per share (₹)*	1.88	0.01	(0.96)	1.47	0.33
22	Book Value per share (₹)	14.47	12.46	11.94	12.06	10.47
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	5,467.39	22.19	(2,014.22)	3097.10	566.31
	Weighted Average Number of Shares at the end of the year	290,273,973	250,218,579	210,328,767	210,000,000	170,657,534

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	2012-13	2011-12
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)	3.42	4.10
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)	26.22%	21.05%
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)	29.61%	28.24%
7.	Combined ratio: (Claims paid plus expenses divided by gross premium)	81.46%	79.14%
8.	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	1.26	1.12
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)	0.06	0.00
11.	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.46	0.63
12.	Net earnings ratio (Profit after tax divided by net premium)	0.04	0.00
13.	Return on networth (Profit after tax divided by net worth)	0.12	0.00
14.	Reinsurance ratio (Risk reinsured divided by gross premium)	0.15	0.16

ANNEXURES TO NOTES TO FINANCIAL STATEMENTS

Accounting Ratios - Schedule 1

Gross premium growth rate

Segment	Growth (%)	
	2012-13	2011-12
Fire	81%	11%
Marine	-7%	25%
Motor	4%	35%
Workmen's Compensation/ Employers Liability	21%	17%
Public/Product Liability	16%	18%
Engineering	4%	0%
Personal Accident	35%	-11%
Health Insurance	-7%	29%
Others	20%	-1%
Total	5%	29%

Accounting Ratios - Schedule 3

Net commission ratio

Segment	% to NP	
	2012-13	2011-12
Fire	-6%	-27%
Marine	-1%	5%
Motor	3%	1%
Workmen's Compensation/ Employers Liability	7%	5%
Public/Product Liability	-22%	-18%
Engineering	-110%	-69%
Personal Accident	10%	12%
Health Insurance	7%	8%
Others	-18%	-17%
Total	3%	2%

Accounting Ratios - Schedule 2

Net retention ratio

Segment	% to GP	
	2012-13	2011-12
Fire	48%	24%
Marine	31%	42%
Motor	92%	91%
Workmen's Compensation/ Employers Liability	85%	85%
Public/Product Liability	25%	27%
Engineering	16%	20%
Personal Accident	88%	88%
Health Insurance	90%	90%
Others	44%	46%
Total	85%	84%

Accounting Ratios - Schedule 4

Underwriting balance ratio

Segment	% to NP	
	2012-13	2011-12
Fire	-4%	20%
Marine	16%	42%
Motor	-13%	-19%
Workmen's Compensation/ Employers Liability	61%	35%
Public/Product Liability	54%	61%
Engineering	101%	91%
Personal Accident	13%	26%
Health Insurance	10%	10%
Others	27%	11%
Total	-7%	-11%

MANAGEMENT REPORT

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

1. We confirm that the Certificate of Registration granted by the Insurance Regulatory and Development Authority, to transact general insurance business, continues to be valid. The fee for renewal of the Certificate of Registration has been paid for 2012/2013 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 2013 has been in accordance with the Statutory/Regulatory requirements.
4. We declare that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. The Company has maintained the required solvency margins.
6. The values of all the assets have been reviewed on the date of the Balance Sheet and in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings 'Investments', 'Interest, Dividends and Rents accruing but not due', 'Amounts due from other persons or Bodies carrying on insurance business', 'Cash' and the several items specified under 'Other Accounts', except debt securities which are shown at amortised cost.
7. The Company is exposed to a variety of risks such as quality of risks underwritten, fluctuations in the value of assets, operational risks and higher expenses.

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

During the year under report, the Company has exceeded the Management expense limit prescribed in Rule 17E of the Insurance Rules. The Company has, directly & through the General Insurance Council, represented to the IRDA, under Section 64M of the Insurance Act, to revise the limits in its case. Based on our representation, the Regulator has recently granted us time until the Financial Year 2012-13 to comply with Rule 17E.

The Company during the year was not able to collect the full premium from the Government of India in respect of Health Insurance Covers to BPL families of various States under the RSBY scheme within 30 days from the date of intimation of the premium to the Government as per Rule 59(a) of the Insurance Rules. We have represented through General Insurance Council to 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 2013

(₹ '000)

Business Class	Upto 30 days		31 days to 6 months		6 months - 1 year		1 year to 5 years		5 years and above		Total No.	Total Amt
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt		
Fire	127	6,507	320	106,106	130	71,441	36	28,049	2	201	615	212,303
Marine cargo	867	37,510	2,981	58,542	84	12,854	24	7,948	3	212	3,953	116,641
Marine Hull	-	-	-	-	-	-	-	-	-	-	-	-
Motor Workmen compensation	175,397	2,114,505	59,594	2,579,715	3,894	658,360	4,683	1,183,938	309	83,231	243,877	6,619,749
Liability	4	126	19	4,354	5	169	4	1,032	1	379	33	6,060
Engineering	6	247	22	2,203	9	620	1	316	-	-	38	3,385
PA	26	4,240	92	11,362	63	12,661	78	26,812	3	1,309	262	56,384
Health	465	15,525	623	122,338	64	18,461	18	16,128	2	1,560	1,172	174,011
Others	19,701	549,643	10,408	319,130	193	6,373	52	3,802	2	654	30,356	879,602
Total	445	13,985	92	2,313	32	2,280	12	2,226	-	-	581	20,805
Total	197,038	2,570,939	74,151	3,216,495	4,474	783,218	4,908	1,270,249	316	87,121	280,887	8,088,940

Ageing as on 31st March 2012

(₹ '000)

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

Ageing as on 31st March 2011

(₹ '000)

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

Ageing as on 31st March 2010

(₹ '000)

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

Ageing as on 31st March 2009

(₹ '000)

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

10. We certify that

- The Investments in Government Securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortisation.
- The market values of debt securities including Government Securities have been ascertained by reference to the quotations published for the last working day of the Financial Year by the Stock Exchange/Fixed Income Money Market and Derivatives Association of India (FIMMDA). The market values of debt securities including Government Securities which were not quoted on the last working day of the Financial Year have been ascertained on the basis of prevailing yield to maturity provided by FIMMDA.
- The market values of quoted equity investments have been ascertained by reference to the lower of the last quoted closing prices available on the Balance Sheet date on the National Stock Exchange or the Bombay Stock Exchange.
- The market value of Mutual Fund Investments have been ascertained based on the NAV declared by the Asset Management Companies as on Balance Sheet date.

11. The Company has adopted a prudent investment policy with emphasis on optimising return with minimum risk. Significant weighting of the assets has been made towards low risk/liquid investments such as Government securities, Treasury bills and other good quality debt instruments. Fair value of investments is computed for quoted investments, on the basis of the last available market price/yield-to-maturity valuation.

The average yield on investments after considering the profit on sale and amortisation of costs of investments is 8.67%. All investments in our portfolio as at 31st March 2013 are performing investments.

12. Directors' Responsibility Statement:

- In the preparation of financial statements, the applicable Accounting Standards, principles and policies have been followed. To the best of our knowledge there were no material departures from such standards during the year under report.
- The Management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the net profit of the Company for the year ended 31st March 2013.
- The Management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) / Companies Act, 1956, (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Management has prepared the financial statements on a going concern basis;
- The Management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

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

(₹ '000)

Sl No.	Entity in which Director is interested	Name of the Director	Interested as	Amount	Nature of Payments
1.	Sundaram Finance Ltd	S. Viji	Director		
		T.T. Srinivasaraghavan	Director	23,293	Rent
		Srinivas Acharya	Director	1,207	Tax Advisory & Training
		S. Prasad	Director	28,179	Information Technology
		Harsha Viji	Director		
2.	Sundaram BNP Paribas Home Finance Limited	S. Viji	Director		
		T.T. Srinivasaraghavan	Director	20	Rent
		Srinivas Acharya	Director		
3.	Sundaram Infotech Solutions Ltd	T.T. Srinivasaraghavan	Director	8,504	Information Technology
		Srinivas Acharya	Director		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 : May 14, 2013

Venkatachalam Sekar
Financial Controller

S R Balachandher
Company Secretary

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31stMARCH, 2013

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

(₹ '000)

Particulars	31st March 2013	31st March 2012
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	15,013,435	14,998,493
Other receipts	2,005	1,361
Payments to the re-insurers, net of commissions and claims	(1,139,081)	(565,874)
Payments to co-insurers, net of claims recovery	(6,028)	424
Payments of claims	(8,903,575)	(7,309,363)
Payments of commission and brokerage	(854,637)	(684,979)
Payments of other operating expenses	(3,432,944)	(3,362,110)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	4,663	(13,662)
Income taxes paid (Net)	(240,002)	(27)
Service tax paid		
Other payments		
Cash flows before extraordinary items		
Cash flow from extraordinary operations		
Net cash flow from operating activities	<u>443,836</u>	<u>3,064,263</u>
Cash flows from investing activities		
Purchase of fixed assets	(57,502)	(71,929)
Proceeds from sale of fixed assets	1,705	231
Purchases of investments	(7,394,874)	(5,307,377)
Loans disbursed	-	-
Sales of investments	4,398,000	2,737,764
Repayments received	-	-
Rents/Interests/Dividends received	1,631,174	1,143,704
Investments in money market instruments and in liquid mutual funds (Net)	402,841	(1,955,827)
Expenses related to investments	(2,851)	(2,332)
Net cash flow from investing activities	<u>(1,021,507)</u>	<u>(3,455,766)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	400,000	640,000
Proceeds from borrowing		
Repayments of borrowing		
Interest/dividends paid		
Net cash flow from financing activities	400,000	640,000
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	(165)	(1,029)
Net increase in cash and cash equivalents	<u>(177,836)</u>	<u>247,468</u>
Cash and Cash equivalents at the beginning of the year	701,359	453,891
Cash and cash equivalents at the end of the year	<u>523,523</u>	<u>701,359</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 : May 14, 2013

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

S Swaminathan
Partner
Membership No: 020583

For and on behalf of the Board of Directors

P M Venkatasubramanian
Chairman

Gareth Morgan Roberts
Director

Venkatachalam Sekar
Financial Controller

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	3

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

Public Issue						N	I	L
Rights Issue			2	5	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		4	5	5	8	9	7	7
Total Assets		4	5	5	8	9	7	7

Source of Funds:

Paid-up Capital		3	1	5	0	0	0	0
Reserves and Surplus		1	4	2	5	4	1	5
Fair Value Change Account				(1	6	4	3	8)
Secured Loans						N	I	L
Unsecured Loans						N	I	L

Application of Funds:

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

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

Turnover	1	4	1	1	9	7	2	4
(Net Earned Premium, income from Investments and other incomes)								
Total Expenditure	1	3	4	8	7	0	8	4
Profit before Tax			6	3	2	6	4	0
Profit after Tax			5	4	6	7	3	9
Earnings per share (₹)					1	.	8	8
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

Venkatachalam Sekar
Financial Controller

S R Balachandher
Company Secretary

Place : Chennai
Date : May 14, 2013

NOTES :



Royal Sundaram

General Insurance

Royal Sundaram Alliance Insurance Company Limited

Corporate Office: Sundaram Towers, 45 & 46, Whites Road, Chennai - 600 014.

Registered Office: 21, Patullos Road, Chennai - 600 002.

We Insure:

Health



Motor



Home



Accident



Travel



Marine



Establishment



Rural



Industry



Reach us:



Call
1860 425 0000



Visit
any of our 108 offices



Follow
us on Facebook/Twitter
<http://twitter.com/roysundaram>



Log on to
www.roysundaram.in



Email
customer.services@roysundaram.in