THE NEW INDIA ASSURANCE COMPANY LIMITED
NEW ZEALAND BRANCH

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2013

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ANNUAL REPORT

DIRECTOR'S DECLARATION

In the opinion of the Directors of The New India Assurance Company Limited - New Zealand Branch "the Branch", the financial statements and notes, on pages 5 to 29:

(a) comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Branch as at 31 March 2013 and the results of its operations and cash flows for the year ended on that date.

(b) have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgments and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Branch and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Branch, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present their Annual Report, together with the financial statements of The New India Assurance Company Limited - New Zealand Branch for the year ended 31 March 2013. As required by Section 211 of the Companies Act 1993 we disclose the following information:

- The results of operations for the year and the state of affairs of the Branch, as reported in the financial statements, were as expected by the Directors.

- No dividends are payable by the entity as it is the New Zealand branch of the company.

- The Directors had no interests in contracts with the Branch except as disclosed in note 23.

- The Directors do not receive any remuneration from the Branch.

- One employee received remuneration and other benefits of between $110,000 - $120,000.

- Donations amounting to $86 were made by the Branch during the year.

- The Auditors remuneration from the Branch is as disclosed at Note 7.

For and on behalf of the Board of Directors:

Director: ....

Date: 21/09/13

ए. आर. शेखर
निदेशक, महा प्रबंधक
व वित्तीय सलाहकार
A. R. SEKAR
DIRECTOR, GENERAL MANAGER
& FINANCIAL ADVISOR

Director: के. सनत कुमार
K. SANATH KUMAR
निदेशक व महाप्रबंधक
Director & General Manager

Date: 21/09/13

THE NEW INDIA ASSURANCE COMPANY LIMITED
NEW ZEALAND BRANCH

COMPANY DIRECTORY

NATURE OF BUSINESS	General Insurance
REGISTERED OFFICE	Level 5 63 Albert Street AUCKLAND
INCORPORATION NUMBER	1489374
DIRECTORS	G. Srinivasan A.R. Sekar K.S. Kumar A. Kumar S. Ullah P. Bakliwal S.G. Subramanian V.R. Iyer
AUDITOR	DFK Oswin Griffiths Chartered Accountants
BANKER	ANZ Bank

dfk oswin griffiths
CHARTERED ACCOUNTANTS
Global Coverage.Local Knowledge

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Partners
David S. Griffiths CA ACIS
Navin C Patel BCA CA
Mukesh K Parshottam BCA CA
Shane Browning MBA CA
CA (Australia) CPA (USA)
Sanjay Kumar B Com CA
Michael McNab B Com CA

INDEPENDENT AUDITORS REPORT

To The Shareholders of The New India Assurance Company Limited - New Zealand Branch

Report on the Financial Statements

We have audited the financial statements of The New India Assurance Company Limited - New Zealand Branch on pages 5 to 29 which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, 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.

Other than in our capacity as auditor we have no other relationship with, or interest in, The New India Assurance Company Limited - New Zealand Branch except for the provision of tax compliance services.

Opinion
In our opinion, the financial statements on page 5 to 29:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of The New India Assurance Company Limited - New Zealand Branch as at 31 March 2013 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements
We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2013:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

DFK Oswin Griffiths

DFK Oswin Griffiths
Chartered Accountants
21 September 2013
Auckland, New Zealand

THE NEW INDIA ASSURANCE COMPANY LIMITED
NEW ZEALAND BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 $	2012 Restated $
Gross earned premium revenue	6	15,918,107	10,027,884
Outwards reinsurance premium expense		(1,495,845)	(741,841)
Net premium revenue		**14,422,262**	**9,286,043**
Claims expense		(3,400,616)	(11,074,886)
Reinsurance and other recoveries revenue	6	2,730,814	3,516,787
Net claims incurred		**(669,802)**	**(7,558,099)**
Acquisition costs		(2,312,452)	(4,518,623)
Other underwriting expenses	7	(944,891)	(656,142)
Underwriting expenses		**(3,257,343)**	**(5,174,765)**
Underwriting profit / (loss)		**10,495,117**	**(3,446,821)**
Investment income	6	785,518	554,453
Profit / (loss) before income tax expense		**11,280,635**	**(2,892,368)**
Income tax (expense) / benefit	8	(3,190,698)	1,069,070
Profit / (loss) attributable to members of the entity		**8,089,937**	**(1,823,298)**
Other comprehensive income		-	-
Total comprehensive income		**8,089,937**	**(1,823,298)**

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

THE NEW INDIA ASSURANCE COMPANY LIMITED
NEW ZEALAND BRANCH

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Retained Losses $	Total $
Equity at 1 April 2011 - as originally reported.		(1,153,879)	(1,153,879)
Impact of change in accounting policy	1.(d)	(5,744)	(5.744)
Equity at 1 April 2011 - restated		(1,159,623)	(1,159,623)
Profit attributable to members of the entity		(1,823,298)	(1,823,298)
Other comprehensive income		-	-
Total comprehensive income		(1,823,298)	(1,823,298)
Equity at 31 March 2012 - restated		**(2,982,921)**	**(2,982,921)**
Profit attributable to members of the entity		8,089,937	8,089,937
Other comprehensive income		-	-
Total comprehensive income		8,089,937	8,089,937
Equity at 31 March 2013		**5,107,016**	**5,107,016**

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

THE NEW INDIA ASSURANCE COMPANY LIMITED
NEW ZEALAND BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	2013 $	2012 Restated $	2011 Restated $
Assets				
Non-current assets				
Property plant and equipment	9	56,105	66,821	26,809
Deferred tax asset	13	-	1,166,129	-
Investments	10	-	514,450	523,546
Intangibles	11	462	1,156	2,891
Total non-current assets		**56,567**	**1,748,556**	**553,246**
Current assets				
Cash at Bank		744,570	696,258	438,542
Taxation refund		338,089	1,240,739	102,509
Trade and other receivables	12	3,059,432	3,243,302	2,246,191
Deferred acquisition costs	14	2,355,434	-	1,107,540
Investments	10	22,999,286	13,350,000	7,100,000
Total current assets		**29,496,811**	**18,530,299**	**10,994,782**
Total assets		**29,553,378**	**20,278,855**	**11,548,028**
Current liabilities				
Trade and other payables	15	1,631,016	1,490,914	1,314,293
Outstanding claim provision	17	7,166,400	8,914,600	1,852,578
Employee benefits	16	35,424	32,350	20,787
Unearned premium reserve	18	7,812,562	8,077,564	4,361,564
Deferred tax liability	13	411,497	-	5,744
Total current liabilities		**17,056,899**	**18,515,428**	**7,554,966**
Equity				
Retained earnings/(losses)		5,107,016	(2,982,921)	(1,159,623)
Total equity		**5,107,016**	**(2,982,921)**	**(1,159,623)**
Head office account	23	7,389,463	4,746,348	5,152,685
Total equity and head office account		**12,496,479**	**1,763,427**	**3,993,062**
Total equity and liabilities		**29,553,378**	**20,278,855**	**11,548,028**

For and on behalf of the Board

Director: ....

Date: ......21/09/13..........

ए. आर. सेकर
निदेशक, महाप्रबंधक
व वित्तीय सलाहकार
A. R. SEKAR
DIRECTOR, GENERAL MANAGER
& FINANCIAL ADVISOR

Director: ....

Date: ....

के. सनत कुमार
K. SANATH KUMAR
निदेशक व महाप्रबंधक
Director & General Manager

21/09/13

...s to be read in conjunction with the accompanying notes and the Audit Report.

THE NEW INDIA ASSURANCE COMPANY LIMITED
NEW ZEALAND BRANCH

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 $	2012 $
OPERATING ACTIVITIES			
Premiums received		15,651,728	12,980,554
Reinsurance and other recoveries received		2,709,036	3,470,006
Interest received		507,136	408,095
Claims paid		(5,148,816)	(4,012,864)
Outwards reinsurance premiums paid		(4,777,346)	(2,523,009)
Acquisition expenses paid		(1,132,483)	(978,625)
Other underwriting expenses paid		(750,768)	(1,154,922)
Income tax paid		(500,000)	(1,222,803)
Net cash inflows from operating activities	**21**	**6,558,487**	**6,966,432**
INVESTING ACTIVITIES			
Investment in term deposits at banking institutions		(9,144,280)	(6,250,000)
Purchase of property, plant and equipment		(9,010)	(52,379)
Net cash outflows from investing activities		**(9,153,290)**	**(6,302,379)**
FINANCING ACTIVITIES			
Head Office current account		2,643,115	(406,337)
Net cash inflows/(outflows) from financing activities		**2,643,115**	**(406,337)**
Net increase in cash and cash equivalents		**48,312**	**257,716**
Cash and cash equivalents at the beginning of the year		696,258	438,542
Cash and cash equivalents at the end of the year		**744,570**	**696,258**

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity
The financial statements are for the New Zealand branch of The New India Assurance Company Limited (the "Branch"). The Branch is a branch of The New India Assurance Company Limited, a company incorporated in India and an overseas company registered under the Companies Act 1993. The Branch provides general insurance services directly to other entities.

The Branch's financial statements should be read in conjunction with the full financial statements of the overseas company.

The financial statements of the Branch are for the year ended 31 March 2013. The financial statements were authorised for issue by the Directors on ...21/09/13.

(a) Basis of preparation
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS). The Branch is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The financial statements are presented in New Zealand dollars ($). This is the Branch's functional and presentation currency.

(b) Basis of Measurement
The financial statements have been prepared on the historical cost basis, as modified by certain exceptions as described in the accounting policies below.

In the application of NZ IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. It is possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed where applicable in the relevant notes to the financial statements.

(c) New accounting standards and interpretations
i) The changes in accounting policies are described in note 1.(d) below.

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(c) New accounting standards and interpretations (continued)

ii) The following new standards which are deemed to have an impact on the financial statements or performance of the Branch have been issued but are not yet effective:

- NZ IFRS 7 (Amended) Financial Instruments Disclosures, "Offsetting financial assets and financial liabilities". Effective retrospectively for annual periods beginning on or after 1 January 2013. This amendment adds additional disclosure requirements to enable the user of the financial statements to understand the effect or potential effect of netting arrangements on the entity's financial position.

- NZ IFRS 9, Financial Instruments: Effective 1 January 2015. Introduces new requirements for reclassifying and measuring financial assets and liabilities and replaces the corresponding section of NZ IAS 39.

- NZ IFRS 13, Fair Value Measurement: Effective prospectively for annual periods beginning on or after 1 January 2013. This new standards provides the framework for measuring fair value when required to do so by other standards. The standard also requires additional disclosures regarding the basis of fair value measurement used by the entity.

- NZ IAS 32 (Amended), Financial Instruments Presentation: Effective retrospectively for annual periods beginning on or after 1 January 2014. This amendment provides additional application guidance on the requirements of NZ IAS 32 relating to offsetting of financial assets and liabilities

The implications of adoption of these new standards and amendments for the Branch are currently under review.

(d) Changes in accounting policies

The Branch has converted from differential reporting to full NZ IFRS reporting during the year. In previous accounting periods, the Branch has taken advantage of all differential reporting exemptions. The Branch evaluated the impact of the conversion on the accounting policies and the changes in accounting policies and their impact has been presented in accordance with NZ IAS 8 in these financial statements. The following describes the impact of the conversion to full NZ IFRS:

Income taxes

Under the previous accounting policy, current income tax was recognised using the taxes payable method. No deferred tax was recognised. The Branch has changed its accounting policy for current and deferred income tax in accordance with NZ IAS 12, refer to Note 1(m) for details. The change requires retrospective application, and therefore adjustments have been made to restate the previously reported balances and amounts as detailed below:

	Previously reported	Adjusted balance	Change
Opening equity at 1 April 2011			
Accumulated deficit	(1,153,879)	(1,159,623)	5,744
Deferred tax liability	-	(5,744)	(5,744)
Closing equity at 31 March 2012			
Accumulated deficit	(4,149,050)	(2,982,921)	(1,166,129)
Deferred tax asset	-	1,166,129	1,166,129

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Changes in accounting policies (continued)

Comparative statement of comprehensive income 31 March 2012	Previously reported	Adjusted balance	Change
Tax expense	(102,803)	1,069,070	(1,171,873)
Total comprehensive income for the year	(2,995,171)	(1,823,298)	(1,171,873)

(e) Principles of General Insurance

An insurance contract is defined as a contract under which one party (the insurer) accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The insurance activities of the Branch all arise from general insurance contracts.

(f) Revenue

(i) Premium revenue

Direct and inwards insurance premium revenues represent amounts charged in relation to accepting risk from policy holders or other insurers and do not include amounts collected on behalf of third parties.

The earned portion of premiums received and receivable, including unclosed business, is recognized as revenue from the date of attachment of risk. Premium revenue is recognized evenly over the period of the policy or the period of indemnity on the basis of the 365ths method which is considered to closely approximate the pattern of incidence of risk.

The unearned portion of premium is recognised within unearned premium liabilities in the Statement of Financial Position.

(ii) Investment income

All investment income is recognised as revenue on an accruals basis. Interest income is recognised on a time proportion basis using the simple interest method. Assets are designated at fair value through profit and loss and the related net realised and unrealised gains and losses are included in the Statement of Comprehensive Income as investment revenue.

(g) Outward reinsurance expense

Premiums ceded to reinsurers is recognised as an expense from the date of attainment of risk over the period of indemnity of the reinsurance contract in accordance with the expected pattern of the incidence of risk.

(h) Reinsurance commission income

Reinsurance commission income is earned on business ceded to reinsurers. Commission income is recognised as the service is performed.

(i) Claims

The Branch's claims liability is measured as the present value of expected future payments relating to claims incurred at the reporting date. The expected future payments include those estimates in relation to claims incurred but not enough reported (IBNER's) and claims incurred but not reported (IBNR's) based on past experience.

Claims incurred all relate to providing services, including the bearing of risk, and are accordingly treated as expenses in the Statement of Comprehensive Income. Claims expenses represent total claim payments made during the year adjusted for the movement in the outstanding claims liability.

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(i) Claims (continued)
The claims liability is measured based on the valuations performed by the Appointed Actuary whose key assumptions are outlined in note 3.

(j) Liability Adequacy Testing
Liability adequacy testing is performed in order to recognize any deficiencies in the Statement of Comprehensive Income arising from the carrying amount of the unearned premium liability less any related deferred acquisition costs and intangible assets not meeting the estimated future claims under current insurance contracts.

The estimated future claims under current insurance contracts are measured using the present value of the expected cash flows relating to future claims and associated expenses (discounted using a risk free discount rate) plus the additional fair value risk margin to reflect the inherent uncertainty of those estimated cash flows.

Liability adequacy testing is performed at the level of a portfolio of contracts that are subject to broadly similar risks and are managed together as a single portfolio.

(k) Reinsurance recoveries
Reinsurance recoveries are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, reinsurance recoveries are measured at cost less impairment. A reinsurance asset is impaired if there is objective evidence as a result of an event that occurred after initial recognition of the asset that the amounts due may not be received and the amount can be reliably measured. An impairment is recognised in the profit and loss.

(l) Deferred Acquisition Costs
Acquisition costs incurred in writing and renewing of insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will be recoverable out of future premiums. Deferred acquisition costs are amortised in accordance with expected pattern of incidence of risk under the insurance contract to which they relate.

Deferred acquisition costs are measured at the lower of cost and recoverable amount. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the profit or loss. Deferred acquisition costs are also considered in the liability adequacy test for each reporting period. Deferred acquisition costs are derecognised when the related contracts are either settled or disposed of.

(m) Taxes
Current Income Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Branch operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred Tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(m) Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. *Unrecognised* deferred tax assets are reassessed at each reporting date *and* are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Property, Plant and Equipment

Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the Statement of Comprehensive Income. The following rates have been used:

Other assets	19.2% diminishing value
Office equipment	36% - 60% diminishing value
Fixtures and fittings	12% – 30% diminishing value
Motor vehicles	26% diminishing value

The residual value of assets is reassessed annually.

(o) Intangible Assets

Software is finite life intangibles and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a diminishing value basis so as to write off the cost less the estimated residual value of these assets over their estimated useful lives. The amortisation expense is included in the Statement of Comprehensive Income. The diminishing rate of 60% has been used in preparing the financial statements.

(p) Investments

Investments are measured at market value as at balance date and changes in market values are recognised in the Statement of Comprehensive Income.

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(q) Impairment

The carrying amounts of the Branch's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(r) Trade and Other Receivables

Accounts receivable are stated at their estimated net realisable value after allowance for bad or doubtful debts and credit notes due. An allowance is established when the entity will not be able to collect all amounts due to the original term of the receivable. Any decrease or increase of the allowance is recognised in the Statement of Comprehensive Income.

(s) Provisions

A provision is recognised when the Branch has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates, and, where appropriate, the risks specific to the liability.

(t) Equity Retention

It is the policy of the shareholders to ensure that equity retained provides an adequate level of solvency when measured against capital requirements to support the assets of the Branch. The Head Office account is subordinated to all liabilities of the New Zealand Branch and will not be repaid unless there is an adequate surplus of assets over liabilities after repayment of the Head Office account.

(u) Reinsurance Programme

Reinsurance is purchased to make the entity's results less volatile by reducing the effect that individual large claims and catastrophic events leading to multiple claims have on results.

The experience based model has been adopted while purchasing catastrophic reinsurance cover.

The majority of reinsurance has been arranged on excess of loss treaty basis and facultative cover is used where certain risks are falling outside the limits provided under excess of loss treaty to ensure complete financial protection.

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(v) Operating Lease Payments
Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income over the lease term as an integral part of the total lease expense.

(w) Finance Income and Expenses
Finance income comprises interest income. Finance expenses comprise interest expense on borrowings. Interest income is recognised in the Statement of Comprehensive Income as it accrues using the effective interest method. The interest expense component of finance lease payments is recognised in the Statement of Comprehensive Income using the effective interest rate method.

(x) Goods and Services tax
All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(y) Financial Assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale financial assets', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently the Branch has only classified financial assets in the 'loans and receivables' and 'at fair value through profit or loss' categories.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

(z) Financial Liabilities
Trade and other payables are recognised when the Branch becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are classified as 'other financial liabilities'. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the liability.

(aa) Assets Backing General Insurance Liabilities
The Branch maintains its investment portfolio to ensure that investments are part of the current assets available to meet its insurance liabilities as they become due and payable.

2. ACCOUNTING JUDGEMENTS AND ESTIMATES

The Branch makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas in which accounting estimates are applied are described below.

Key sources of estimation uncertainty

The key area of estimation uncertainty for the Branch is in its estimation of outstanding claims and reinsurance recoveries.

The ultimate liability arising from claims made under insurance contracts

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the end of the reporting period, including the cost of IBNR's and IBNER to the Branch.

The Branch takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of IBNR and IBNER is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Branch, where more information about the claim event is generally available. In calculating the estimated cost of unpaid claims the Branch uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in the economic environment
- changes in the mix of business
- changes in claims management practice

Provisions are calculated gross of all recoveries.

The methods used to analyse past claims experience and to project future claims experience are largely determined by the available data and the nature and maturity of the portfolio.

The determination of an appropriate outstanding claims liability and the specific assumptions used are detailed in note 3.

3. ACTUARIAL ASSUMPTIONS AND METHODS

The actuary who carried out the valuation of the IBNR reserve of the Branch is Marcelo Lardies from the actuarial team at Aon New Zealand.

Report date:	3 September 2013
Qualification:	Fellow of the New Zealand Society of Actuaries

The report relied on historical data and other qualitative and quantitative information provided by the New India Assurance Company Limited - New Zealand Branch. The actuary also reconciled the business data to the financial data in which the overall result is acceptable.

3. ACTUARIAL ASSUMPTIONS AND METHODS (continued)
Unexpired risk liability
The unearned premium liability was found to be adequate as at 31 March 2013.

The probability of sufficiency (POS) adopted in performing the liability adequacy test (LAT) is set at the 75th percentile which is the same as that adopted in determining the outstanding claims liability (OCL).

The POS for OCL is set at a level that is appropriate to cover the Branch's claims obligations after having regard to the prevailing market environment and prudent industry practice.

Being a test of adequacy, the POS for LAT is set to highlight deficiencies in product pricing following an analysis of the Branch's profit margins for the last two financial years.

(a) Assumptions	**2013**
Calculation of deficiency	**$**
Unearned premium liability relating to insurance contracts issued	7,812,562
Related deferred acquisition costs	590,336
Net unearned premium	7,222,226
Premium liabilities	7,095,466
Risk margin of 15%	
Liability surplus	126,760

The following assumptions have been made in determining the outstanding claims liabilities:	
Inflation rate	2.70%
Superimposed inflation rate	0.00%
Discount rate	2.40%
Discounted mean term (years)	1.5 years
Claim handling expense ratio	5.30%
Risk margin	15.00%

(b) Processes used to determine assumptions
The valuation of outstanding claims liabilities included in the report are calculated using the Chain Ladder Method and the Payments Per Claim Incurred Method.

In the development of Claim Payment Patterns and projecting claim payment liabilities the following economic assumptions have been made:

Inflation rate
Pre valuation date claim inflation has been taken as 50% of movements in the CPI and 50% of the movements in the AWE index. This assumes that increases in the claim costs are equally affected by general price increases and by wage increases. Post valuation date claim inflation has been taken as 2.7% per annum. Most claims are of a short to medium term duration.

Discount rate
The discount rate used is 2.4% per annum. This is approximately the average gross yield on Government Bonds of short to medium term durations consistent with the duration of the liabilities.

3. ACTUARIAL ASSUMPTIONS AND METHODS (continued)

Claims Handling Expenses

The Branch is responsible for the on-going management of all claims incurred on or before 31 March 2013. To reflect this expense, an allowance is included in the central estimate of the outstanding claims liability.

Risk margin

A risk margin at a 75% level of sufficiency has been used to determine the outstanding claims liability on the liability line of business at 31 March 2013. The risk margin reflects the predominantly short tail nature of the business.

(c) Sensitivity analysis

The Outstanding Claims Liability provision has been estimated by the Appointed Actuary taking into consideration overall past claims experience and case estimates information provided by the management of the Branch. Given the large outstanding claims case estimates, any changes in the assumptions used are not material. For instance a 10% increase in Claims Expenses ratio will result in a 0.4% increase ($31,100) in Outstanding Claims Liability, decreasing the reported profit and equity by the same amount. Likewise a 10% increase in Risk margin ratio will result in a 1.1% increase ($80,600) in Outstanding Claims Liability, decreasing profit and equity by the same amount.

(d) Solvency

As at 31 March 2013 The New India Assurance Co. Ltd. had an audited Solvency Ratio (Total Available Solvency Margin / Total Required Solvency Margin) of **2.50 (= Rs58.66bn / Rs23.49bn)** in accordance with Section 64VA of the Insurance Act, 1938 (Republic of India).

4. INSURANCE CONTRACTS RISK MANAGEMENT POLICIES AND PROCEDURES

The principal risk the Branch faces under insurance contracts is that the actual claims payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims. Therefore, the objective of the Branch is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across the portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Branch purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is facultative reinsurance placements which is taken out to reduce the overall exposure of the Branch to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Branch's net exposure to risk and catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Branch has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit risk exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

5. INSURANCE AND FINANCIAL RISKS

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Branch's exposure to credit risk:

- The Branch has investments in bank fixed deposits mostly for 1-2 years to avoid long term risk. The banks are selected for fixed deposit investment on the basis of their credit ratings by approved Rating Agencies and having superior ratings to ensure safety and liquidity of capital. The investments are made in different banks in order to ensure diversification and spread risk and to reduce the exposure in single bank transactions.

- The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

(b) Credit exposure by credit rating

The table below provides information regarding the maximum credit risk exposure of the Branch by classifying assets according to Branch's credit ratings of counterparties:

31 March 2013	**Rated**	**Unrated**
Financial assets at fair value through profit and loss	**$**	**$**
Term deposits with credit institutions	22,999,286	-
Insurance receivables	-	2,620,400
Cash and cash equivalents	744,570	-
Total	**23,743,856**	**2,620,400**
31 March 2012		
Financial assets at fair value through profit and loss		
Term deposits with credit institutions	13,864,450	-
Insurance receivables	-	2,586,148
Cash and cash equivalents	438,542	-
Total	**14,302,992**	**2,586,148**

Cash and cash equivalents and term deposits are invested with New Zealand banks that all have a credit rating of superior and in Government Bonds which has a rating of AA+ stable. Insurance receivables are not rated.

Age analysis of financial assets past due but not impaired

For assets to be classified as "past-due" and impaired contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

As at 31 March 2013, there were no financial assets past due but not impaired (2012: nil).

(c) Liquidity Risk

Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost. Ultimate responsibility for liquidity risk management rests with the board of directors who have built a liquidity risk management framework for the management of the Branch's short, medium and long term investment portfolio which can be liquidated at short notice.

5. INSURANCE AND FINANCIAL RISKS (continued)

(c) Liquidity Risk (continued)

The following procedures are in place to mitigate the exposure to liquidity risk:

The Branch manages its liquidity risk by monitoring the total cash inflows and outflows expected on a daily and monthly basis. The normal cash out flow is managed from monthly cash inflow premium and in the event of greater and significant outflow of cash, the liquidity may be managed through liquidating the bank fixed deposits and if the requirements exceed these limits, Head Office in India shall be approached to provide liquidity support.

All net cash outflows for liabilities in the financial statements will be within 12 months. The Branch maintains a portfolio of highly marketable assets that can easily be liquidated in the event of an unforeseen interruption of cash flow. The net cash inflow for premium debts will be within 12 months. Receivables include interest receivable.

The following tables summarise the maturity profile of the Branch's financial liabilities:

2013	Weighted average interest rate %	Less than 1 year	1-5 years	5+ years	Total
Outstanding claims	-	5,173,055	-	-	5,173,055
Financial Liabilities					
Non-interest bearing payables	-	1,631,016	-	-	1,631,016
		6,804,071	-	-	6,804,071

2012	Weighted average interest rate %	Less than 1 year	1-5 years	5+ years	Total
Outstanding claims	-	7,451,800	-	-	7,451,800
Financial Liabilities					
Non-interest bearing payables	-	1,490,914	-	-	1,490,914
		8,942,714			8,942,714

(d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the company is able to manage the risks. Controls include segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the company's strategic planning and budgeting process.

(e) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks are currency exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk. The Branch does not deal with any capital market risk instruments involving fluctuations in values and all investments are in short and medium term bank fixed deposits of 1 to 2 year term period basis with fixed interest rates.

5. INSURANCE AND FINANCIAL RISKS (continued)

(i) Currency risk

Currency risk is the risk that the value of recognised assets and liabilities or the cash flows from possible future transactions, that are denominated in a currency other than that of the functional currency will decrease due to changes in market exchange rates.

The Branch has no foreign currency exposure at balance date that is considered material.

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rates.

The Branch primarily faces interest rate risk due to the nature of its investments and liabilities. The Branch manages its exposure to this risk by holding the majority of such assets on short term maturities.

The following table details the Branch's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets.

2013	**Weighted average interest rate %**	**Less than 1 year**	**1-5 years**	**5+ years**	**Total**
Non-interest bearing					
Cash	-	744,570	-	-	744,570
Trade debtors	-	3,059,432	-	-	3,059,432
Fixed interest rate instruments					
Short term deposits	4.32%	22,999,286	-	-	22,999,286
Government bonds	6.50%	-	-	-	-
		26,803,288	-	-	26,803,288

2012	**Weighted average interest rate %**	**Less than 1 year**	**1-5 years**	**5+ years**	**Total**
Non-interest bearing					
Cash	-	438,542	-	-	438,542
Trade debtors	-	3,243,302	-	-	3,243,302
Fixed interest rate instruments					
Short term deposits	4.83%	7,100,000	-	-	7,100,000
Government bonds	6.50%	-	523,546	-	523,546
		10,781,844	523,546	-	11,305,390

(III) Price risk

Price risk is the risk that the fair value of equities or financial instruments could decrease due to fluctuations in market prices.

The Branch has no such price risk exposure at balance date (2012:nil).

5. INSURANCE AND FINANCIAL RISKS (continued)

(f) Fair value measurement
IFRS 7 requires the Branch to classify the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Branch's financial assets and liabilities are classified as Level 2.

6. REVENUE

	2013 $	2012 $
Gross written premium	15,653,105	13,743,884
Movement in unearned premium	265,002	(3,716,000)
Gross earned premium revenue	**15,918,107**	**10,027,884**
Reinsurance and other recoveries revenue	**2,730,814**	**3,516,787**
Investment revenue		
Interest received	785,518	554,453
Total investment revenue	**785,518**	**554,453**
Total revenue	**19,434,439**	**14,099,124**

7. EXPENSES

	2013 $	2012 $
Operating profit/(loss) from trading was arrived at after:		
Charging the following expenses:		
Auditor's fees - auditing the financial statements	17,087	26,390
- other services	8,000	-
Depreciation	19,570	6,984
Amortisation of government stock	9,444	9,096
Amortisation of intangible assets	694	1,735
Rental operating lease expenses	71,817	53,993
Salaries and wages	385,067	340,298
Doubtful debts expense / (recovery)	247,762	(49,688)

8. TAXATION

a) Income tax recognised in profit or loss

	2013	2012 Restated
Tax expense comprises:	$	$
Current income tax	1,613,072	-
Under provision in previous years	-	102,803
Deferred income tax	1,577,626	(1,171,873)
Total tax expense	3,190,698	(1,069,070)

	2013	2012 Restated
Income tax on pre-tax profit from operations reconciles to income tax expense in the financial statements as follows:	$	$
Profit / (loss) before income tax expense	11,280,635	(2,892,368)
Income tax at 28% (2012: 28%)	3,158,578	(809,863)
Non deductible items	833	254,134
Adjustment for prior years	-	102,803
Tax loss not recognised for accounting purposes	-	555,729
Temporary differences	(1,546,339)	-
Net movement in deferred tax	1,577,626	(1,171,873)
	3,190,698	(1,069,070)

b) Imputation credit account balances

	2013	2012
Credits available for use in the future	1,013,106	1,351,196

9. PROPERTY, PLANT AND EQUIPMENT

2013	Furniture and fittings	Motor vehicles	Office equipment	Other assets	Total
Cost	$	$	$	$	$
At 1 April 2012	39,180	46,923	114,672	1,153	201,928
Additions	518	-	8,492	-	9,010
Disposals	-	-	(85,863)	-	(85,863)
At 31 March 2013	39,698	46,923	37,301	1,153	125,075
Accumulated depreciation					
At 1 April 2012	22,815	1,016	110,598	678	135,107
Current year charge	3,226	11,936	4,298	110	19,570
Written back on disposal	-	-	(85,707)	-	(85,707)
At 31 March 2013	26,041	12,952	29,189	788	68,970
Net book value					
At 31 March 2013	13,657	33,971	8,112	365	56,105

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2012	Furniture and fittings	Motor vehicles	Office equipment	Other assets	Total
Cost	$	$	$	$	$
At 1 April 2011	34,972	27,761	113,423	1,153	177,309
Additions	4,208	46,923	1,249	-	52,380
Disposals	-	(27,761)	-	-	(27,761)
At 31 March 2012	39,180	46,923	114,672	1,153	201,928
Accumulated depreciation					
At 1 April 2011	19,259	22,378	108,378	487	150,502
Current year charge	3,556	1,017	2,220	191	6,984
Written back on disposal	-	(22,379)	-	-	(22,379)
At 31 March 2012	22,815	1,016	110,598	678	135,107
Net book value					
At 31 March 2012	16,365	45,907	4,074	475	66,821

10. INVESTMENTS

	Note	2013	2012
Current		$	$
Fixed interest maturing < 12 months		22,494,280	13,350,000
Government stock		505,006	-
		22,999,286	13,350,000
Non-current			
Government stock:			
Opening balance		514,450	523,546
Less: Amortisation expense	7	(9,444)	(9,096)
Less: Transfer to current investments		(505,006)	-
		-	514,450
Total Investments		22,999,286	13,864,450

Government stock represents deposits with Public Trust amounting to $500,000 at par lodged by the Branch in accordance with the provisions of the Insurance Companies' Deposits Act 1953.

11. INTANGIBLES

2013	Software	Total
Cost	$	$
At 1 April 2012	112,932	112,932
Additions	-	-
At 31 March 2013	112,932	112,932
Accumulated amortisation		
At 1 April 2012	111,776	111,776
Current year charge	694	694
At 31 March 2013	112,470	112,470
Net book value		
At 31 March 2013	462	462

11. INTANGIBLES (continued)

2012	Software	Total
Cost	$	$
At 1 April 2011	112,932	112,932
At 31 March 2012	112,932	112,932
Accumulated amortisation		
At 1 April 2011	110,041	110,041
Current year charge	1,735	1,735
At 31 March 2012	111,776	111,776
Net book value		
At 31 March 2012	1,156	1,156

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	$	$
Trade receivables		
Premium due from policyholders and intermediaries	2,780,819	2,779,441
Provision for doubtful debts	(160,419)	(193,293)
Total trade receivables	2,620,400	2,586,148
Other receivables		
Other receivables	71,108	19,132
Reinsurance recoveries receivable	302,304	332,502
Accrued interest	346,257	268,853
Prepayments	-	36,667
Provision for doubtful debts	(280,637)	-
Total other receivables	439,032	657,154
Total receivables	3,059,432	3,243,302

The provision for doubtful debts in relation to trade receivables is provided for based on estimated recoverable amounts determined by reference to current customer circumstances and past default experience. In determining the recoverability of a trade receivable the Branch considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. In the current year the Branch has recognised a doubtful debt expense of $247,762 (2012:(49,689)).

13. DEFERRED TAX

	2013	2012
	$	$
Deferred tax (liabilities) / assets	(411,497)	1,166,129
Movements:		
Opening balance at 1 April	1,166,129	(5,744)
Credited/(charged) to Statement of Comprehensive Income	(1,577,626)	1,171,873
Closing balance at 31 March	(411,497)	1,166,129
Deferred tax assets comprise:		
Provisions and other temporary differences	248,025	436,054
Tax losses	-	730,075
Deferred expenses	(659,522)	-
	(411,497)	1,166,129

14. DEFERRED ACQUISITION COSTS

	2013	2012
	$	$
Opening balance	-	1,107,540
Current year movement	2,355,434	620,174
Liability adequacy adjustment	-	(1,727,714)
Total deferred acquisition costs	2,355,434	-

15. TRADE AND OTHER PAYABLES

	2013	2012
	$	$
Trade payables	194,976	211,124
Amounts due to reinsurers	1,078,312	926,161
Non-trade payables and accrued expenses	357,728	353,629
Total trade and other payables	1,631,016	1,490,914

The average credit limit for payables owing to the Branch's reinsurer and brokers is 90 days. The Branch has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. EMPLOYEE BENEFITS

	2013	2012
	$	$
Liability for annual and sick leave	35,424	32,350

17. OUTSTANDING CLAIMS PROVISION

	2013	2012
	$	$
Central estimate of outstanding claims provision	5,173,055	7,451,800
Claim handling expenses	270,360	232,200
Claims incurred but not reported	987,500	1,230,600
Claims incurred but not enough reported	735,485	-
Gross outstanding claims provision	7,166,400	8,914,600

The risk margin used to determine claims incurred but not reported included in gross outstanding claims is 15.0% (2012: 15.0%) of the central estimate.

18. UNEARNED PREMIUM RESERVE

	2013	2012
	$	$
Unearned premium liabilities at beginning of the year	8,077,564	4,361,564
Movement in unearned premium		
Deferral of premium on contracts written during the year	7,812,562	8,077,564
Earning of premiums deferred in prior years	(8,077,564)	(4,361,564)
Unearned premium liabilities at end of the year	7,812,562	8,077,564

19. LIABILITY ADEQUACY TEST

The liability adequacy test is an assessment of the carrying amount of unearned premium liabilities and is conducted at the end of each reporting period. The test is conducted separately for each portfolio of contracts that are subject to broadly similar risks that are managed together as a single portfolio.

For the purpose of the liability adequacy test, the net premium liabilities at a 75% probability of sufficiency as at 31 March 2013 is $7,095,466 therefore the liability adequacy test at reporting date resulted in a surplus for the Branch.

20. FINANCIAL INSTRUMENTS

a) Capital risk management

The Branch manages its capital structure to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Branch consists of cash and cash equivalents and equity comprising accumulated losses as disclosed in the statement of changes in equity.

The directors review the capital structure on a regular basis, as part of this review the directors consider the cost of capital and the risks associated with each class of capital. The directors balance the overall capital structure through the issue of new debt or redemption of existing debt when required.

b) Categories of financial assets and financial liabilities

2013	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
Assets	$	$	$	$
Cash and cash equivalents	744,570	-	-	744,570
Trade and other receivables	3,059,432	-	-	3,059,432
Investment in term deposits	22,999,286	-	-	22,999,286
Investment in government stock	-	-	-	-
Total financial assets	26,803,288	-	-	26,803,288
Non-financial assets				2,750,090
Total assets				29,553,378
Liabilities				
Trade and other payables	-	-	1,631,016	1,631,016
Total financial liabilities	-	-	1,631,016	1,631,016
Non-financial liabilities				15,425,883
Total liabilities				17,056,899

2012	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
Assets	$	$	$	$
Cash and cash equivalents	696,258	-	-	696,258
Trade and other receivables	3,206,635	-	-	3,206,635
Investment in term deposits	13,350,000	-	-	13,350,000
Investment in government stock	-	514,450	-	514,450
Total financial assets	17,252,893	514,450	-	17,767,343
Non-financial assets				2,511,512
Total assets				20,278,855
Liabilities				
Trade and other payables	-	-	1,490,914	1,490,914
Total financial liabilities	-	-	1,490,914	1,490,914
Non-financial liabilities				17,024,514
Total liabilities				18,515,428

21. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	2013 $	2012 $
OPERATING ACTIVITIES		
Net profit / (loss) after tax	8,089,937	(1,823,298)
Add: Non-cash items		
Depreciation	19,570	6,984
Amortisation	694	1,735
Loss on disposal of fixed assets	156	5,383
Amortisation on government bond	9,444	9,096
(Increase) / Decrease in trade and other receivables	183,870	(997,111)
(Increase) / Decrease in deferred acquisition costs	(2,355,434)	1,107,540
Increase / (Decrease) in trade and other payables	140,102	176,621
Increase / (Decrease) in outstanding claim provision	(1,748,200)	7,062,022
Increase / (Decrease) in employee benefits	3,074	11,563
Increase / (Decrease) in unearned premiums	(265,002)	3,716,000
(Increase) / Decrease in income tax	902,650	(1,138,230)
(Increase) / Decrease in deferred tax	1,577,626	(1,171,873)
Net cash inflows from operating activities	6,558,487	6,966,432

22. CONTINGENCIES AND COMMITMENTS

The Branch had no capital commitments as at balance date.

There were no contingent liabilities at balance date (2012: $Nil).

Operating Lease Commitments Commitments under non-cancellable operating leases:	2013 $	2012 $
Less than one year	71,817	71,817
Between one and five years	359,085	359,085
Greater than 5 years	53,863	125,680
Total Operating Lease Commitments	484,765	556,582

23. RELATED PARTIES

Key management compensation

Total compensation for key management personnel is set out as follows:

	2013 $	2012 $
Short term employee benefits	116,638	94,521

Transactions and balances

The Head Office has charged the New Zealand branch for Treaty Reinsurance in the amount of $4,465,057 (2012: $2,199,070).

The Head Office has provided funding to support the New Zealand branch and as at 31 March 2013 the New Zealand branch owed the Head Office $7,389,463 (2012 $4,746,348).

No related party debts have been written off or forgiven during the year.

24. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which would have a material effect on the financial statements.

25. CREDIT RATING

The Branch has received an A- (Excellent) Credit Rating and an A- (Excellent) Financial Strength Rating from A.M Best Branch, an approved agency by the Reserve Bank of New Zealand, dated 16 January 2013. The credit rating is an indication of the Branch's ability to pay current and future claims.

The New India Assurance Company Limited
New Zealand Branch
Appointed Actuary Report Summary
For the year ended 31 March 2013

To the Shareholders of The New India Assurance Company Limited – New Zealand Branch.

The Board of The New India Assurance Company Limited – New Zealand Branch (Company) has appointed me to act as the Appointed Actuary to the Company. As part of this role, I have been asked to provide this Appointed Actuary Report Summary

The Insurance (Prudential Supervision) Act 2010 (Act) Section 77 requires licensed insurers to provide a review by the licensed insurer's Appointed Actuary in respect of the actuarial information contained in the financial statements. Section 77 (4)(c) allows the Reserve Bank of New Zealand (Bank) to specify, within a solvency standard, information which it considers to be actuarial information for the purpose of this Report. However, the Reserve Bank of New Zealand has exempted the Company from compliance with the Solvency Standards for Non-life Insurance Business issued under Section 55 of the Act. This exemption is granted subject to some conditions including the review by the Appointed Actuary of the following specified information relating to the insurance business carried on in New Zealand:

a) the unearned premium liability and the liability adequacy test;
b) the Net Outstanding Claims Liability;
c) the reinsurance and any other recovery asset(s);
d) any deferred acquisition cost or deferred fee revenue; and
e) any other information deemed by the Appointed Actuary to warrant actuarial review for the purpose of profit or solvency reporting.

I have either calculated or reviewed the above specified information based on audited financial statements prepared by the Company as at that date and data in respect of policies in force and claims payments made and provisioned for by the Company. I am reliant on the accuracy of the information provided by the Company. However, I have undertaken a number of independent checks on the data.

In my opinion and from an actuarial perspective, the actuarial information contained in the financial statements has been appropriately included and used in those statements.

I have not encountered any material limitations during the compilation of the Appointed Actuary Report.

There are no areas of conflict of interest for me in preparing the Report or this Summary.

This Summary is intended only to provide an overview of the Appointed Actuary Report and does not substitute for a detailed review of the Report in full.

Marcelo Lardies BSc (Hons)
Fellow of the New Zealand Society of Actuaries
3 September 2013
Auckland, New Zealand

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FORD, RHODES, PARKS & CO.
Chartered Accountants
Sai Commercial Bldg,
3rd Floor, 312/313 BKS
Devshi Marg, Govandi,
Mumbai 400 088

S. R. GOYAL & CO.
Chartered Accountants
SRG House,
2, M.I. Road,
Opp. Ganpati Plaza,
Jaipur-302 001

JCR & CO.
Chartered Accountants
Level II, Raval House
18th Road, Khar West
Mumbai- 400 052

AUDITORS' REPORT

To
The Members,
The New India Assurance Company Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of The New India Assurance Company Limited (the Company), which comprise the Balance Sheet as at 31st March, 2013 and the annexed the revenue accounts of Fire, Marine and Miscellaneous Insurance Business (collectively known as 'Revenue Accounts'), Profit and Loss Account and Receipts and Payments Account of the Company for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are :

(a) Returns from twenty-eight Regional Offices, four hundred and five Divisional Offices audited by the other firms of Auditors appointed by the Central Government;

(b) Returns from nine Foreign Branches audited by local Auditors appointed by the Company;

(c) Returns from seven foreign agencies audited by local auditors appointed by the Company; and

(d) Returns of eight unaudited run-off foreign agencies,

(in all covering total premium of Rs. 11873.49 crores and Incurred Claims of Rs.7702.69 crores.)

Management's Responsibility for the Financial Statements:

These financial statements are the responsibility of the management in accordance with The Insurance Act 1938, the Accounting Principles as prescribed in the Insurance Regulatory and Development Authority ('IRDA') (Preparation of financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 and orders or direction issued by the Insurance Regulatory and Development Authority read with Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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 of 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 judgments, 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 control 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 qualified audit opinion.

Emphasis of Matter:

Without qualifying our opinion, Attention is invited to Notes to Accounts:

a. Note number 8(a), 8(b) (ii), 8 (c) and 8 (d) in Schedule 16 B regarding non-compliance of Insurance Regulatory and Development Authority (IRDA) Regulations during the year.

b. Note number 12 in Schedule 16 B, which describe deferment of gratuity liability of the company to the extent of Rs.6862.40 lakhs, pursuant to the circular dated 18-04-2011 of IRDA to Public sector insurance companies.

c. Note number 8 (b) (i)in Schedule 16 B, non-disclosure of segment reporting in respect of Public and Product Liability of Foreign Business.

d. Note 16 in Schedule 16 B, which describes deferment of the liability on dismantling of the Indian Motor Third Party Insurance Pool by the Company to the extent of Rs. 43443.73 lakhs 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/MTAP/070/03/2012 dated 22nd March 2012.

S.B.N. C.As

CR & Co. Mumbai Chartered Accountants

Basis for qualified opinion

1. a. ***In view of non-availability of balance confirmations of some loans and investments (Refer Note number 9, notes to accounts in Schedule 16 B), we are unable to comment on the impact of adjustments arising out of reconciliation / confirmation of such balances on the financial statements.***

   b. ***The historical/weighted average cost of listed and unlisted equity / equity related instruments / preference shares, the value of which were impaired on or before 31.03.2000 is not available with the Company. As a result, the reversal of impairment losses recognized in Profit and Loss/Revenue account prior to 01.04.2000 has not been accounted for. (Refer Significant Accounting Policy in schedule 16 under 13 L and M (II)).***

   c. ***Balances due to/from persons or bodies carrying on Insurance Business and balances of inter office accounts and other premium collection control accounts are pending for reconciliation/confirmation as stated in Note number 3 (a) and (c) of Notes to accounts, in schedule 16 B. Consequential effect, if any, is not ascertainable.***

2. ***The Company's internal audit system requires strengthening in the areas of audit coverage and compliance.***

3. ***Overall impact of the above Para 1 (a) to (c) and the consequential effects on Revenue Accounts, Profit and Loss Accounts and Reserve and Surplus as on 31st March, 2013 are not ascertainable.***

Opinion:

In our opinion and to the best of our information and according to the information and explanation given to us **except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph 1(a) to (c) above**; the said accounts together with significant accounting policies and notes to accounts thereon have been drawn up in accordance with the applicable provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956, to the extent applicable and in the manner so required for the insurance companies, give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2013;

(ii) In case of revenue accounts of the profit in Fire and Marine and Loss in Miscellaneous Business for the year ended on that date;

(iii) In case of Profit and Loss Account of the Profit, for the year ended on that date, and

(iv) In case of Receipts and Payments Account, of the receipts and payments for the year ended on that date.

Report on Other Legal and Regulatory Matters:

1. The Balance Sheet, Profit and Loss Account, Revenue Accounts and Receipts and Payment Account are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956, to the extent applicable and in the manner so required.

2. We report that:

   a. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit and found them satisfactory.

   b. In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of those books.

   c. The reports of the regional auditors consolidating divisional auditors' reports, reports of the foreign branches and foreign agencies auditors have been forwarded to us and considered by us and were adequate for the purposes of our audit.

   d. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in agreement with the books of accounts.

   e. The actuarial valuations of liability in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported (IBNER) as at 31st March, 2013, have been duly certified by the Company's Appointed Actuary and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuations are in accordance with guidelines and norms prescribed by the Insurance Regulatory and Development Authority (IRDA) and the Actuarial Society of India in concurrence with the IRDA.

   f. The investments have been valued in accordance with the provisions of the Insurance Act, 1938, the regulations and orders/ directions issued by IRDA in this regard.

   g. The Balance Sheet, Profit and Loss Account, Revenue Accounts and Receipts and Payment Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable to the Company and are also in conformity with the accounting principles as prescribed in the IRDA Regulations, except preparation of Receipts and Payments Account has been drawn by "Indirect Method" instead of "Direct Method" as required by Part I of Schedule B.

h. As per Circular Number 8/2002 dated 22.03.2002 of the Department of Company Affairs, the directors of the Government Companies are exempted from applicability of the provisions of section 274 (1)(g) of the Companies Act, 1956.

i. Further on the basis of our examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

   i. We have reviewed the management report attached to the financial statements for the year ended 31st March, 2013 and there is no apparent mistake or material inconsistency with the financial statements; and

   ii. Based on management representation by officer of the Company charged with the compliance, nothing has come to our attention which causes to believe that the Company has not complied with the terms and conditions of registration as stipulated by the IRDA.

For FORD, RHODES, PARKS & CO.
Firm Registration no:102860W
Chartered Accountants

Shrikant B. Prabhu
Partner
Membership No. 35296

For S.R. GOYAL & CO.
Firm Registration no:001537C
Chartered Accountants

Praveen Goyal
Partner
Membership No.074789

For JCR & CO
Firm Registration no:105270W
Chartered Accountants

Saiprabha R.
Partner
Membership No.034716

JCR & Co. Chartered Accountants

Place: New Delhi
Date : 30th April, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Fire Insurance Revenue Account for the year ended 31st March, 2013

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1.Premium Earned (Net)	1	**15787472**	13789681
2.Profit on Sale or Redemption of Investments (Policy Holders)		**1474743**	989174
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3.Interest, Dividend and Rent (Gross)		**2727431**	2135850
4. Premium Deficiency		**748441**	(1100382)
Total (A)		**20738088**	15814323
1.Claims Incurred (Net)	2	**12665095**	16573456
2.Commission	3	**2413338**	1930106
3.Operating Expenses Related to Insurance Business	4	**5015177**	4032331
4.Others - Foreign Taxes		**5233**	9648
Amortisation, Write off, Provisions - Investments		**(1636)**	(12955)
Total (B)		**20097207**	22532586
Operating Profit/ (Loss) C=(A-B)		**640881**	(6718263)
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)		**640881**	(6718263)
Transfer to Catastrophic Reserves	-	**0**	0
Transfer to Other Reserves		**0**	0
Total		**640881**	(6718263)
Significant Accounting Policies and Notes to Accounts	16		

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of fire insurance business have been fully debited in the fire insurance revenue account as expenses.

The schedules referred to above form integral part of the revenue account

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

A. R. Sekar
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For FORD, RHODES, PARKS & CO.
Firm Reg No.102860W
Chartered Accountants

Shrikant B. Prabhu
Partner
Membership Number 035296

For S R GOYAL & CO.
Firm Reg. No.001537C
Chartered Accountants

Praveen Goyal
Partner
Membership Number 074789

For JCR & Co.
Firm Reg. No.105270W
Chartered Accountants

Saiprabha R.
Partner
Membership Number 034716

New Delhi
April 30, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Marine Insurance Revenue Account for the year ended 31st March, 2013

Particulars	Schedule	Current year ₹ (000)	Previous Year ₹ (000)
1.Premium Earned (Net)	1	**3903709**	3025315
2.Profit on Sale or Redemption of Investments (Policy Holders)		**359321**	257933
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3.Interest, Dividend and Rent (Gross)		**664538**	556935
4. Premium Deficiency		**0**	0
Total (A)		**4927568**	3840183
1.Claims Incurred (Net)	2	**1945739**	2776413
2.Commission	3	**477290**	224327
3.Operating Expenses Related to Insurance Business	4	**1157693**	1031705
4.Others - Foreign Taxes		**0**	23
Amortisation, Write off, Provisions - Investments		**(398)**	(3378)
Total (B)		**3580324**	4029090
Operating Profit/ (Loss) C=(A-B)		**1347244**	(188907)
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)		**1347244**	(188907)
Transfer to Catastrophic Reserves		**0**	0
Transfer to Other Reserves		**0**	0
Total		**1347244**	(188907)

Significant Accounting Policies and Notes to Accounts 16

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of marine insurance business have been fully debited in the marine insurance revenue account as expenses.

The schedules referred to above form integral part of the revenue account

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

A. R. Sekar
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For FORD, RHODES, PARKS & CO.
Firm Reg No.102860W
Chartered Accountants

Shrikant B. Prabhu
Partner
Membership Number 035296

For S R GOYAL & CO.
Firm Reg. No.001537C
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Praveen Goyal
Partner
Membership Number 074789

For JCR & Co.
Firm Reg. No.105270W
Chartered Accountants

Saiprabha R.
Partner
Membership Number 034716

New Delhi
April 30, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Miscellaneous Insurance Revenue Account for the year ended 31st March, 2013

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1.Premium Earned (Net)	1	**74815208**	61930868
2.Profit on Sale or Redemption of Investments (Policy Holders)	-	**4691333**	3502432
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3.Interest, Dividend and Rent (Gross)	-	**8676281**	7562540
4. Premium Deficiency		**0**	0
Total (A)		**88182821**	72995840
1.Claims Incurred (Net)	2	**66819879**	51525418
2.Commission	3	**5541051**	6820551
3.Operating Expenses Related to Insurance Business	4	**17559161**	15579143
4.Others - Foreign Taxes		**3648**	5234
Amortisation, Write off, Provisions - Investments		**(5206)**	(45861)
Total (B)		**89918533**	73884485
Operating Profit/ (Loss) C=(A-B)		**(1735712)**	(888645)
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)			
Transfer to Catastrophic Reserves	-	**(1735712)**	(888645)
Transfer to Other Reserves	-	**0**	0
	-	**0**	0
Total		**(1735712)**	(888645)
Significant Accounting Policies and Notes to Accounts	16		

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of miscellaneous insurance business have been fully debited in the miscellaneous insurance revenue account as expenses.

The schedules referred to above form integral part of the revenue account

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

A. R. Sekar
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For FORD, RHODES, PARKS & CO.
Firm Reg No.102860W
Chartered Accountants

Shrikant B. Prabhu
Partner
Membership Number 035296

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Saiprabha R.
Partner
Membership Number 034716

New Delhi
April 30, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Profit and Loss Account for the year ended 31st March, 2013

Particulars	Schedule	Current year ` (000)	Previous year ` (000)
1. Operating Profit / (Loss)			
a. Fire Insurance	-	640881	(6718263)
b. Marine Insurance	-	1347244	(188907)
c. Miscellaneous Insurance		(1735712)	(888645)
2. Income from Investments			
a. Interest, Dividend and Rent (Gross) - Share Holders		6040086	5701916
b. Profit on Sale of Investment - Share Holders	-	3265922	2640723
Less: Loss on Sale of Investment - Share Holders	-	0	0
3. Other Income Misc Receipts - Credit Balances Written Back		137171	10110
Total (A)=1+2+3		9695592	556934
4. Provisions (Other Than Taxation)			
a. Others - Amortisation, Provision For Thinly Traded Shares - Shareholders	-	18239	38862
b. For Doubtful Debts - Investments(Shareholders)	-	(48765)	(115102)
c. For Doubtful Debts - Operations		(68869)	(996755)
d. For Dimunition In Value Of Investments (Shareholders)	-	26903	41662
5. Other Expenses(Other Than Those Related To Insurance Business)			
a. Others - Interest On Income/Service Tax	-	(340577)	30389
b. (Profit)/Loss On Sale Of Assets		(4067)	(5375)
c. Penalty For Breach Of Tariff		500	1600
Total (B)=(4+5)		(416636)	(1004719)
Profit Before Tax (A-B)	-	10112229	1561653
Provision For Taxation - Current Tax	-	1709256	60792
Deferred Tax		(49145)	(304734)
Wealth Tax		15526	12427
Profit After Tax		8436592	1793168
Transfer from General Reservs for Equalization / Contingency Reserves for Foreign Branches		290756	508285
Appropriations			
a. Proposed Final Dividend	-	(1700000)	(400000)
b. Dividend Distribution Tax.	-	(288915)	(64890)
c. Transfer to General Reserves		(6035328)	(1328278)
d. Transfer to Equalization / Contingency Reserves for Foreign Branches		(703105)	(508285)
Profit / (Loss) Carried Forward to The Balance Sheet	-	0	0
Basic and diluted earnings per share (`) {Refer Note 11 B to notes to accounts in Schedule 16 B}		42.18	8.97
Significant Accounting Policies and Notes to Accounts	16		

The schedules referred to above form integral part of the Profit and Loss Account

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

A. R. Sekar
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For FORD, RHODES, PARKS & CO.
Firm Reg No.102860W
Chartered Accountants

Shrikant B. Prabhu
Partner
Membership Number 035296

For S R GOYAL & CO.
Firm Reg. No.001537C
Chartered Accountants

Praveen Goyal
Partner
Membership Number 074789

For JCR & Co.
Firm Reg. No.105270W
Chartered Accountants

Saiprabha R.
Partner
Membership Number 034716

New Delhi
April 30, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Balance Sheet as at 31st March, 2013

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
A. Sources of Funds			
1. Share Capital	5 & 5A	**2000000**	2000000
2. Reserves and Surplus	6	**83227452**	75312971
3. Fair Value Change Account		**157617551**	154451957
4. Borrowings	7	**0**	0
Total A		**242845003**	231764928
B. Application of Funds			
1. Investments	8	**311733531**	282032202
2. Loans	9	**3857036**	4233085
3. Fixed Assets	10	**1528632**	1547211
4. Deferred Tax Assets		**1372442**	1323298
5. Current Assets			
a. Cash and Bank Balances	11	**74079933**	71421744
b Advances and Other Assets	12	**61183667**	61069897
Sub Total(a+b)		**135263600**	132491641
c. Current Liabilities	13	**145843334**	134709519
d. Provisions	14	**65753144**	56182350
Sub Total(c+d)		**211596478**	190891869
Net Current Assets (a+b-c-d)		**(76332878)**	(58400228)
6. Miscellaneous Expenditure - Contribution to Gratuity Fund-Deferred (to the extent not written off or adjusted)	15	**686240**	1029360
Total B		**242845003**	**231764928**

Significant Accounting Policies and Notes to Accounts 16
The Schedules referred to above form integral part of the Balance Sheet

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

A. R. Sekar
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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New Delhi
April 30, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal date 08.02.2013]

Receipts & Payments Account /Cash Flow Statement for the period 01.04.2012 to 31.03.2013

Description	Amount in ₹(000) Current Year	Amount in ₹(000) Previous Year
Operating Activities		
Profit Appropriated to General Reserve	6035328	1328278
Adjustments for Non-Cash Items		
Unexpired Risks Reserves / Premium Deficiency Reserve	7486830	10066592
Provisions -Outstanding Claims	11104564	16500196
Depreciation	349057	772977
Provision- Dividend and Dividend tax	1988915	464890
Provision for Taxes	1724782	73219
Deferred Tax	(49145)	(304734)
Provision for Doubtful debts	(68869)	(1202659)
Foreign Currency Translation Reserve	1466804	4869288
Other Provisions - Outstanding Exps	1834494	1495619
Prepaid Expenses	(150025)	215216
Deferred - Contribution to Gratuity Trust	343120	343120
Transfer to Contingency Reserve for Foreign Branches	412349	0
Balances Written Back	(63775)	(306657)
Total Non Cash Items	**26379101**	**32987067**
Items considered separately		
Investment Items - Interest Dividend & Rent	(18108336)	(15957241)
Investment Items - Profit on sale of Investments	(9791319)	(7390262)
Provision for thinly traded shares	(16913)	(74932)
Provision for Bad Debts	(146200)	(322121)
Impairment	80655	111558
Amortisation	71595	188723
Profit or Loss on Sale of Asset	(4067)	(5375)
Total of Items considered separately	**(27914585)**	**(23449650)**
Net Increase /Decrease in Current assets	(3181247)	(4000199)
Net Cash Flow from Operating Activities Before Tax	1318597	6865496
Net Tax Expense	1486245	(891026)
Net Cash Flow from Operating Activities After Tax	**2804842**	**5974470**
Investing Activities		
Interest, Dividend and Rent	17145226	15324315
Net Increase/decrease in Investments (Adj amortisation/ impairment)	(16876626)	(2798550)
Net Increase/decrease in Loans	376049	623479
Net Additions to Assets	(326412)	(746501)
Net Cash Flow from Investing Activities	**318237**	**12402743**
Financing Activities		
Dividend Paid	**(464890)**	**0**
Increase/Decrease in Cash and Bank Balances during the year	**2658189**	**18377213**
Cash and Bank Balances as per Schedule 11 at the end of the period	74079933	71421744
Cash and Bank Balances as per Schedule 11 at the beginning of the period	71421744	53044531

Jayashree Nair — Company Secretary
K. Sanath Kumar — Director
A. R. Sekar — Director
G. Srinivasan — Chairman-Cum- Managing Director

As per our report of even date

For FORD, RHODES, PARKS & CO.
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New Delhi
April 30, 2013

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules to Fire Insurance Revenue Account for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Fire		
Premium Earned(Net)		
Premium From Direct Business - in India	**13326797**	11508085
- outside India	**5954613**	4275193
Total	**19281410**	15783278
Add: Premium on Reinsurance Accepted	**7636293**	7636379
Less: Premium on Reinsurance Ceded	**9265662**	9119616
Net Premium	**17652041**	14300041
Adjustment for Change in Reserve for Un-Expired Risks	**1864569**	510360
Total Premium Earned (Net)	**15787472**	13789681
Schedule 2 - Fire		
Claims Incurred (Net)		
Claims Paid Direct	**14475028**	8488430
Add: Claims on Reinsurance Accepted	**6259961**	7168526
Less: Claims on Reinsurance Ceded	**7769920**	5745049
Net Claims Paid	**12965069**	9911907
Add:Claims Outstanding at End (Net)	**26360680**	26660654
Less :Claims Outstanding at Beginning (Net)	**26660654**	19999105
Total Incurred Claims (Net)	**12665095**	16573456
Schedule 3- Fire		
Commission (Net)		
Commission - Direct	**2132314**	1624506
Add : Commission on Reinsurance Accepted	**882133**	1401791
Less : Commission on Reinsurance Ceded	**601109**	1096191
Commission (Net)	**2413338**	1930106
Break-up of Commission Direct		
Direct Commission	**1790070**	1384569
Direct Brokerage	**287420**	194964
Direct Corporate Agency Commission	**54823**	44973
Referrals	**0**	0
Total Commission	**2132313**	1624506

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules to Marine Insurance Revenue Account for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Marine Premium Earned(Net)		
Premium From Direct Business - in India	**6699272**	6064236
- outside India	**1033986**	1571140
Total	**7733259**	7635376
Add: Premium on Reinsurance Accepted	**551580**	354108
Less: Premium on Reinsurance Ceded	**3674613**	4085775
Net Premium	**4610226**	3903709
Adjustment for Change in Reserve for Un-expired Risks	**706517**	878394
Total Premium Earned (Net)	**3903709**	3025315
Schedule 2 - Marine Claims Incurred (Net)		
Claims Paid Direct	**4357260**	3518715
Add: Claims on Reinsurance Accepted	**111192**	212426
Less: Claims on Reinsurance Ceded	**2368199**	1636193
Net Claims Paid	**2100253**	2094948
Add:Claims Outstanding at End (Net)	**4447845**	4602359
Less :Claims Outstanding at Beginning (Net)	**4602359**	3920894
Total Incurred Claims (Net)	**1945739**	2776413
Schedule 3- Marine Commission (Net)		
Commission - Direct	**685005**	803339
Add : Commission on Reinsurance Accepted	**115639**	76687
Less : Commission on Reinsurance Ceded	**323354**	655699
Commission (Net)	**477290**	224327
Break-up of Commission Direct		
Direct Commission	**507853**	625670
Direct Brokerage	**175821**	175256
Direct Corporate Agency Commission	**1332**	2413
Referrals		
Total Commission	**685006**	803339

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules to Miscellaneous Insurance Revenue Account for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Miscellaneous Premium Earned(Net)		
Premium From Direct Business - in India	80353474	67856326
- outside India	11366738	9463802
Total	91720212	77320128
Add: Premium on Reinsurance Accepted	2524182	13163077
Less: Premium on Reinsurance Ceded	13765001	20974881
Net Premium	80479393	69508324
Adjustment for Change in Reserve for Un-expired Risks	5664185	7577456
Total Premium Earned (Net)	74815208	61930868
Schedule 2 - Miscellaneous Claims Incurred (Net)		
Claims Paid Direct	60746479	52313876
Add: Claims on Reinsurance Accepted	1869114	6399190
Less: Claims on Reinsurance Ceded	7354766	16344830
Net Claims Paid	55260827	42368236
Add:Claims Outstanding at End (Net)	86355392	74796340
Less :Claims Outstanding at Beginning (Net)	74796340	65639158
Total Incurred Claims (Net)	66819879	51525418
Schedule 3- Miscellaneous Commission (Net)		
Commission - Direct	7367172	6389179
Add : Commission on Reinsurance Accepted	166168	948361
Less : Commission on Reinsurance Ceded	1992289	516989
Commission (Net)	5541051	6820551
Break-up of Commission Direct		
Direct Commission	6262871	5488574
Direct Brokerage	905575	725367
Direct Corporate Agency Commission	198726	175237
Referrals		
Total Commission	7367172	6389178

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule - 4		
Operating Expenses Related To Insurance Business		
1. Employees Remuneration And Welfare Benefits	**16775936**	15494454
2. Travel Conveyance And Vehicle Running Expenses	**524306**	499724
3. Training Expenses	**43132**	29238
4. Rent Rates And Taxes	**806596**	661741
5. Repairs And Maintenance	**768861**	568905
6. Printing And Stationery	**356302**	341995
7. Communication Expenses	**311641**	414388
8. Legal And Professional Charges	**352311**	352238
(Outsourcing Expenses) -Tpa Fees (Refer Note No.8(d) of Sch 16B)	**0**	0
9. Auditors Fees, Expenses Etc. As Auditor	**58032**	51425
10. Advertisement And Publicity	**314560**	322050
11. Interest And Bank Charges	**27524**	36771
12. Others - Exchange (Gain) / Loss	**710756**	(604677)
IT Implementation	**(31271)**	117932
Input Service Tax Recovery	**318627**	41049
Other Taxes	**120841**	316005
Others	**1924819**	1226964
13. Depreciation	**349057**	772977
Total	**23732030**	20643179
Apportioned to Fire Segment	**5015177**	4032331
Apportioned to Marine Segment	**1157693**	1031705
Apportioned to Miscellaneous Segment	**17559161**	15579143
Total	**23732031**	20643179

JCR & Co. Chartered Accountants

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules for the year ended 31st March, 2012

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule - 5		
Share Capital		
1. Authorised Capital		
30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of ₹ 10 each	**3000000**	3000000
2. Issued Capital		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10 each	**2000000**	2000000
3. Subscribed Capital		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10 each	**2000000**	2000000
4. Called up Capital		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10 each	**2000000**	2000000
Total	**2000000**	2000000

Note : Of the above 19,61,49,366 shares are issued as fully paid up bonus shares by capitalisation of general reserves.

SCHEDULE 5A

Pattern of Shareholding

(As Certified by Management)

Numbers in (000)

Share holder		Current Year		Previous Year	
		Numbers	**% of Holding**	Numbers	% of Holding
Promoters	Indian	**200000**	**100**	200000	100
	Foreign	-	-	-	-
Others		-	-	-	-
Total		**200000**	**100**	200000	100

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules for the year ended 31st March, 2013

Particulars		Current year ₹ (000)	Previous year ₹ (000)
Schedule 6			
Reserves and Surplus			
1. Capital Reserve	(Op. Balance)	**575**	575
Addition During The Year		**0**	0
Deduction During The Year		**0**	0
	(Cl.Balance)	**575**	575
2. Capital Redemption Reserve			
3. Share Premium			
4. General Reserves	(Op. Balance)	**68647134**	67827141
Addition During The Year - Balance Transferred From P & L Account		**6035328**	1328278
Transfer to P & L Account for Equalization / Contingency Reserves for Forgine Branches		**(290756)**	(508285)
Net Deduction During The Year		**0**	0
	(Cl. Balance)	**74391706**	68647134
5. Catastrophe Reserve		**0**	0
6. Other Reserves			
A. Foreign Currency Translation Reserve			
Opening Balance		**5707477**	838189
Addition During The Year (Refer Note No 17 To Notes To Accounts In Schedule 16 B)		**1460102**	4869288
Deduction During The Year		**0**	0
	(Cl.Balance)	**7167579**	5707477
B. Contingency Reserves For Unexpired Risks (Created in 2009-10 as per IRDA Circular No. IRDA/F&I/CIR/F&A/CIR/081/12/2009 dt.17.12.2009 in respect of Health Segment)		**449500**	449500
C. Equalization / Contingency Reserves for Foreign Branches			
Opening Balance		**508285**	0
Addition During The Year		**709807**	508285
	(Cl.Balance)	**1218092**	508285
7. Balance Of Profit In Profit And Loss Account		**0**	0
	Total	**83227452**	75312971
Schedule 7			
Borrowings			
1.Debentures / Bonds		-	-
2.Banks		-	-
3.Financial Institutions		-	-
4.Others		-	-
	Total	**Nil**	Nil

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 8		
Investments		
Long term investments		
1. Government securities		
Central government securities	**45334341**	35130761
State government securities	**19769442**	13740374
Foreign government securities	**1483359**	1392112
2. Other approved securities	**43815**	43815
3. Other investments		
a.Shares		
aa. Equity	**184087443**	180593064
Equity share odd lots	**0**	0
bb. Preference		
Preference shares	**6282**	6283
Preference shares of railways in India	**0**	0
b.Mutual funds	**0**	0
c.Derivative instruments	**0**	0
d.Debentures/Bonds/PTCs		
Debentures in India	**12618782**	12546244
Other debentures - Foreign	**301523**	402622
e.Other securities (to be specified)		
Foreign shares	**32092**	31529
Foreign preference shares	**0**	0
Foreign securities	**0**	0
Special deposit with Government of India	**0**	0
f.Subsidiaries	**597099**	597099
g.Investment properties (real estate)	**0**	0
4. Investment in infrastructure and social sector	**20479866**	14378210
5. Investment in housing bonds	**11275097**	9619747
6. Other than Approved Investments, Debentures, Pref.shares, Foreign Shares, Venture Funds and Equity	**3323043**	2915098
Total	**299352183**	271396958

The New India Assurance Company Limited
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Schedules for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 8 Continued		
Short Term Investments		
1. Government Securities		
Central Government. Securities	**3174970**	2584517
State Government. Securities	**1268308**	832437
Government. Guaranteed Securities		0
Foreign Government Securities		0
2. Other Approved Securities		51991
3. Other Investments		
a.Shares		
aa. Equity		0
Equity Share Odd Lots		0
bb. Preference		0
b.Mutual Funds		0
c.Derivative Instrument		0
d.Debentures/Bonds/PTCs		
Debentures in India	**3318125**	2798075
Other Debentures Foreign		0
e.Other Securities		
Special Deposit With Government. Of India		0
f.Subsidiaries		0
g.Investment Properties (Real Estate)		0
4. Investment In Infrastructure And Social Sector	**2625732**	3567970
5. Investment In Housing Bonds	**1994213**	800254
6. Other Than Approved Investments	**0**	0
Total	**12381348**	10635244
Grand Total	**311733531**	282032202
Investments		
1.In India	**309085155**	279374537
2.Outside India	**2648376**	2657665
Investment in foreign associates included in equity above	***174410***	*174410*
Aggregate amount of Companies Investments in other than listed equity shares Book Value	***533495***	*533495*
Market value	***517974***	*517974*

Preference shares and FITL preference shares (LTUA) amounting to ₹84498304 (P.Y. ₹86686572) is netted against interest suspense of an equal amount. Debentures and FITL debentures amounting to ₹55499603 (P.Y. ₹46875666) are netted against interest suspense of an equal amount. Equity shares (LTUA) amounting to ₹21749579 (P.Y. ₹6481537) is netted against interest suspense of an equal amount.

Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 8		
Debentures - Standard Provisions	***65607***	*63248*
Housing sector bonds - Standard Provisions	***53083***	*41694*
Infrastructure investments - Standard Provisions	***92469***	*71850*
Investments in OAS - Standard Provisions	***175***	*383*
Other than approved investments (Debenture)	***490553***	*524262*
Equity - Thinly traded and unlisted equity - diminution in value	***19710***	*36623*
Equity - Long term unapproved thinly traded and unlisted equity - diminution in value (F)6034/12	***81895***	*61886*
Equity subsidiary - Long term unapproved thinly traded and unlisted equity - diminution in value (F)6039/12	***1535***	*1535*
Investments in France Agency (Foreign & France)		*1838*
Total	***805027***	*803319*

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 9		
Loans		
1. Security-Wise Classification		
Secured		
a. On Mortgage Of Property		
aa. In India		
Loan Against Mortgage Of Property	**0**	0
Housing, Vehicle And Computer Loans To Employees	**1916367**	1971268
Direct Term Loans	**744304**	834470
bb. Outside India Housing, Vehicle Loan To Employees	**5713**	6527
b. On Shares, Bonds, Government Securities	**0**	0
c. Others		
Loans Guaranteed By Banks/Governments-		
Loans To State Government Housing, FFe Loans To Hudco	**1040676**	1254561
Unsecured (Term Loans, Bridge Loans, Short-Term Loans, Term Loans PFPS)	**149977**	166259
Total	**3857036**	4233085
2. Borrower-Wise Classification		
a. Central And State Governments(Term Loans, Housing and FFE)	**1040676**	1210561
b. Banks And Financial Institutions	**0**	0
c. Subsidiaries	**0**	0
d. Industrial Undertakings (Term Loans, Bridge Loans, Short-Term Loans, Loans To PFPS)	**862154**	965220
e. Others - Housing Loans,Vehicle Loans, Computer Loans To Employees	1922080	1977795
Hudco, Term Loans And PFPS	**32127**	79509
Total	**3857036**	4233085
3. Performance-wise Classification		
a. Loans Classified as Standard		
aa. In India:Term Loans, Bridge Loans, State Government Housing And Ff, Loans To Hudco, PFPS	**1143760**	1314747
Housing, Vehicle And Computer Loans To Employees	**1916367**	1971268
bb. Outside India (Loans To Employees)	**5713**	6527
b. Non-Performing Loans Less Provisions		
aa. In India (Term Loans, Bridge Loans, Short-Term Loans, Loans PFPS)	**791197**	940543
bb. Outside India	**0**	0
Total	**3857036**	4233085
4. Maturity-wise Classifications		
a. Short-Term (Term Loans, Direct Bridge Loans, Short-Term Loans, Term Loans PFPS)	**0**	0
b. Long-Term		
(Term Loans Direct, Loans State Government Housing And FF, Loans To Hudco And Loans PFPS)	**1934956**	2255290
Housing, Vehicle, And Computer Loans To Employees.	**1922080**	1977795
Total	**3857036**	4233085

PFPS and FITL PFPS amounting to ₹714154964 (P.Y. ₹795092532) and FITL short term loan amounting to ₹1675199 (P.Y. ₹1675199) and direct term loans amounting to ₹8107002 (P.Y. ₹8107002) are netted against interest suspense of an equal amount.

Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 9

Direct term loans (Investments) std.provision	***0***	*0*
Direct term loans (Investments)	***21680***	*21680*
Bridge loan (Investments)	***400***	*400*
Term loans PFPS std.provision	***511***	*542*
Term loans PFPS	***635042***	*726005*
Short term loans (Investments)	***85068***	*85068*
Loans to HUDCO std. Provision	***0***	*176*
Housing loans to state govts. - std.provision	***3962***	*4409*
Housing loans to state govts.	***17161***	*69818*
FFE loans to state govts. - std.provision	***117***	*173*
FFE loans to state govts.	***2932***	*4858*
Total	***766873***	*913129*

The New India Assurance Company Limited
Registration Number 190 and Date of Renewal with IRDA 08.02.2013

Schedule for the year ended 31-03-2013
Schedule 10

Fixed Assets

₹ (000)

Particulars	Gross Block				Depreciation Fund				Net Block	
	Opening Balance.	Additions	Deletions	* Closing Balance	Opening Balance.	Additions	Deletions	* Closing Balance	Closing	Opening
	01/04/2012	During 2012-2013		31/03/2013	01/04/2012	During 2012-2013		31/03/2013	31/03/2013	31/03/2012
Intangibles	1029986		0	1029986	1029986		0	1029986	0	0
Land Freehold	80440		0	80440	0	0	0		80440	80440
Leasehold Property	0		0	0	0	0	0	0	0	0
Buildings	1513466	5212	6369	1517521	801210	35463	1251	835422	682099	712256
Furnitures & Fittings	489471	17477	(2505)	509452	422041	18252	750	439543	69909	67430
Information & Technology Equipments	2500242	101922	57415	2544749	2344289	130239	47470	2427058	117691	155953
Vehicles	829498	232846	120899	941445	367268	151954	84125	435097	506348	462230
Office Equipments	119984	0	(1734)	121718	103800	3320	1622	105498	16220	16184
Other Assets	264369	19842	10081	274131	211651	9831	3276	218206	55925	52718
Grand Total	6827456	377299	170683	7019442	5280245	349059	138494	5490810	1528632	1547211
Previous Year	6202735	733869	109148	6827456	4634423	772977	127155	5280245	1547211	1568312

*The Figures are inclusive of appreciation/depreciation due to foreign currency fluctuation

JCR & Co. Chartered Accountants

The New India Assurance Company Limited
[Registration No.190, Renewal Date 08.02.2013]

Schedules for the year ended 31st March, 2013

Particulars		Current year ₹ (000)	Previous year ₹ (000)
Schedule 11			
Cash and Bank Balances			
1. Cash (Including Cheques, Drafts and Stamps)		**1725710**	1745337
2. Bank Balances			
a. Deposit Accounts			
aa. Short - Term (due witihin 12 Months)		**24734897**	28537158
bb.Others		**35025492**	29033043
b. Current Accounts		**9356157**	8456042
3. Money at Call and Short Notice			
With Banks		**1446118**	1785084
With other Institutions		**1791560**	1865080
Total		**74079933**	71421744
Cash and Bank Balances	**In India**	**31484715**	36130599
Cash and Bank Balances	**Outside India**	**42595218**	35291145
Total		**74079933**	71421744
1 above includes remittance in transit		***1307***	*5892*
Balances with non scheduled banks included in 2b above		***5481596***	*5481596*
Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 11			
Foreign balances included in 2abb above (France 911897)		***31294***	*31294*
Foreign balances included in 2b above (France 911897)		***0***	*9672*
Indian balances included in 2b above		***118639***	*130042*
Total		***149933***	*171008*

The New India Assurance Company Limited
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Schedules for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 12		
Advances and Other Assets		
A. Advances		
1. Reserve Deposits With Ceding Companies	**130350**	168363
2. Application Money For Investments	**47328**	0
3. Pre-Payments	**211645**	61620
4. Advances To Directors / Officers	**0**	0
5. Advance Tax Paid And Taxes Deducted At Source (Net Of Provision For Taxation)	**11888421**	15099448
6. Others	**373790**	242771
Total (A)	**12651534**	15572202
B. Other Assets		
1. Income Accrued On Investments	**4689964**	3726854
2. Outstanding Premiums	**1227812**	1534403
3. Agents Balances	**2820634**	2182821
4. Foreign Agencies Balances	**1011772**	786571
5. Due From Other Entities Carrying Insurance Business (Including Reinsurers)	**32715654**	30465649
6. Due From Subsidiaries/Holding Companies	**568**	553
7. Deposit With R B I Persuant To Section 7 Of Insurance Act 1938	**107518**	107518
8. Others - a. Other Accrued Income	**756629**	782725
b. Others Including Sundry Debtors	**5201581**	5910601
Total (B)	**48532133**	45497695
TOTAL(A+B)	**61183667**	61069897

Sundry Debtors amounting to ₹6604231(P.Y. ₹6604231) are netted against interest suspense of an equal amount.

Provision made for Bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 12		
Reinsurance balances included in A1 above	***93984***	*93984*
Reinsurance balances included in B5 above	***902108***	*902108*
Reinsurance balances included in B8 above	***494***	*494*
Foreign balances included in A1 above (France 911871 & 873)	***0***	*11399*
Foreign balances included in B1 above (France 911897)	***0***	*138*
Foreign balances included in B3 above (Fiji, Mauritus, Bankok, Japan, Hongkong, New Zealand)	***48213***	*44932*
Foreign balances included in B4 above (Manila & Dubai)	***30664***	*21228*
Foreign balances included in B5 above (Mauritius, singapore, france)	***1245***	*2717*
Foreign balances included in B6 above (Ghana, T&T, Kualalumpur)	***568***	*553*
Foreign balances included in B8 above (Equitorial Bank London)	***5381***	*5310*
Indian reinsurance balances/Miscellaneous debtors included in B5B above	***200000***	*200000*
Indian coinsurance balances/Miscellaneous debtors included in B5Aabove	***0***	*69570*
Indian miscellaneous debtors included in B8B above	***64513***	*32608*
Indian miscellaneous debtors included in 12 B 4 above	***0***	*171941*
Other - TCS	***18554***	*18554*
Sundry debtors(5192) investments Indian included in B8 above - Std. provision	***795***	*795*
Sundry debtors(5192) investments Indian included in B8 above	***5047***	*3851*
Sundry debtors(5192) investments(F) Indian included in B8 above	***759***	*759*
Income accrued on investments(5131) Indian included in B1 above	***3***	*3*
Total	***1372328***	*1580944*

The New India Assurance Company Limited
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Schedules for the year ended 31st March, 2013

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 13		
Current Liabilities		
1. Agents Balances	254396	248038
2. Balances Due To Other Insurance Companies	15126898	16381543
3. Deposits Held On Reinsurance Ceded	173801	428186
4. Premium Received In Advance	716799	2319173
5. Un-Allocated Premium	0	0
6. Sundry Creditors - a. Other Than Service Tax Payable	13621370	4012795
b. Service Tax Payable	(4063187)	(453155)
7. Due To Subsidiaries / Holding Company	0	0
8. Claims Outstanding	117163916	106059353
9. Due To Officers/Directors	0	0
10. Others	1114874	4224325
Policy Holders Fund - Excess Premium Collected	254587	198314
Policy Holders Fund - Refund Premium Due	206986	185390
Policy Holders Fund - Stale Cheques	1272895	1105557
Total	145843334	134709519
Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 13		
Indian balances included in 1 above	15589	12641
Indian balances included in 4 above	99894	56061
Indian balances included in 10 above	3171	7196
Indian balances included in 6a above	1504	21652
Reinsurance balances included in 8 above	1123	1123
Total	121281	98673
Schedule 14		
Provisions		
1. a. Reserve for Un-Expired Risks	55548872	47313601
b. Premium Deficiency Reserve	351941	1100382
2. Provision for Taxation (Net of Payment of Taxes)	0	0
3. Provision for Proposed Dividend	1700000	400000
4. Provision for Dividend Distribution Tax	288915	64890
5. Others - Reserve for Dad and Doubtful Debts.	3250276	3467033
Provision for Diminution in value of Thinly Traded / Unlisted Shares	103140	100044
Provision for Leave Encashment	4510000	3736400
Total	65753144	56182350
Schedule 15		
Miscellaneous Expenditure		
1. Discount Allowed in Issue of Shares and Debentures	0	0
2. Others - Contribution to Gratuity Trust (Deferred Expenses to the Extent not Written Off)	686240	1029360
Total	686240	1029360

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The New India Assurance Co Ltd.

Schedule 16

Significant Accounting Policies and Notes forming part of Financial Statements as on 31st March, 2013

16 A. Significant Accounting Policies

1.Accounting Convention

The financial statements are drawn up in accordance with the provisions of section 11 (1) of the Insurance Act, 1938, Regulations framed under Insurance Regulatory & Development Authority Act, 1999, read with the provisions of sub-sections (1), (2) and (5) of Section 211, sub-section (5) of Section 227 of the Companies Act, 1956. The said statements prepared on historical cost convention and on accrual basis, comply with accounting standards referred in section 211 (3C) of the Companies Act, 1956, and Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002 to the extent applicable, and conform to practices prevailing in the general insurance industry except as otherwise stated.

2.Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates and assumptions. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

3.Revenue Recognition

A. Premium

   Premium income is recognized on assumption of risk. A reserve for Unearned Premium for each segment, representing that part of the recognized premium attributable to the succeeding accounting periods, calculated on time apportionment basis is created. This forms part of the un-expired risk reserves.

   Reinsurance premium is recognized as per the terms of the reinsurance contracts. A reserve for Unearned Premium for each segment, representing that part of the recognized reinsurance premium attributable to the succeeding accounting periods, is created in the ratio, in which unearned premium of the direct business bears to the recognized premium of such business. This also forms part of the un-expired risk reserves.

   Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

B. Commission

Commission Income on Reinsurance cessions is recognized as income in the year in which reinsurance Premium is ceded.

Profit Commission under reinsurance treaties wherever applicable, is recognized on accrual. Any subsequent revisions of profit commission are recognized for in the year in which final determination of the profits are intimated by reinsurers.

4. Premium Received in Advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

5. Reserves for Un-expired Risk/s

Reserve for un-expired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to minimum at 100% of net premium for marine business and 50% of net premium for other classes of business.

6. Reinsurance Accepted

Reinsurance returns have been incorporated for the advices received up to the date of finalisation of accounts and on estimation basis wherever advices are not received.

7. Reinsurance Ceded

Reinsurance cessions are accounted for on the basis of actuals or estimates wherever actuals are not available.

8. Premium Deficiency

Premium deficiency is calculated where the sum of expected claims costs, related expenses and maintenance costs exceed the related unearned premiums. The deficiency is recognised, only to the extent of excess of unearned premium plus premium deficiency so calculated over the un-expired risk reserves at the percentages mentioned herein above. For the purpose of recognition of Premium deficiency only three major segments viz., Fire, Marine and Miscellaneous are considered as directed by IRDA vide circular no. F & A/CIR/017/MAY -04 dated 18th May 2004. Premium deficiency forms part of the un-expired risk reserves.

9. Acquisition Costs.

Acquisition costs are primarily related to acquisition of insurance contracts and have been expensed in the year in which they are incurred.

10. Incurred Claims

Claims are recognized as and when reported.
Claims Paid (net of recoveries including salvages retained by the insured, includes interest paid towards claims and all expenses directly incurred in relation to their assessment) are charged to respective revenue accounts.
Claims outstanding at the year-end are provided based on survey reports, information provided by clients and other sources, past experience and applicable laws and includes:

- In respect of direct business, claim intimations received up to the year-end.
- In respect of reinsurance accepted, advices received as of different dates of subsequent year up to the date of finalisation of accounts and on estimation basis wherever advices are not received.
- Provision for claims incurred but not reported (IBNR) and provision for claims incurred but not enough reported (IBNER). The said provisions have been determined by Appointed Actuary, which is in accordance with accepted actuarial practice, requirement of Insurance Act 1938, IRDA Regulations and stipulations of the Institute of Actuaries of India.

All the outstanding claims for direct business are provided net of estimated salvage (if any).

In respect of motor third party claims where court summons have been served on the Company without adequate policy particulars to establish liability of the Company, provision is made as under:

- 100% of the estimated liability, where such claims are outstanding for more than one year.
- 1/3rd of the estimated liability, for all such claims for which court summons have been served on the Company during the year.

Interest on motor accident claims tribunal (MACT) claims is provided based on the prevailing trends in the motor third party claim awards.

11. Salvage and Claim Recoveries

Recoveries of claims and sale proceeds on disposal of salvage are accounted on realisation and credited to claims.

12. Provisions, Contingent Liabilities & Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of obligation. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

13. Loans and Investments

A Loans are measured at historical cost subject to impairment. Company reviews the quality of its loan assets and provides for impairment if any.

B Short Term Money Market Instruments such as Commercial Papers and Certificate of Deposits are shown at their discounted value and the difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as accrued income.

C Contracts for purchase and sale of shares, bonds, debentures are accounted for as "Investments" as on date of transaction.

D The cost of investments includes premium on acquisition, brokerage, transfer stamps, transfer charges and is net of incentive/ fee if any, received thereon.

E Dividend income (other than interim dividend) is accounted for as income in the year of declaration. Dividend on shares/interest on debentures under objection/pending delivery is accounted for on realisation. Interim dividend is accounted for where the amount is received/credited in the account of the company upto 31st March.

Dividend on foreign investments is accounted for net of withholding tax.

Interest Income is recognized on accrual basis on time proportion except income on non-performing assets is recognized on realization.

Amount received towards compensation for future loss of interest is recognised as income only to the extent attributable to the accounting year and balance is kept in interest received in advance account for apportionment in the relevant year.

F Profit/Loss on realisation of investments is computed by taking weighted average book value as cost of investments except:

- In respect of Government Securities/Debentures/Bonds under Trading Portfolio, the profit/loss is worked out specific scrip wise.
- In respect of Government Securities sold from Investment Portfolio, the profit/loss is worked out on first in first out basis (FIFO).

G The Company follows the prudential norms prescribed by the Insurance Regulatory and Development Authority as regards asset classification, recognition of income and provisioning pertaining to loans/advances.

H Investment in government securities, debt securities and redeemable preference shares are considered as held till maturity and valued at cost. However, in terms of Insurance Regulatory and Development Authority Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.

I Investments in Mutual Fund/s/Venture Fund/s are valued at Net Asset Value (NAV) at the year-end and the difference between cost/book value and NAV is accounted in Fair Value Change Account. However, if there is reduction in NAV in case of venture fund, the same is charged to revenue and the book value of investment is reduced accordingly. Any appreciation in NAV to the extent of loss earlier recognised, is taken to revenue.

In case of non-availability of NAV as at the balance sheet date, investment is shown at cost.

J Investment Portfolio in respect of equity/ equity related instruments is segregated into actively traded and thinly traded as prescribed by Insurance Regulatory and Development Authority Regulations. The shares are treated as thinly traded by taking into consideration transactions in the month of March on National Stock Exchange (NSE) or any other Stock Exchange if the figures are not available on (NSE).

Actively traded equity/ equity related instruments are valued at lowest of the last quoted closing price in March at National Stock Exchange, or if the scrip is not traded at NSE the scrip is valued at the lowest closing rate in march in any other Stock Exchange. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account.

K Investment in thinly traded equity shares and unlisted equity shares are shown at cost. However, difference between cost and break-up value is provided for as diminution in value. If the break-up value is negative then the provision is made for the entire cost. Further, if the published accounts of an unlisted Company are not available for last three accounting years ending on or immediately preceding the date of working out diminution in value, then the provision is made for the entire cost.

L In case of investment in listed and unlisted equity/ equity related instruments / preference shares where the value has been impaired on or before 31.03.2000, the historical/weighted average costs are not available with the Company. As a consequence, the carrying value of such investments as on 01.04.2000 is presumed to be the historical/ weighted average cost

M Investments in listed equity/ equity related instruments/ preference shares made in those companies, which are making losses continuously for last 3 years and where capital is eroded, are considered to have impairment in value. Further, if the published accounts of a Company are not available for last three accounting years ending on or immediately preceding the date of working out impairment in value, it is presumed that the value of investment is fully impaired and is written off to a nominal value of Re.1/- per Company.

I. Valuation of such investments is done as under:

i) In respect of actively traded equity shares: - least of cost price, market price or break-up value provided break-up value is positive. However, if the break-up value is negative the nominal value is taken at Re. 1/- per Company

ii) In respect of other than actively traded equity shares: - lower of cost price or break-up value provided break-up value is positive. However, if break-up value is negative the nominal value is taken at Re.1/- per Company.

iii) In respect of preference shares, if the dividend is not received for the last three years, such preference shares are written down to a value which will bear to its face value, the same proportion as value taken/ which would have been taken for writing down equity shares bears to the face value of the equity shares. However, if the equity shares are written down to Re.1/- per Company, preference shares are also written down to a nominal value of Re.1/- per Company.

II. Once the value of investment in listed equity/ equity related instruments/ preference shares of a company is impaired in accordance with the above mentioned policy, the reversal of such impairment losses are not recognised in revenue/ profit and loss till such company achieves a positive net worth as per the latest available published accounts immediately preceding the date of working out the reversal. However, in respect of investments where the historical or weighted average cost is not available as mentioned in Policy No.13-L, reversal of impairment loss is carried out and recognised only to the extent of impairment losses accounted after 31st March 2000.

N REVERSE REPO transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between total consideration at the 1st and 2nd leg of the transaction is treated as interest income.

O "Collateralized Borrowing and Lending Obligation" (CBLO), which is issued at discount to the face value, is treated as money market instrument as per Reserve Bank of India Notification. Discount earned at the time of lending through CBLO is shown as income, which is apportioned on time basis.

P Un-realised gains / losses arising due to changes in the fair value of listed equity shares other than enumerated in Accounting Policy 13-L are taken under the head "Fair Value Change Account" and on realisation reported in profit and loss account.

Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

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14. Foreign Currency Transactions

- Reinsurance operations:

  Revenue transactions of re-insurance in foreign currencies are converted at the average of buying and selling rates of exchange of each quarter in which they are accounted.

  Monetary assets and liabilities of re-insurance in foreign currencies are converted at the closing rate.

- Foreign operations:

  - As per the Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates", foreign branches/agencies are classified as 'non-integral foreign operations'.
  - The assets and liabilities (including contingent liabilities), both monetary and non-monetary of the non-integral foreign operations are translated at the closing rate,
  - Income and expense items of the non-integral foreign operations are translated at the average exchange rate of the year.
  - Depreciation on fixed assets held in foreign branches and agencies is provided on written down rupee value at the year-end at the rates and in the manner as stated in "Depreciation" policy stated herein below.
  - All resulting exchange difference is accumulated in a foreign currency translation reserve until the disposal of the net investment.

- Foreign investments transactions during the year are converted at the exchange rates prevailing as on the last day of the month of purchase or sale.

- Other assets and liabilities in foreign currencies are converted at the average of buying and selling rates of exchange prevailing at the year end.

- The exchange gain/loss due to conversion of foreign currencies other than relating to non-integral foreign operations is taken to revenue(s) account and profit and loss account as applicable.

15. Fixed Assets

- Fixed assets are stated at cost less depreciation.

- The fixed assets are assessed for any indication that an asset is impaired. In case the recoverable amount of the fixed assets is lower than its carrying amount a provision is made for the impairment loss.

- Lease payment for assets taken on operating lease are recognized as an expense in the revenue(s) accounts and profit and loss account over the lease term.

16. Depreciation

- Depreciation on fixed assets is charged on written down value method at the rates prescribed in the schedule XIV of the Companies Act, 1956. However, where corresponding rates are higher under the Income Tax Rules, 1962, the same are adopted. In case of leasehold properties amortisation is made over the leased period.

- Depreciation is provided at 50% of the applicable rates as above on additions made to fixed assets, which are put into use for less than six months.

- No depreciation is provided on assets sold/ discarded/destroyed during the year.

17. Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. The same is amortised over a period of four years on straight line basis. Software development / acquisition costs, except those which meet the recognition criteria as laid down in Accounting Standard 26 (AS 26), are charged to revenue. Any additions to already existing assets are amortised prospectively over the remaining residual life of the assets.

18. Employee Benefits

Employee benefits comprise of both defined contributions and defined benefit plans.

Provident Fund is a defined contribution plan. Company's contribution towards provident fund is charged to the Profit and Loss Account and Revenue Accounts as applicable. Further Company has no further obligation beyond the periodic contributions.

Pension, Gratuity and Leave Encashment are defined benefit plans. The Company has incorporated a Pension Trust and Gratuity Trust. The Company's liability towards pension, gratuity and leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to revenue accounts and profit and loss account as applicable except in case of pension for the employee who joined from 1st January, 2004 which is defined contribution plan wherein contribution towards pension fund is charged to the Profit and Loss Account and Revenue Accounts as applicable. Further, Company has no further obligation beyond the periodic contributions.

All short term employee benefits are accounted on undiscounted basis during the accounting period based on service rendered by the employees.

19. Expenses of Management-Basis of Apportionment

Expenses of management including provision for bad and doubtful debts and exchange gain/loss, are apportioned to the revenue accounts on the basis of gross direct premium plus reinsurances accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.

20. Income from Investments -Basis of Apportionment

Investment Income (net of expenses) is apportioned between Shareholders' Fund and Policyholders' Fund in proportion to the balance of these funds at the beginning of the year.

Investment income (net of expenses) belonging to Policyholders is further apportioned to Fire, Marine and Miscellaneous segments in proportion to respective technical reserves balance at the beginning of the year.

Shareholders' Funds for this purpose consist of Share Capital, General Reserves, Capital Reserves and Foreign Currency Translation Reserve.

Policyholders' Funds consist of Technical Reserves i.e. Un-expired Risk Reserve plus Provisions for Outstanding Claims.

21. Taxation.

- Tax expense for the year, comprises current tax and deferred tax.
- Current income tax expense comprises taxes on income from operations in India and in foreign jurisdiction. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.
- Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax on future income. Accordingly, MAT is recognized as an asset in the Balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.
- A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.
- Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- Refund of income tax is accounted on realisation basis.

16 B. Notes Forming Part of Financial Statements

1 The accounts incorporate audited accounts of Branches in Fiji, Canada and Thailand on calendar year basis prepared as per local laws. Material changes noted thereafter have been incorporated in these accounts.

The accounts of Seven Run-Off Agencies have been incorporated on the basis of retuns certified by the managment

2 Buildings include ₹ 718.65 Lakhs (Previous Year ₹ 740.95 Lakhs) in respect of which the deeds of conveyance are yet to be executed.

3 a The balance appearing in the amount due to / from persons or bodies carrying on insurance business are subject to confirmation / reconciliation and consequential adjustments if any. The Company has started extensive reconciliation process and has identified non moving old entries exceeding five years being gross debit of ₹44059.43 lakhs and gross credit of ₹32312.65 lakhs. Company has carried out reconciliation of nonmoving balancesmore than 5 years to the extent of ₹14100 lakhs. During the year 2012-13, as reconciliation for non moving items for the period less than 5 years has been under taken, company has continued to maintain existing provision amount of ₹11977.09 lakhs upto 31.03.2013 towards doubtful debts as a prudent measure.

b Reinsurance acceptance transactions pertaining to the year have been booked for advices received upto 23rd Apr, 2013.

c The balances of inter-office accounts included in net current assets amounting to ₹38656.27 lakhs (Debit), previous year ₹12049.38 lakhs (Debit), are subject to reconciliations and consequential adjustments if any.

4 As certified by the Custodian, securities are held in the name of the Company as on 31.03.2013. Variations and other differences are under reconciliation and are not expected to have a material impact on the state of affairs of the Company.

5 Certificates of confirmation are awaited for earlier years' Foreign Investments amounting to ₹ 2.92 lakhs (Previous Year ₹ 2.92 lakhs). However, the same are fully provided for.

6 a Provision for standard assets @ 0.40% amounting to ₹2163.26 Lakhs (Previous Year ₹1832.71 Lakhs) has been made as per Insurance Regulatory and Development Authority guidelines on (i) Term Loan (PFPS/DTL), (ii) Debentures, (iii) Infrastructure Investments, (iv) Bonds/Debentures of HUDCO, (v) Bonds/Debentures of Institutions accredited to NHB and (vi) Loans to HUDCO for Housing (vii) Govt. Guaranteed Bonds/Securities (viii) Housing and Fire fighting Loans to State Governments (ix) Debtors

b During the year, the Company has undertaken restructuring of corporate debt/loans etc. as under:

Sr. No.	Particulars	Current Year (₹ In Lakhs)	Previous Year (₹ In Lakhs)
	Total amount of assets subjected to restructuring	2,134.49	5,867.78
	The break up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring		
(ii)	Total amount of sub-standard assets subjected to restructuring		
(iii)	Total amount of doubtful assets subjected to restructuring		
(iv)	Total amount of loss assets subjected to restructuring	2,134.49	5,867.78
	Total	**2,134.49**	**5,867.78**

c Details of Non Performing Assets (NPA).

I) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current Year (₹ In Lakhs)	Previous Year (₹ In Lakhs)
(i)	Opening Balance	15659.19	18616.10
(ii)	Additions During the Year	0.00	431.93
(iii)	Reductions During the Year	2097.71	3388.84
(iv)	Closing Balance	13561.48	15659.19
	Percentage of Net NPAs to Net Assets	0.77%	0.99%

II) Details of Provisions on NPA (other than standard provisions)

Sr. No.	Particulars	Current Year (₹ In Lakhs)	Previous Year (₹ In Lakhs)
(i)	Opening Balance	14359.42	17611.52
(ii)	Incremental Provision During the Year	-1792.54	-3252.10
(iii)	Closing Balance	12566.88	14359.42

7 Short-term Investments (Schedule - 8) in debentures and other guaranteed securities include those, which are fully repayable in the next year. As regards those debentures and other guaranteed securities, which have fallen due and remain unpaid as on 31.03.2013, they have been shown under long-term investments, as their realisability is unascertainable. However, necessary provision, wherever required, has been made.

8 a There are following cases of non-compliance/contravention of Insurance Regulatory & Development Authority (Investment) Regulations, 2000:

The Company is in the process of improving the system to ensure that the investment exposure at any point of time does not exceed the prescribed limits under Regulation 5. However, there is no case of violation of the prescribed exposure limits.

b There are following cases of non-compliance/contravention of Insurance Regulatory & Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002:

i) Segmental reporting in respect of Public and Product Liability is not disclosed separately for foreign business.

ii) Receipts & Payments Account/(Cash Flow Statement) has been drawn by "Indirect Method" instead of "Direct Method" as required by Part I of Schedule B of the regulation.

c As per IRDA circular no IRDA/F&I/CIR/CMP/174/11/2011 dated 04.11.2010, Company is required to give the detail of Age-wise analysis of unclaimed amount of the policy holders for the year ended 31st March, 2013. Accordingly the unclaimed amount of ₹17344.68 lakhs (P.Y. ₹14892.61 lakhs) representing the excess premium collected, refund premium and the amount lying in stale cheque accounts and unclaimed amount towards claim is not ascertainable. Further, as required, age-wise analysis is not available.

d The separate disclosure requirement as per IRDA circular dated 28.03.2008 in respect of outsourcing expenses has not been complied.

9 Investment in term loans, loans to State Government for the purpose of Housing & Fire fighting equipments and balances on account of restructuring/rescheduling of debts are subject to confirmations and reconciliations. The impact of adjustments if any, arising out of confirmations / reconciliations of such balances on financial statements are unascertainable.

10 Prior period Items have been included in the respective heads amounting to ₹4478.82 Lakhs (Debit) (Previous Year ₹9731.09 Lakhs (Debit) consisting of the following: -

Sr. No.	Particulars	₹ In Lakhs			
		Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Premium	258.95	22.58	8,467.26	170.99
2	Commission/Brokrage	0.45	5,347.57	76.10	404.18
3	Claims	-	-	1,874.62	-
4	Expenses	9,616.67	27.10	443.20	554.93
	Total	9,876.07	5,397.25	10,861.18	1,130.10

11 Disclosure as required by Accounting Standards (AS) : -

A **Related party disclosures as per Accounting Standard 18**

1 **Company's related parties**

a **Subsidiaries**

i) The New India Assurance Co. (T & T) Ltd. – Port of Spain, Trinidad & Tobago
ii) The New India Assurance Co. (S.L.) Ltd. – Free Town, Sierra Leone
iii) Prestige Assurance Plc. – Nigeria

b **Associates**

i) India International Insurance Pvt. Ltd., Singapore
ii) Kenindia Assurance Co. Ltd., Kenya
iii) United Insurance Co. Ltd., Jordan
iv) Saudi Indian Company for Co Operative Insurance, Riyadh

c **Entities over which control exist**

i) The New India Assurance Company (Employees) Pension Fund
ii) The New India Assurance Company Limited Employee Gratuity Fund
iii) The New India Assurance Company Limited Staff Provident Fund

d **Key management personnel of the Company**

iv) Mr G Srinivasan (From 05.12.2012 to till date)
i) Mr. A. R. Sekar
iii) Mr. K. Santh Kumar

2 **Transactions with related parties:**

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year (₹ in Lakhs)	₹ in Lakhs Previous Year (₹ in Lakhs)
i)	Subsidiaries	Management fees earned	-	36.83
		Premium on Reinsurance Accepted	708.49	561.79
		Commission on Reinsurance Accepted	(151.44)	(130.44)
		Claims Paid	(290.11)	(120.59)
		Dividend income received	244.80	294.54
		Other Amount Due (From Prestige Assurance PLC-out of Rights Subscription)	-	-
ii)	Associates	Premium on Reinsurance Accepted	2,558.26	476.19
		Commission on Reinsurance Accepted	(530.85)	(132.69)
		Claims Paid	(1,223.38)	(595.68)
		Dividend income received	231.20	164.47
		Investment in shares		
		Dividend receivable	-	-
iii)	Entity over which control exits	Sale of investment	-	-
		Other amount payable	-	-
iv)	Key management personnel	Salary and allowances	38.18	42.56

B **Disclosure as per Accounting Standard 20-"Earnings Per Share":**

Particulars	Current Year	Previous Year
Net profit attributable to shareholders (₹ In Lakhs)	84,365.92	17,931.68
Weighted average number of equity shares issued	200,000,000	200,000,000
Basic and diluted earnings per share of ₹10/- each (₹)	42.18	8.97

The company does not have any outstanding diluted potential equity share. Consequently, the basic and diluted earnings per share of the company remain the same.

C **Taxation**

Income Tax

i Provision for Tax - Current Tax shown in Profit & Loss Account includes ₹2792.56 lakhs (Previous year ₹563.32 lakhs) relating to foreign taxes.

ii The Income Tax Assessments of the Company have been completed up to assessment year 2010-11. Major disputed demands are in respect of capital gain taxes. Based on the decisions of the appellate authority and the interpretations of the relevant provisions, the Management is of the opinion that the demands are likely to be either deleted or substantially reduced and accordingly no provisions have been made for the same.

iii Income Tax Department during F.Y. 2012-13 adjusted refunds of Rs.1545.66 lakhs towards tax demands pertaining to various years, without any intimation to the Company.

The Company is in appeal in respect of various taxation issues in various levels of Hon'ble Judiciary on which Income Tax Dept has made unilateral set off.

The Company is following up with the Tax Dept for recomputing the Tax Refunds unilaterally set off pursuant to a Ruling by Hon'ble ITAT dt.29.03.2012 and the accounting of the adjustments, interest payable and receivable by the Company shall be made after obtaining details from the Tax Dept.

iv **Deferred Taxes**

The major components of temporary differences resulting into deferred tax assets are as under

	Particulars	Current Year (Rs, In	₹ In Lakhs Previous Year (Rs, In
i)	Fixed Assets	799.11	1,321.12
ii)	Leave Encashment	14,632.70	11,879.41
iii)	Estimated Disallowance u/s 40(a) (ia)	32.44	32.45
iv)	Gratuity - DTL	(2,226.51)	-
v)	Profit linked Incentive	486.68	-
	Total	13,724.42	13,232.98

Notes

1 A sum of ₹ 419.44 lakhs (Previous year ₹3047.35Lakhs) has been credited to the Profit & Loss Account on account of increase in deferred assets during the year.

2 On prudence basis recognition of deferred tax asset on unabsorbed depreciation and carry forward losses has not been given effect in the books of account.

3 Above deferred tax asset does not include impact of deferred tax in respect of operations of foreign branches.

D **Accounting Standard 15 – Employee Benefits**

The details of employee benefits for the period on account of gratuity, superannuation which are funded defined employee benefit plans and encashment which is an unfunded defined benefit plan are as under.

(₹ In Lakhs)

			Pension		Gratuity		Encashment	
			C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
			Funded				Unfunded	
I		**Components of employer expense**						
	A	Current Service Cost	10,920	9,244	4,157	3,819	1,760	1,526
	B	Interest Cost	22,781	19,454	6,465	5,757	3,054	2,543
	C	Expected Return on Plan Assets	(22,246)	(20,966)	(6,368)	(5,791)		
	D	Curtailment Cost/(Credit)						
	E	Settlement Cost/(Credit)						
	F	Past Service Cost					(2,450)	(3,309)
	G	Actuarial Losses/(Gains)	17,512	19,697	1,262	2,312	6,022	5,039
	H	Total expense recognized in the statement of Profit and Loss Account	28,967	27,429	6,756	6,336	8,386	5,799
		Pension Gratuity and Leave Encashment expenses have been recognized in "Employee Remuneration and Welfare Benefits" under schedule 4.						
II		**Actual Returns for the year 31.03.2013**	20,983	19,022	6,848	6,059		
III		**Net Asset/(Liability) recognized in Balance Sheet at 31.03.2013**						
	A	Present Value of Defined Benefit Obligation	287,488	262,045	81,621	76,497	45,000	36,614
	B	Fair Value of Plan Assets	287,890	260,703	82,659	75,257		
	C	Status (Surplus/Deficit)	(402)	1,342	(1,038)	1,240	45,000	36,614
	D	Un recognized Past Service Cost						
	E	Net Asset / (Liability) recognized in Balance Sheet	(402)	1,342	(1,038)	1,240	45,000	36,614
IV		**Change in Defined Benefit Obilgation during the year ended 31.03.2013**						
	A	Past value of the Defined Benefit Obligation at the beginning of the period	262,045	232,020	76,497	67,986	36,614	30,815
	B	Current Service Cost	10,920	9,244	4,157	3,819	1,760	1,526
	C	Interest Cost	22,781	19,454	6,465	5,757	3,054	2,543
	D	Curtailment Cost/(Credit)						
	E	Settlement Cost/(Credit)						
	F	Plan Amendments						
	G	Acquisitions						
	H	Actuarial Losses/(Gains)	14,591	16,868	(462)	3,259	6,022	5,039
	I	Asset Loss / (Gain)						
	J	Benefits Paid	(22,849)	(15,541)	(5,036)	(4,324)	(2,450)	(3,309)
	K	Present Value of Defined Benefit Obligation at the end of the period	287,488	262,045	81,621	76,497	45,000	36,614
V		**Change in the Fair Value of Assets during the year ended 31.03.2013**						
	A	Plan Assets at the beginning of the period	260,703	235,210	75,257	67,747	-	-
	B	Acquisition Adjustment					-	-
	C	Expected return on Plan Assets	22,246	20,966	6,368	5,791	-	-
	D	Asset (Losses)/Gains	2,921	(2,829)	1,724	947	-	-
	E	Actual Company Contributions	24,869	22,897	4,345	5,096	-	-
	F	Benefits Paid	(22,849)	(15,541)	(5,035)	(4,324)	-	-
	G	Plan Assets at the end of the period	287,890	260,703	82,659	75,257	-	-
VI		**Actuarial Assumptions**						
	A	Discount Rate (%)	8.25%	8.50%	8.25%	8.50%	-	-
	B	Expected Return on Plan Assets (%)	8.25%	8.50%	8.25%	8.50%	-	-
	c	Rate of escalation in salary	4.75%	4.50%	4.75%	4.50%	-	-
VII		**Major Category of Plan Assets as % of the Total Plan Assets as at 31.03.2013**						
	A	Government Securities	32.70%	28.56%	38.78%	31.42%	-	-
	B	High Quality Corporate Bonds	55.93%	57.23%	56.20%	62.48%	-	-
	C	Others	11.37%	14.21%	5.02%	6.10%	-	-
VIII		**Basis used to determine the expected rate of return on plan assets**	The expected rate of return on plan assets is based on the current portfolio of the assets, Investment strategy and the market scenario, in order to protect capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.					

12 In 2010-11 the limit of gratuity payable to the employee was enhanced consequent to amendment to the Payment of Gratuity Act, 1972, (Government Gazette notification dated 24.05.2010). The maximum amount of gratuity payable has been increased from ₹3.50 lakhs to ₹10.00 lakhs per employee. As a result the gratuity liability of the Company has increased by ₹17156.00 lakhs.

In terms of requirement of the Accounting Standard (AS-15) Employee Benefits, the entire amount of ₹17156.00 lakhs is required to be charged to the Profit & Loss Account. As permitted by IRDA Circular Number . IRDA/F&A/CIR/ACT/069042011 dated 18.04.2011 an amount of ₹3431.20 lakhs is charged to the revenue in the current year and balance amount remaining to be amortised in next two years is ₹ 6862 40 lakhs

13 During the year, the Company has reviewed its fixed assets for impairment of loss as required by Accounting Standard 28 on impairment of assets. In the opinion of the management no provision for impairment loss is considered necessary.

14 Pre-payment premium received in present value terms on account of restructuring/reduction of interest rates in respect of loans/debentures is spread over the remaining tenure of such loans/debentures. Accordingly ₹61.07 Lakhs (P.Y ₹80.78 Lakhs) has been considered as income received in advance and shown in Schedule – 13 Current Liabilities under the head "Others".

15 The management is currently in the process of identifying enterprises which have been provided goods and services to the Company which qualify under the definition of medium and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amount payable to such Micro, Small, and Medium Enterprises as at 31st March 2013 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

16 Indian Motor Third Party Insurance Pool (IMTPIP) :

a During the year 2011-12, the Insurance Regulatory and Development Authority vide its Orders No. IRDA/NL/ORD/MPL/277/12/2011 dated 23rdDecember 2011 directed the dismantling of the Indian Motor Third Party Insurance Pool (IMTPI Pool).

The IMTPIP Pool was dismantled on a clean cut basis and general insurances companies were required to recognise the pool liabilities of under writing years 2009-10, 2010-11 and 2011-12 as per loss ratios communicated by IRDA with the option to recognise the same an expense on a straight-line basis over up to the three years beginning with the financial year ending March, 31, 2012.

In accordance with IRDA order no. IRDA/F&A/ORD/MTPP/070/03-2012 Dated 22.03.2012, on recognition of transitional liability, the company has recognized ₹86887.44 Lakh during the year.

During the year The company has also recognized ₹ 21721.86 Lakh in addition to ₹ 65165.58 Lakh to be recognized as per the option exercised during 2011-12. ther details are as below

b

Year (1)	Total Liability as per ULR communicated by IRDA (2)	Amount recognised up to last balance sheet date (3)	Amount recognised during the year	Total amount recognised up to 31-03-2013	Amount un-recognised on 31-03-2013
2009-10	23925.90	7975.30	10633.73	18609.03	5316.87
2010-11	31137.21	10379.07	13838.76	24217.83	6919.38
2011-12	140433.63	46811.21	62414.95	109226.16	31207.47
Total	**195496.74**	**65165.58**	**86887.44**	**152053.02**	**43443.72**

Had the liablity had been accounted in the year 2011-12 the profit of the company would have been higher by ₹86887.44 Lakh for the year ended 31st March,2013

17 Foreign Exchange Reserve Account has increased by ₹14668.01(Credit) Lakhs due to change of foreign currency under the following heads (Previous Year ₹48692.88 Lakhs (Credit) consisting of the following.

Sr	Particulars	Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Head Office Account	-	5,118.66	-	33,070.46
2	Outstanding claims	-	9,479.02	-	15,610.82
3	Fixed assets	-	3.34	-	11.60
4	Total	-	14,601.02	-	48,692.88

18 As per IRDA Circular No 005/IRDA/F&A/CIR/MAY-09 dated May 07, 2009, below table mentions the details of the penalty imposed by various regulators and Government authorities during the year:

Srl No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
			Amount In ₹ ('000)		
1	Insurance Regulatory and Development Authority / TAC	Late submission of information relating to premium,claims,agent and offices in Form I to X	-	500	-
2	Service Tax Authorities	Nil	-	-	-
3	Income Tax	Nil	-	-	-
4	Any other Tax Authorities	Nil	-	-	-
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	-	-	-
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	-	-	-
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	-	-	-
8	Competition Commission of India	Nil	-	-	-
9	Any other Central/State/Local Government / Statutory Authority	Nil	-	-	-

19 The Company's Office Premises and Residential flats for employees are obtained on operating lease and are renewable / cancellable at mutual consent. There are no retsrictions imposed by lease agreements. Lease terms are based on individual agreements.significant leasing arrangements are in respect of operating lease for premises. Agrregate lease rentals amounting to ₹8065.96 lacs (PY ₹6617.41 lacs) in respect of obligation under operating lease are charged to Revenue Account.

20 In the year 2011-12 the Company has created Equalization Reserve in respect of London Branch for ₹5082.85 Lakh (£6241000) as required by the UK Regulation. This reserve is not available for distribution as Dividend. In the current year the reserve is valued at ₹5149.84 Lakh, due to currency fluctuation. The Company also has appropriated ₹4123.49 Lakh for Muscat agency during the year in accordance with Oman Insurance Company Law, out of 7031.08 Lakh towards contingency reserve for claims, the balance amount of ₹2907.59 lakh being transferred from General Reserve.

21 DECLINED RISK POOL :
The IRDA vide its Circular no. IRDA/NL/ORD/MPL/MPL/277/12/2011 Dated 23.12.2011 announced the creation of decline risk pool for Commercial Vehicles for standalone Third Party Liability insurance (Act only insurance) with effect from 01.04.2012. The act only insurance policies of commercial vehicles which are declined under the norms of 'file and use' guidelines of IRDA as well as underwriting policy of respective company are covered under the pool.
As per IRDA Order no. IRDA/NL/MPL/ 72/03/2012 dt. 22nd March 2012 on Declined Risk Insurance Pool, the estimation of ULR for the DR Pool shall be completed by the Pool actuary by the following May of each u/w year starting from 31st May, 2013; and that the insurers shall make provision as per the latest year's ULR, until the u/w year's ULR is estimated. IRDA has given latest year's (2011-12) ULR as 145%.
Provisions in the Company 's accounts have been made in accordance with the above.

The company's total investments adequately cover the investment of the DR Pool funds also, though it is not earmarked separately, as stipulated by IRDA

16 C. Disclosures Forming Part Of Financial Statements

(₹ In Lakhs)

Sr. No	Particulars	Current Year	Previous Year
1	The details of contingent liabilities are as under:		
	(a) Partly-paid up investments	820.62	20.62
	(b) Underwriting commitments outstanding		
	(c) Claims, other than those under policies, not acknowledged as debts	17,026.00	18,671.94
	(d) Guarantees given by or on behalf of the Company	34,081.39	1,425.55
	(e) Statutory demands/liabilities in dispute not provided for	206,932.00	175,889.94
	(f) Reinsurance obligations to the extent not provided for in accounts		
	(g) Others (matters under litigation) to the extent ascertainable	594.63	1,145.87
	(h) Tax and other liabilities Venture Fund	1,001.40	1,001.40
2	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	4,006.04	3,605.42
	(b) Outside India	4,517.22	4,517.22
3	Commitment made and outstanding for Loans Investments and Fixed Assets	907.68	907.68
4	Claims, less reinsurance, paid to claimants:		
	(a) In India	570,584.21	418,537.36
	(b) Outside India	132,685.37	125,213.55
5	Claim liabilities where claim payment period exceeds four years.		
6	Amount of claims outstanding for more than six months (Gross Indian)	626,417.88	613,120.82
	No. of Claims	210,928	231,580
	Amount of claims outstanding for less than six months (Gross Indian)	167,888.78	231,318.67
	No. of Claims	132,731	159,383
	Total amount of claims outstanding (Gross Indian)	794,306.66	844,439.49
	Total No. of claims outstanding	343,659	390,963
7	Premiums, less reinsurances, written from business		
	a) In India	810,202.87	695,729.73
	b) Outside India	217,213.73	181,391.04
8	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending		106.05
	b) Sales where payments are overdue		
	c) Sales where deliveries are pending	1,221.36	1,091.37
9	Amount of Claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:		
	No. of claims		
10	Investments made in accordance with statutory requirements are as under:		
	(a) In India- Under Sec.7 of Insurance Act 1938	1,075.16	1,075.17
	(b) Outside India- Statutory Deposits under local laws	34,389.25	34,389.25
11	Segregation of investments into performing and non-performing investments where NPA Provision is required as per IRDA Guidelines is as under:		
	Performing (Standard) Investments	540,813.75	458,176.34
	Non Performing Investments	13,834.11	15,659.19
	Total Book Value (Closing Value)	554,647.86	473,835.53

12 All significant accounting policies forming part of the financial statements are disclosed separately.

13 Premium is recognized as income on assumption of the risk. Reserve for un-expired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to minimum at 100% of net premium for marine business and 50% of net premium for other classes of business.

14 Operating expenses relating to insurance business are apportioned to the revenue account on the basis of gross direct premium plus reinsurance accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.

15 The historical/weighted average cost of investments in equity shares / venture funds, is ₹285019.06lakhs (Previous year ₹277471.55 Lakhs) and ₹387.03 Lakhs (Previous year ₹224.99 Lakhs) respectively. However, the historical/weighted average cost in respect of investment in listed equity/equity related instruments/preference shares, the value of which had impaired on or before 31st March, 2000 is not available with the Company, and hence, the carrying value of the same as on 01.04.2000 is presumed to be the historical/weighted average cost.

16 Computation of managerial remuneration: Being a Government owned Company, the Company is exempted vide notification: GSR 235, dated 31st January 1978 u/s 620 of the Companies Act, 1956.

17 Amortisation of debt securities is done from the date of investment on the basis of actual number of days upto the date of Sale/ Redemption/ 31st March, 2013 While working out amortisation put/call option is not considered. However, partial redemption if any, is taken into account.

18 a) Unrealised gains / losses arising due to change in the Fair Value of listed equity shares and equity related instruments have been taken to "Fair Value Change Account" and on realisation will be transferred to profit and loss account.

b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

19 The Company does not have Real Estate Investment Property.

20 Sector-wise break-up of gross direct premium written in India is as under:

Sector	Current Year			Previous Year		
	(₹ in Crores)	Percentage	Number of Policies/lives	(₹ in Crores)	Percentage	Number of Policies/lives
Rural	1,938.40	19.31	1465073	1,238.50	14.50	1276957
Social	559.17	5.57	29965660	418.56	4.90	27566327
Others	7,540.38	75.12		6,885.80	80.60	
Total	10,037.95	100.00		8,542.86	100.00	

21 **Performance Ratios (Rs in Crores)**

i) Gross Premium Growth rates

(₹ in Crores)

SEGMENT	Current Year	Previous Year	Current Year (%)	Previous Year (%)
Fire	1928	1578.33	22.16	16.53
Marine Cargo	376	352.26	6.63	13.45
Marine Hull	398	411.28	-3.30	38.91
Marine Total	773	**763.54**	**1.28**	**25.88**
Motor	4616	3729.26	23.77	31.76
Personal Accident	172	152.81	12.77	8.15
Aviation	122	108.97	12.35	46.47
Engineering	506	461.51	9.66	14.18
Health	2778	2366.69	17.39	17.27
Liability*	304	289.80	5.06	28.86
Others	672.80	622.97	8.00	9.09
Misc sub Total	**9172.02**	**7732.01**	**18.62**	**23.43**
Grand Total	**11873.49**	**10073.88**	**17.86**	**22.47**

*Liability includes Workmens' compensation

ii) Gross Premium to Share Holders Funds Ratio

(₹ In Crores)

Particulars	Current Year	Previous Year
Gross Premium	11873.49	10073.88
Share Holders Funds(beginning of the year)	7057.61	6890.47
Ratio (Times)	1.68	1.46

iii) Growth Rate of Shareholders Funds

(₹ In Crores)

	Current Year	Previous Year	Growth Amount	Growth % CY	Growth % PY
Share Holders Funds	7737.36	7057.61	679.75	9.63	2.43

iv) Net Retention Ratios

(₹ in Crores)

Segment	Premium Gross	Premium Net	Retention Ratio CY(%)	Retention Ratio PY(%)
Fire	1928.14	1765	91.55	90.60
Marine Cargo	375.61	321	85.56	88.27
Marine Hull	397.72	140	35.12	19.32
Marine Total	**773.33**	**461**	**59.62**	**51.13**
Motor	4615.61	4105	88.93	92.32
Personal Accident	172.32	159	92.42	90.11
Aviation	122.43	79	64.39	35.05
Engineering	506.11	322	63.64	75.64
Health	2778.27	2503	90.09	90.10
Liability*	304.48	260	85.27	77.98
Others	672.80	620	92.19	100.28
Misc Sub Total	**9172.02**	**8048**	**87.74**	**89.90**
Grand Total	**11873.49**	**10274**	**86.53**	**87.07**

*Liability includes Workmens' compensation

v) Net Commission Ratio

(₹ in Crores)

Segment	Commission Net	Premium Net	Commission Ratio CY (%)	Commission Ratio PY(%)
Fire	241.33	1765.20	13.67	13.50
Marine Cargo	46.81	321.35	14.57	13.82
Marine Hull	0.92	139.67	0.66	-25.84
Marine Total	**47.73**	**461.02**	**10.35**	**5.75**
Motor	312.11	4104.87	7.60	8.91
Personal Accident	19.54	159.26	12.27	12.59
Aviation	9.28	78.83	11.77	11.10
Engineering	-52.38	322.10	-16.26	19.73
Health	158.34	2502.97	6.33	7.13
Liability*	34.55	259.64	13.31	14.21
Others	72.67	620.27	11.72	16.12
Misc Sub Total	**554.11**	**8047.94**	**6.89**	**9.81**
Grand Total	**843.17**	**10274.17**	**8.21**	**10.23**

*Liability includes Workmens' compensation

vi) Expenses of Management to Gross Premium Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Expenses	2374.09	2065.81
Gross Premium	11873.49	10073.88
Ratio (%)	19.99	20.51

vii) Combined Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Claims	8143.07	7087.53
Expenses	2374.09	2065.81
Commission	843.17	897.5
Sub Total	11360.33	10050.84
Net Premium	10274.17	8771.21
Ratio (%)	110.57	114.59

viii) Technical Reserves (at End) to Net Premium Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Unexpired Risks Reserves	5554.89	4731.36
Reserves for Premium Deficiency	35.19	110.04
Outstanding Claims	11716.39	10605.94
Total Technical Reserves	17306.47	15447.34
Net Premium	10274.17	8771.21
Ratio – (No. of Times)	1.68	1.76

ix) Underwriting Balance Ratios (after credit of policy holders investment income)

(₹ in Crores)

Segment	U/W Profit	Net Premium	Ratio Current year (%)	Ratio Previous Year(%)
Fire	64.09	1765.20	3.63	-46.98
Marine Cargo	103.74	321.35	32.28	-0.86
Marine Hull	30.99	139.67	22.19	-20.42
Marine Total	**134.72**	**461.02**	**29.22**	**-4.84**
Motor	-152.32	4104.87	-3.71	2.76
Personal Accident	16.20	159.26	10.17	25.32
Aviation	77.08	78.83	97.79	-339.51
Engineering	223.99	322.10	69.54	-18.83
Health	-594.92	2502.97	-23.77	-17.05
Liability*	47.97	259.64	18.47	34.38
Others	208.41	620.27	33.60	42.00
Misc Sub Total	**-173.59**	**8047.94**	**-2.16**	**-1.28**
Grand Total	**25.23**	**10274.17**	**0.25**	**-8.89**

*Liability includes Workmens' compensation

x) Operating Profit Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Underwriting Result	25.23	-779.60
Investment Income	930.96	837.72
Others	55.02	98.03
Sub Total	1011.21	156.15
Net Premium	10274.17	8771.21
Ratio (%)	9.84	1.78

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xi) Liquid Assets to Liabilities Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Liquid Assets	13526.36	13249.16
Policy holders Liabilities	17306.47	15447.34
Ratio (%)	78.16	85.77

xii) Net Earnings Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Profit After Tax	843.66	179.31
Net Premium	10274.17	8771.21
Ratio (%)	8.21	2.04

xiii) Return on Net Worth

(₹ in Crores)

Particulars	2012-13	2011-12
Profit After Tax	843.66	179.31
Net Worth	7737.36	7057.61
Ratio (%)	10.90	2.54

xiv) Reinsurance Ratio

(₹ in Crores)

Particulars	2012-13	2011-12
Risks Reinsured (Premium)	2670.53	3418.03
Gross Premium	11873.49	10073.88
Ratio (%)	22.49	33.93

22 Summary of Financial Statements for Last Five Years

(₹ in Crores)

Operating Results	2012-13	2011-12	2010-11	2009-10	2008-09
1 Gross Premium Written	11873.49	10073.88	8225.51	7099.14	6455.78
2 Net Premium Income#	10274.17	8771.21	7192.23	6002.66	5500.31
3 Income from Investments(Net)@	2791.05	2344.42	2329.99	2139.69	1686.82
4 Other Income	55.02	98.03	-97.91	-60.66	50.24
5 **Total Income**	**13120.24**	**11213.66**	**9424.31**	**8081.69**	**7237.37**
6 Commissions/Brokerage	843.17	897.50	648.67	561.37	560.82
7 Brokerage (included in commissions)					
8 Operating Expenses	2374.09	2065.81	1943.23	1736.06	1455.01
9 Claims, Increase in Unexpired Risk Reseraves and Other Out-Go	8891.75	8094.19	7243.78	5424.97	4924.32
10 **Operating Profit/Loss**	**1011.22**	**156.16**	**-411.37**	**359.29**	**297.22**
11 Total Income under Shareholders a/c					
12 **Profit/(Losss)before Tax**	1011.22	156.16	-411.37	359.29	297.22
13 Provision for Tax	167.56	-23.15	10.19	-45.40	73.08
14 **Net Profit/(Loss) after Tax**	**843.66**	**179.31**	**-421.56**	**404.69**	**224.14**
Miscellaneous					
15 Policy Holders' Account (Beginning)					
Total Funds	17306.47	15447.34	12790.66	9642.48	8712.89
Total Investments	*	*	*	*	*
Yield on Investments	*	*	*	*	*
16 Shareholders' Account (Beginning)					
Total Funds	7057.61	6890.47	7430.21	7322.15	6972.80
Total Investments	17882.55	15769.29	13604.63	11851.03	10771.71
Yield on Investments	*	*	*	*	*
17 Paid up equity capital	200.00	200.00	200.00	200.00	200.00
18 Net Worth	7737.36	7057.61	7057.61	7430.21	7328.00
19 Total Assets	45670.40	42162.74	39621.27	36832.91	26931.58
20 Yield on Total Investments(%)	14.46	14.68	17.09	15.91	13.18
21 **Earning per Share (Rs)**	**42.18**	**8.97**	**-21.08**	**20.23**	**11.21**
22 Book value per Share(Rs)	386.87	352.88	355.58	372.21	366.40
23 Total Dividend	170.00	40.00	0.00	85.00	45.00
24 **Dividend per Share (Rs)**	**8.50**	**2.00**	**0.00**	**4.25**	**2.25**

\# Net of Re-insurance

@ Net of losses

* Points 15 & 16 may be given separately, if feasible

23 **Age wise analysis of outstanding claims as on 31.03.2013 (Gross Indian excluding provision for IBNR)**

Dept.	Less than 3 months		3 - 6 months		6 months – 1 year	
	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)
Fire	778	18,580.00	396	15,548.17	590	47,695.89
Marine Cargo	1,181	6,320.60	367	1,848.65	533	2,137.62
Marine Hull	60	8,938.17	19	537.74	22	798.33
Motor OD	26,545	13,659.02	4,712	4,644.41	3,503	4,167.57
Motor TP	4,598	12,258.80	3,068	6,039.98	6,212	11,386.74
TP DR Pool	100	230.94	37	94.05	14	46.51
Health	63,664	22,804.13	5,929	2,799.71	4,802	1,048.31
Liability	584	1,599.92	207	633.27	336	2,871.65
Motor TP Non pool	1,185	3,812.07	532	1,640.56	141	465.87
Motor TP Pool	5,656	13,708.29	4,762	11,840.01	8,912	23,195.30
Personal Accident	1,283	1,301.55	308	547.90	259	625.20
Aviation	15	788.79	9	125.94	8	140.86
Engineering	817	4,797.11	294	2,774.70	356	6,557.89
Misc - Traditional	755	4,540.05	292	2,009.61	451	3,474.10
Rural	2,508	674.90	1,217	724.16	815	321.92
Urban Non-Traditional	618	645.85	213	382.24	252	355.98
Credit Shield	20	342.74	2	694.75	7	141.09
Total	**110,367**	**115,002.93**	**22,364**	**52,885.85**	**27,213**	**105,430.83**

Dept.	1 – 2 years		2 – 3 years		3 - 5 years	
	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)
Fire	433	33,631.72	239	15,120.12	236	7,372.26
Marine Cargo	368	6,596.13	165	5,669.65	107	1,372.84
Marine Hull	72	920.55	55	5,364.97	24	3,833.94
Motor OD	1,432	2,247.61	437	695.37	746	887.64
Motor TP	12,760	23,370.08	8,745	15,837.37	22,985	38,037.13
TP DR Pool	-	-				
Health	1,259	597.44	378	169.94	262	234.21
Liability	487	3,888.81	236	901.83	291	1,152.99
Motor TP Non pool	2	0.09	-	-		
Motor TP Pool	19,762	51,731.53	12,465	31,458.54	15,939	37,644.17
Personal Accident	181	480.19	100	184.21	41	102.82
Aviation	14	2,977.13	12	1,955.81	32	753.29
Engineering	238	10,442.00	75	7,340.24	51	393.14
Misc - Traditional	532	10,689.64	162	1,343.38	100	656.03
Rural	551	535.89	444	607.02	423	555.49
Urban Non-Traditional	224	472.89	96	289.96	128	185.81
Credit Shield	14	359.85	1	10.00	8	177.00
Total	**38,329**	**148,941.55**	**23,610**	**86,948.41**	**41,373**	**93,358.76**

Dept.	5 years and above		Total	
	No.	Amount (₹ In lacs)	No.	Amount (in lacs)
Fire	332	37,473.58	3,004	175,421.74
Marine Cargo	100	1,988.30	2,821	25,933.79
Marine Hull	70	10,545.45	322	30,939.15
Motor OD	676	942.05	38,051	27,243.67
Motor TP	76,148	127,591.75	134,516	234,521.85
TP DR Pool	-	-	151	371.50
Health	112	97.15	76,406	27,750.89
Liability	497	1,450.87	2,638	12,499.34
Motor TP Non pool	-	-	1,860	5,918.59
Motor Pool	790	1,825.55	68,286	171,403.39
Personal Accident	79	491.62	2,251	3,733.49
Aviation	14	1,603.28	104	8,345.10
Engineering	42	4,922.35	1,873	37,227.43
Misc - Traditional	144	1,031.52	2,436	23,744.33
Rural	1,125	1,342.06	7,083	4,761.44
Urban Non-Traditional	273	427.25	1,804	2,759.98
Credit Shield	1	5.55	53	1,730.98
Total	**80,403**	**191,738.33**	**343,659**	**794,306.66**

24 Interest, Dividends and Rent is apportioned between Revenue Accounts and Profit and Loss account in proportion to the balance in shareholders funds and policyholders' funds at the beginning of the year. The same is further apportioned to fire, marine and miscellaneous Revenue Accounts in proportion to the technical reserve balance at the beginning of the year.

25 The details of premium deficiecy as required by IRDA circular no. F&A/CIR/017/May-04 dated 18.05.2004 are furnished below. Provision of Rs 3519.42 lakhs is made for fire segment and, no provision is required to be made for other segments where the group as a whole has no deficiency

(₹ in Lakhs)

Segment	Relevant Premium	Expected claim cost and related expenses (based on incurred claim ratio of preceding 3 years)	Expected Maintenace cost	Surplus provision in Uneraned Premium	Deficiency
Fire	90145.9	88258.68	9,178.04	3,771.40	-3519.42
Marine Hull	13966.84	13507.77	3,590.17	1,793.54	-1337.56
Health	1,25,148.39	1,22,708.48	9,125.67	5,057.69	-1628.07
Aviation	4213.56	6297.17	704.22	2,739.41	-48.42
Motor TP	25365.46	32341.26	1,866.16	1,854.99	-6986.97
Motor TP DR Pool	896.92	1366.57	610.44	-	-1080.09

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

A. R. Sekar
Director

G. Srinivasan
Chairman-cum-Managing Director

As per our Report of even date

For FORD RHODES PARKS & CO.
Firm registration No. 102860W
Chartered Accountants

Shrikant B. Prabhu
Partner
Membership No.035296

For S R GOYAL & CO.
Firm registration No. 001537C
Chartered Accountants

Praveen Goyal
Partner
Membership No.074789

For JCR & CO.
Firm Reg. No.105270W
Chartered Accountants

Saiprabha R.
Partner
Membership Number 034716

Place : New Delhi
Date : April 30, 2013

Management Report

1. We confirm that the registration granted by the Insurance Regulatory & Development Authority is valid during the year. The same is renewed for the year 2012-2013

2. We confirm that all known and undisputed dues payable to the statutory authorities have been duly paid.

3. We confirm that the shareholding pattern and transfer of shares during the year are in accordance with the statutory or regulatory requirements.

4. We confirm that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.

5. We confirm that the required solvency margins have been maintained.

6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and to the best of our belief the assets set forth in the Balance Sheet are shown in the aggregate amounts not exceeding their realizable or market value under the several headings- "Loans", "Investments", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Account".

7. The overall risk exposure for the risks accepted by us is limited to ₹.200 crores PML per risk except in respect of certain risks in which cases there are exposures of ₹.500 crores PML per policy. The same has been approved by the Board. We have made adequate reinsurance arrangements to mitigate the losses arising out of any major claims.

8. We have overseas operations in 20 countries. The foreign branches have their own reinsurance arrangements to protect their exposure. Over and above there is an excess of loss protection available, which takes care of the exposure risk of the Company as a whole, including domestic and foreign branches.

   The foreign branches/agencies generate enough revenue in local currencies to meet their liabilities arising out of their operations. Hence there is no major currency risk in the countries we operate.

   As regards the country risk, by and large all the countries in which we operate are politically stable. We also have well defined acceptance limits for foreign operations, which limits our exposure in these countries.

9. The average claim settlement time during the preceding five years is as under:

Year	No. of days
2012-13	57
2011-12	54
2010-11	51
2009-10	88
2008-09	137

10. We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and shown in the balance sheet.

11. All investment assets are reviewed periodically and assets are classified into performing and non-performing based on IRDA norms.

12. It is hereby confirmed:

(i) That in preparation of financial statements, the applicable accounting standards, principles and policies have been followed, except amortisation of additional actuarial liability for Gratuity as per I.R.D.A. circular no. IRDA/F&A/CIR/ACT/069042011 dated 18.04.2011 and deferment of additional liability in respect of motor pool claims on dismantling of pool as per IRDA circular no. IRDA/F&A/ORD/MTPP/070/03-2012 dated 22nd March 2012.

(ii) That the management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating loss of the Company for the year except as mentioned in Para 12 (i) above.

(iii) That 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) and Companies Act 1956(1of 1956) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) That the management has prepared the financial statements on a going concern basis.

(v) That the management has ensured that the internal audit system commensurate with the size and nature of business exists and is operating effectively.

13. There are no payments made to individuals, firms, companies and organizations in which directors of the Company are interested.

Jayashree Nair	**K. Sanath Kumar**	**A. R. Sekar**	**G. Srinivasan**
Company Secretary	Director	Director	Chairman-Cum- Managing Director

Place: Mumbai
Date: April 30, 2013