The New India Assurance Company Limited - New Zealand Branch

Annual report
for the year ended 31 March 2014

Report contents

Annual report

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 27:

• 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 2014 and the results of operations for the year ended on that date

• have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements 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 2014. 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 Branch.

- The Directors had no interests in contracts with the Branch except as disclosed in note 24

- 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 $513 were made by the Branch during the year.

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

Director K. SANATHKUMAR
Date: 08/09/14

Director KLR BABU
Date: 08/09/2014

Directory

Nature of business	General Insurance
Registered Office	Level 5 63 Albert Street Auckland New Zealand
Incorporation number	1489374
Director	P. Bakliwal (resigned 24 August 2014) V.R. Iyer R.K. Khullar (appointed 05 June 2014) K.S. Kumar G. Srinivasan S.G. Subramanian (resigned 24 August 2014) S. Ullah A.R Sekar (resigned 31 March 2014) A. Kumar (resigned 05 June 2014) K. L. R. Babu (appointed 21 August 2014)
Auditor	DFK Oswin Griffiths Carlton Chartered Accountants
Banker	ANZ Bank

dfk oswin griffiths carlton
LEADING CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS

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
Paul Collins B Com CA
Barry Graham CA CMANZ

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 27 which comprise the statement of financial position as at 31 March 2014, 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.

Restriction on Distribution or Use
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 27:

- 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 2014 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 2014:

- 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 Carlton

DFK Oswin Griffiths Carlton
Chartered Accountants
8 September 2014
Auckland, New Zealand

Statement of financial position

as at 31 March 2014
in New Zealand Dollars

	Note	2014 $	2013 $
Assets			
Cash and cash equivalents		944,570	744,570
Trade and other receivables	13	3,820,643	3,059,432
Income tax receivable	9	-	338,089
Deferred acquisition costs	15	3,019,394	2,355,434
Investments	12	10,671,822	22,999,286
Total current assets		**18,456,429**	**29,496,811**
Property, plant and equipment	10	43,236	56,105
Intangibles	11	185	462
Investments	12	19,844,246	-
Total non-current assets		**19,887,667**	**56,567**
Total assets		**38,344,096**	**29,553,378**
Liabilities			
Trade and other payables	16	1,582,827	1,631,016
Outstanding claim provision	18	6,485,536	7,166,400
Income tax payable	9	1,579,986	-
Employee benefits	17	38,623	35,424
Unearned premium reserve	19	6,337,522	7,812,562
Total current liabilities		**16,024,494**	**16,645,402**
Deferred tax liability	14	708,024	411,497
Total non-current liabilities		**708,024**	**411,497**
Total liabilities		**16,732,518**	**17,056,899**
Equity			
Retained earnings		11,127,102	5,107,016
Total equity		**11,127,102**	**5,107,016**
Head office account	24	10,484,476	7,389,463
Total equity and head office account		**21,611,578**	**12,496,479**
Total liabilities and equity		**38,344,096**	**29,553,378**

This statement is to be read in conjunction with the notes to the financial statements.

Statement of comprehensive income

for the year ended 31 March 2014

in New Zealand Dollars

	Note	2014 $	2013 $
Gross earned premium revenue	6	15,500,654	15,918,107
Outwards reinsurance premium expense		(232,077)	(1,495,845)
Net premium revenue		**15,268,577**	**14,422,262**
Claims expense		(2,978,325)	(3,400,616)
Reinsurance and other recoveries revenue	6	2,277,203	2,730,814
Net claims incurred		**(701,122)**	**(669,802)**
Acquisition costs		(5,688,460)	(2,312,452)
Other underwriting expenses	7	(832,402)	(944,891)
Underwriting expenses		**(6,520,862)**	**(3,257,343)**
Underwriting profit		**8,046,593**	**10,495,117**
Investment income	8	1,009,935	785,518
Profit before income tax expense		**9,056,528**	**11,280,635**
Income tax expense	9	(3,036,442)	(3,190,698)
Profit for the period		**6,020,086**	**8,089,937**
Other comprehensive income		-	-
Total comprehensive income for the period		**6,020,086**	**8,089,937**

This statement is to be read in conjunction with the notes to the financial statements.

Statement of changes in equity

for the year ended 31 March 2014
in New Zealand Dollars

	Retained earnings	Total
	$	$
Balance at 1 April 2012	(2,962,921)	(2,962,921)
Total comprehensive income for the year		
Profit for the year	8,069,937	8,069,937
Other comprehensive income	-	-
Total comprehensive income for the year	8,069,937	8,069,937
Balance at 31 March 2013	5,107,016	5,107,016
Balance at 1 April 2013	**5,107,016**	**5,107,016**
Total comprehensive income for the year		
Profit for the year	6,020,086	6,020,086
Other comprehensive income	-	-
Total comprehensive income for the year	6,020,086	6,020,086
Balance at 31 March 2014	11,127,102	11,127,102

This statement is to be read in conjunction with the notes to the financial statements.

Statement of cash flows

for the year ended 31 March 2014
in New Zealand Dollars

	Note	2014 $	2013 $
Cash flows from operating activities			
Premiums received		13,295,708	15,651,728
Reinsurance and other recoveries receivec		146,817	887,104
Interest received		1,014,182	507,136
Interest paid		(60,871)	-
Claims paid		(3,659,189)	(5,148,816)
Outwards reinsurance premiums paid		(217,579)	(312,299)
Acquisition expenses paid		(1,098,503)	(1,132,483)
Other underwriting expenses paid		(876,461)	(750,768)
Income tax paid		(821,840)	(500,000)
Net cash inflows from operating activities	22	**7,722,264**	**9,201,602**
Cash flows from investing activities			
Investment in term deposits at banking institutes		(7,516,782)	(9,144,280)
Purchase of property, plant and equipment		(5,482)	(9,010)
Net cash ouflows from investing activities		**(7,522,264)**	**(9,153,290)**
Net increase in cash and cash equivalents		**200,000**	**48,312**
Opening cash and cash equivalents		744,570	696,258
Closing cash and cash equivalents		**944,570**	**744,570**

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

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 2014. The financial statements were authorised for issue by the Directors on the date included on page 2.

(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.

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for all for-profit entities with reporting periods beginning on or after 1 April 2014. This will be effective for the Branch's 31 March 2015 year end.
It is expected that the change in legislation will have no material impact on the Branch's obligation to prepare general purpose financial statements.

In addition to the change in legislation the External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The Branch is currently reporting under NZ IFRS. Under the new XRB framework management expects that the Branch will continue to apply NZ IFRS as applicable for Tier 1 for profit entities. Management expects that this will have no material impact on the preparation and disclosures included in the financial statements.

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 judgements. 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.

Notes to the financial statements (continued)

(b) Basis of Measurement (continued)
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.

Judgements 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) Changes in Accounting Policies and Comparatives
All accounting policies have been applied consistently to all periods presented in the financial statements. To ensure consistency with the current year, comparative figures have been restated where appropriate.

(d) 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 policy holder) 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.

(e) 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 recognised as revenue from the date of attachment of risk. Premium revenue is recognised evenly over the period of the policy or the period of indemnity on the basis of the 24ths 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 accrual 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.

(f) Outward Reinsurance Expense
Premium 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.

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

(h) 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 the claims incurred but not enough reported (IBNER) and claims incurred but not reported (IBNR) 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.

Notes to the financial statements (continued)

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

(i) Liability Adequacy Testing
Liability adequacy testing is performed in order to recognise 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.

(j) 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.

(k) 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 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 that 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.

(l) 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 amounts 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.

Notes to the financial statements (continued)

(l) 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 difference, 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.

(m) 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.

(n) Intangible Assets
Software is a finite life intangible asset 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.

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

Notes to the financial statements (continued)

(p) 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 investments 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.

(q) 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 Branch 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.

(r) 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.

(s) 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 Branch and will not be repaid unless there is an adequate surplus of assets over liabilities after repayment of the Head Office account.

(t) Reinsurance Programme
Reinsurance is purchased to make the Branch'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.

Notes to the financial statements (continued)

(u) 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.

(v) 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.

(w) 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.

(x) 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 and cash and cash equivalents 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.

(y) 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.

(z) 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.

Notes to the financial statements (continued)

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 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 form 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: 14 August 2014
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.

Notes to the financial statements (continued)

3 Actuarial Assumptions and Methods (continued)

Unexpired risk liability

The unearned premium liability was found to be adequate as at 31 March 2014.

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	**2014**
The following assumptions have been made in determining the outstanding claims liabilities:	
Inflation rate	2.95%
Discount rate	2.50%
Discounted mean term (years)	2.1 years
Claim handling expense ratio	5.60%
Risk margin	15.00%

(b) Processes Used to Determine Assumptions

The valuation of outstanding claims liabilities included in the Appointed Actuary 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 movements in CPI. Post valuation date claim inflation has been taken as 2.95% per annum. Most claims are of a short to medium term duration.

Discount Rate

The discount rate used is 2.5% 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.

Claims Handling Expenses

The Branch is responsible for the on-going management of all claims incurred on or before 31 March 2014. 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 2014. The risk margin reflects the predominantly short tail nature of the business.

Notes to the financial statements (continued)

3 Actuarial Assumptions and Methods (continued)

(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 0.5% increase ($30,700) 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 1.2% increase ($75,500) in Outstanding Claims Liability, decreasing profit and equity by the same amount.

(d) Solvency

As at 31 March 2014 The New India Assurance Company Limited had an audited Solvency Ratio (Total Available Solvency Margin/ Total Required Solvency Margin) of 2.61 (= Rs73.6bn / Rs28.2bn) 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 provisions 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.

Notes to the financial statements (continued)

5 Insurance and Financial Risks (continued)

(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 2014	**Rated**	**Unrated**
Financial assets at fair value through profit and loss	**$**	**$**
Term deposits with credit institutions	30,516,068	-
Insurance receivables	-	3,339,250
Cash and cash equivalents	944,570	-
Total	**31,460,638**	**3,339,250**

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**

Cash and cash equivalents and term deposits are invested with New Zealand Banks i.e. ANZ Bank New Zealand Limited having a credit rating of AA- of S&P, AA- of Fitch and Aa3 of Moody's and Bank of India (New Zealand) Limited having a credit rating of BBB- of Standard and Poor. 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 2014, there were no financial assets past due but not impaired (2013: 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.

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 outflow 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.

Notes to the financial statements (continued)

5 Insurance and Financial Risks (continued)

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

	Less than 1 year	1-5 years	5+ years	Total
2014				
Outstanding claims	5,220,752	-	-	5,220,752
Financial Liabilities				
Non- interest bearing payables	1,582,827	-	-	1,582,827
	6,803,579	-	-	6,803,579

	Less than 1 year	1-5 years	5+ years	Total
2013				
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

(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 Branch cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Branch 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 environmental, technology and the industry are monitored through the Branch'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 5 year term period basis with fixed interest rates.

(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 to medium term maturities.

Notes to the financial statements (continued)

5 Insurance and Financial Risks (continued)
(e) Market risk (continued)
(ii) Interest rate risk (continued)

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.

	Weighted average interest rate %	Less than 1 year	1-5 years	5+ years	Total
2014					
Non- interest bearing					
Cash	-	944,570	-	-	944,570
Trade debtors	-	3,820,643	-	-	3,820,643
Fixed interest rate instruments					
Short term deposits	4.35%	10,671,822	-	-	10,671,822
Medium term deposits	4.95%	-	19,844,246	-	19,844,246
		15,437,035	19,844,246	-	35,281,281

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

A change of 100 basis points movement in interest rates would increase or decrease net profit before tax by $305,160 (2013: $229,993).

(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 (2013: nil).

(f) Fair value measurement
NZ IFRS 13 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

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 form 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.

Notes to the financial statements

6 Revenue	Note	2014 $	2013 $
Gross written premium		14,025,614	15,653,105
Movement in unearned premium		1,475,040	265,002
Gross earned premium reserve		15,500,654	15,918,107
Reinsured and other recoveries revenue		2,277,203	2,730,814
		17,777,857	18,648,921

7 Expenses	2014 $	2013 $
The following are included in Other underwriting expenses:		
Audit fees	38,000	17,087
Depreciation	15,326	19,570
Amortisation of government stocks	-	9,444
Amortisation of intangible assets	277	694
Rental operating lease expenses	76,305	71,817
Salaries and wages	400,820	385,067
Doubtful debts expense	11,056	247,762
Loss on disposal of property, plant and equipment	3,028	156

8 Investment income	2014 $	2013 $
Interest income	1,070,806	785,518
Interest expense	(60,871)	-
Total investment income	1,009,935	785,518

9 Tax	2014 $	2013 $
a) Current tax expense		
Income tax expense comprises:		
Current tax expense	2,739,914	1,613,072
Deferred tax expense	296,528	1,577,626
Total expense	3,036,442	3,190,698

The income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2014 $	2013 $
Profit before Taxation	9,056,528	11,280,635
Prima facie income tax expense/ (benefit) calculated at 28%	2,535,828	3,158,578
Tax effect of:		
Non-deductible items	614	833
Other adjustments	500,000	31,287
Income tax expense	3,036,442	3,190,698

b) Income tax (payable) / receivable

	2014 $	2013 $
Opening balance	338,089	1,240,739
Provisional tax and RWT paid	821,839	710,421
Current year charge	(2,739,914)	(1,613,071)
Total income tax (payable) / receivable for the year	(1,579,986)	338,089

The current tax liability of $1,579,986 (2013: receivable of $338,089) represents the amount of income taxes payable in respect of current and prior periods.

Notes to the financial statements

10 Property, plant and equipment

	Cost	Depreciation	Accumulated depreciation	Carrying value
	$	$	$	$
Furniture and fittings (cost)	40,838	2,645	28,738	12,100
Motor vehicles (cost)	46,923	8,773	21,785	25,138
Office equipment (cost)	35,568	3,824	29,852	5,716
Other assets	1,153	83	871	282
Balance as at 31 March 2014	**124,482**	**15,326**	**81,246**	**43,236**

	Cost	Depreciation	Accumulated depreciation	Carrying value
	$	$	$	$
Furniture and fittings (cost)	39,698	3,226	26,041	13,657
Motor vehicles (cost)	46,923	11,936	12,952	33,971
Office equipment (cost)	37,301	4,298	29,189	8,112
Other assets	1,153	110	788	365
Balance as at 31 March 2013	**125,075**	**19,570**	**68,970**	**56,105**

11 Intangible assets

	Cost	Amortisation	Accumulated amortisation	Carrying value
	$	$	$	$
Software	112,932	277	112,747	185
Balance as at 31 March 2014	**112,932**	**277**	**112,747**	**185**

	Cost	Amortisation	Accumulated amortisation	Carrying value
	$	$	$	$
Software	112,932	694	112,470	462
Balance as at 31 March 2013	**112,932**	**694**	**112,470**	**462**

12 Investments

	2014	2013
	$	$
Current		
Government stock	-	505,006
Term deposits	10,671,822	22,494,280
	10,671,822	**22,999,286**
Non-current		
Term deposits	19,844,246	-
	19,844,246	**-**
Total investments	**30,516,068**	**22,999,286**

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

Notes to the financial statements

13 Trade and other receivables	2014 $	2013 $
Trade receivables		
Premium due from policyholders and intermediaries	3,510,725	2,780,819
Provision for doubtful debts - trade receivables	(171,475)	(160,419)
Total trade receivables	3,339,250	2,620,400
Other receivables		
Other receivables	73,616	71,108
Reinsurance recoveries receivable	285,534	302,304
Accrued interest	402,880	346,257
Prepayments	-	-
Provision for doubtful debts - other receivables	(280,637)	(280,637)
Total other receivables	481,393	439,032
Total receivables	**3,820,643**	**3,059,432**

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 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 $11,056 (2013: $ 247,762).

14 Deferred tax	2014 $	2013 $
Deferred tax assets comprise:		
Provisions and temporary differences	137,406	248,025
	137,406	248,025
Deferred tax liabilities comprise:		
Deferred acquisition costs	(845,430)	(659,522)
	(845,430)	(659,522)
Net deferred tax asset/(liability)	**(708,024)**	**(411,497)**

15 Deferred acquisition costs	2014 $	2013 $
Opening balance at 1 April	2,355,434	-
Current year movement	663,960	2,355,434
Total deferred acquisition costs	**3,019,394**	**2,355,434**

Notes to the financial statements

16	Trade and other payables	2014 $	2013 $
	Trade payables	45,166	194,976
	Amounts due to reinsurers	1,092,810	1,078,312
	Non-trade payables and accrued expenses	444,851	357,728
	Total trade and other payables	**1,582,827**	**1,631,016**

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

17	Employee benefits	2014 $	2013 $
	Liability for annual/ sick leave	38,623	35,424

18	Outstanding claims provision	2014 $	2013 $
	Central estimate of outstanding claims provision (including risk margin)	5,220,752	5,173,055
	Claim handling expenses	268,989	270,360
	Claims incurred but not reported	704,600	987,500
	Claims incurred but not enough reported	293,195	735,485
	Total outstanding claims provision	**6,486,536**	**7,166,400**

The risk margin used to determine claims incurred but not reported included in total outstanding claims is 15.0% (2013: 15.0%) of the central estimate.

19	Unearned premium reserve	2014 $	2013 $
	Opening balance at 1 April	7,812,562	8,077,564
	Deferral of premium on contracts written during the year	6,337,522	7,812,562
	Earning of premiums deferred in prior years	(7,812,562)	(8,077,564)
	Closing balance at 31 March	**6,337,522**	**7,812,562**

20 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.

The Appointed Actuary has assessed the adequacy of the Unearned Premium Liability by considering Deferred Acquisition Costs and the estimated present value of the expected future cash flows relating to future claims arising from the rights and obligations under current insurance policies as follows:

Liability Adequacy Test: Pass	2014 $	2013 $
Unearned premium	6,337,522	7,812,562
Related deferred acquisition costs	(525,211)	(590,336)
Net unearned premium	**5,812,311**	**7,222,226**
Premium liabilities (*)	4,008,483	7,095,466
Liability surplus	**1,803,828**	**126,760**
Deferred acquisition costs to be written off	-	-

(*) including risk margin and claims management expenses

Notes to the financial statements

20 Liability adequacy test (continued)

The Appointed Actuary calculated the Premium Liabilities as Unearned Premiums x Claims Ratio of the last three years x Risk Margin loading x Claims Management Expenses loading ($4,008,483 = $6,337,522 x 50% x 1.15 x 1.1).

The Appointed Actuary is not aware of any need to make any allowance for any projected Premium Adjustments or Unclosed Premiums or other commitments arising from the Branch's insurance contracts.

21 Financial instruments

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 debt and equity balance.

The capital structure of the Branch consists of cash and cash equivalents and equity comprising accumulated profits as disclosed in the Statement of Changes in Equity.

The directors review the capital structure on a regular basis, as part of the 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.

Categories of financial assets and liabilities

	2014			
	Loans and receivables $	Financial assets at fair value through profit or loss $	Financial liabilities at amortised cost $	Total $
Assets				
Cash and cash equivalents	944,570	-	-	944,570
Trade and other receivables	3,820,643	-	-	3,820,643
Investment in term deposits	-	30,516,068	-	30,516,068
Total financial assets	4,765,213	30,516,068	-	35,281,281
Non-financial assets	-	-	-	3,062,815
Total assets				38,344,096
Liabilities				
Trade and other payables	-	-	1,582,827	1,582,827
Total financial liabilities	-	-	1,582,827	1,582,827
Non-financial liabilities	-	-	-	15,149,691
Total liabilities	-	-	-	16,732,518

Notes to the financial statements

21 Financial instruments (continued)

	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	-	22,494,280	-	22,494,280
Investment in government stock	-	505,006	-	505,006
Total financial assets	**3,804,002**	**22,999,286**	-	**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**

22 Reconciliation of profit after income tax to net cash inflows from operating activities

Operating activities	2014 $	2013 $
Net profit/(loss) after tax	6,020,086	8,089,937
Add: Non-cash items		
Depreciation	15,326	19,570
Amortisation	277	694
Loss on disposal of fixed assets	3,026	156
Amortisation on government bond	-	9,444
(Increase)/decrease in trade and other receivables	(761,211)	183,870
(Increase)/decrease in deferred acquisition costs	(663,960)	(2,355,434)
Increase/(decrease) in trade and other payables	(48,189)	140,102
Increase/(decrease) in outstanding claim provision	(680,864)	(1,748,200)
Increase/(decrease) in employee benefits	3,198	3,074
Increase/(decrease) in unearned premiums	(1,475,040)	(265,002)
(Increase)/decrease in income tax receivable	1,918,075	902,650
Increase/(decrease) in deferred tax liability	296,527	1,577,626
Increase/(decrease) in head office account	3,095,013	1,577,626
Net cash inflows from operating activities	**7,722,284**	**6,568,487**

23 **Contingencies and commitments**

The Branch had no capital commitments as at balance date.

There were no contingent liabilities at balance date (2013: $Nil).

Notes to the financial statements

23 **Contingencies and commitments (continued)**

Operating lease commitments

Commitments under non-cancellable operating leases:	2014 $	2013 $
Less than one year	75,408	71,817
Between one and five years	301,631	359,065
Greater than five years	56,556	53,863
Total operating lease commitments	433,595	484,765

24 **Related parties**

Key management compensation Total compensation for key management personnel is set out as follows:	2014 $	2013 $
Short term employee benefits	114,183	116,638

Transactions and balances

The Head Office has charged the Branch for Treaty Reinsurance in the amount of $5,233,106 (2013: $4,465,057).

The Head Office has provided funding to support the Branch and as at 31 March 2014 the Branch owed the Head Office $10,484,476 (2013: $7,389,463).

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

25 **Subsequent events**

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

26 **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 29 July 2014. The credit rating is an indication of the Branch's ability to pay current and future claims.

AON Hewitt

The New India Assurance Company Limited
New Zealand Branch
Appointed Actuary Report Summary
For the year ended 31 March 2014

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
14 August 2014
Auckland, New Zealand

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The New India Assurance Company Limited
Section 78 Report
For the year ended 31 March 2014

To the Shareholders of The New India Assurance Company Limited (Company).

The Insurance (Prudential Supervision) Act 2010 (Act) (IPSA 2010) Section 77 requires licensed insurers to provide a review by the licensed insurer's Appointed Actuary in respect of the actuarial information contained in any financial statements required to be filled by the Company in New Zealand.

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

I have received confirmation that the Appointed Actuary of the Company has complied with the provisions of the Insurance Regulatory and Development Authority of India (IRDA) (Actuarial Report and Abstract) Regulations 2000, the guidelines on estimation of IBNR Claims Provision for General Insurance Business issued by IRDA dated 8 June 2005 and 22 May 2008 and the applicable Guidance Notes and Actuarial Practice Standards issued by the Institute of Actuaries of India.

I am reliant on the information provided by the Appointed Actuary of the Company described above.

I have no relationship (other than Appointed Actuary to the New Zealand Branch) with, or any interests in the Company or any of its subsidiaries.

I have received all information and explanations that I have required from the Company.

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

Marcelo Lardies BSc (Hons)
Fellow of the New Zealand Society of Actuaries

14 August 2014
Auckland, New Zealand

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The New India Assurance Company Ltd.
[Registration No 190, Date 25-02-2014]
[CIN U 99999 MH1919 GOI 000546]

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 2014-2015

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 22 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
2013-14	116
2012-13	57
2011-12	54
2010-11	51
2009-10	88

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**	**S GanapatiSubramanian**	**G. Srinivasan**
Company Secretary	Director	Director	Chairman-Cum- Managing Director

Place: Mumbai
Date: April 28, 2014

S. R. GOYAL & CO.	JCR & CO.	J. SINGH & ASSOCIATES
Chartered Accountants	Chartered Accountants	Chartered Accountants
SRG House,	Level II, Raval House	505/506/507, Hubtown viva,
2, M.I. Road,	18th Road, Khar West	Western Express Highway,
Opp. Ganpati Plaza,	Mumbai- 400 052	Andheri (East),
Jaipur-302 001		Mumbai- 400060

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, 2014 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 Thirty Two Regional Offices(including 4 LCO's), Four Hundred and Twelve 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 and One Audited run-off Foreign Agencies,

(in all covering total premium of Rs. 13727.61 crores and Incurred Claims of Rs.10428.25 crores.)

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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 and accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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) and 8 (c) 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.3431.20 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.

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60 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, 2014 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, 2014;

(ii) In case of revenue accounts of the loss in Fire and profit in Marine and 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

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI CHARTERED ACCOUNTANTS

(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 audited under section 228 by a person other than the company's auditor has been forwarded to us as required by clause (c) of sub-section (3) of section 228 and have been dealt with in preparing our report in the manner considered necessary by us;

   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, 2014, 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 read with General Circular 15/2013 dated 13 September 2013 issued by the Ministry

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI Chartered Accountants

of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013 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, 2014 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 S. R. GOYAL & Co.	For JCR & CO.	For J SINGH & ASSOCIATES
Chartered Accountants	Chartered Accountants	Chartered Accountants
Firm Registration no:001537C	Firm Registration no:105270W	Firm Registration no: 110266W
Anurag Goyal		
Anurag Goyal	Saiprabha R.	J. Singh
Partner	Partner	Partner
Membership No. 412538	Membership No.034716	Membership No.042023

S. R. GOYAL & CO. CA Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI Chartered Accountants

Place : Mumbai
Date : 28th April, 2014

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

CIN U99999 MH1919 GOI 000526

Fire Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1.Premium Earned (Net)	1	17846263	15787472
2.Profit on Sale or Redemption of Investments (Policy Holders)	-	1556717	1474743
Loss on Sale or Redemption of Investments (Policy Holders)		0	0
3.Interest, Dividend and Rent (Gross)	-	2890471	2727431
4. Premium Deficiency		351941	748441
Total (A)		22645392	20738088
1.Claims Incurred (Net)	2	15300619	12665095
2.Commission	3	3184666	2413338
3.Operating Expenses Related to Insurance Business	4	5186762	5015177
4.Others - Foreign Taxes		2990	5233
Amortisation, Write off, Provisions - Investments		30917	(1636)
Total (B)		23705954	20097207
Operating Profit/ (Loss) C=(A-B)		(1060563)	640881
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)	-	(1060563)	640881
Transfer to Catastrophic Reserves	-	0	0
Transfer to Other Reserves	-	0	0
Total		(1060563)	640881
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

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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

Anurag Goyal

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules to Fire Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Fire		
Premium Earned(Net)		
Premium From Direct Business - In India	**14117657**	13326797
- outside India	**7254137**	5954613
Total	**21371794**	19281410
Add: Premium on Reinsurance Accepted	**7479677**	7636293
Less: Premium on Reinsurance Ceded	**11188126**	9265662
Net Premium	**17663345**	17652041
Adjustment for Change in Reserve for Un-Expired Risks	**(182918)**	1864569
Total Premium Earned (Net)	**17846263**	15787472
Schedule 2 - Fire		
Claims Incurred (Net)		
Claims Paid Direct	**15804786**	14475028
Add: Claims on Reinsurance Accepted	**9778422**	6259961
Less: Claims on Reinsurance Ceded	**9591487**	7769920
Net Claims Paid	**15991721**	12965069
Add:Claims Outstanding at End (Net)	**26814548**	26360680
Less :Claims Outstanding at Beginning (Net)	**26360680**	26660654
Foreign Exchange Fluctuation Relating to Non-Integral Foreign Operations	**(1144970)**	0
Total Incurred Claims (Net)	**15300619**	12665095
Schedule 3- Fire		
Commission (Net)		
Commission - Direct	**2835032**	2132314
Add : Commission on Reinsurance Accepted	**1321063**	882133
Less : Commission on Reinsurance Ceded	**971429**	601109
Commission (Net)	**3184666**	2413338
Break-up of Commission Direct		
Direct Commission	**2401123**	1790070
Direct Brokerage	**369478**	287420
Direct Corporate Agency Commission	**64431**	54823
Referrals	**0**	0
Total Commission	**2835032**	2132313

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

CIN U99999 MH1919 GOI 000526

Marine Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous Year ₹ (000)
1.Premium Earned (Net)	1	4610226	3903709
2.Profit on Sale or Redemption of Investments (Policy Holders)	-	394681	359321
Loss on Sale or Redemption of Investments (Policy Holders)		0	0
3.Interest, Dividend and Rent (Gross)	-	732833	664538
4. Premium Deficiency		0	0
Total (A)		5737740	4927568
1.Claims Incurred (Net)	2	2143198	1945739
2.Commission	3	485925	477290
3.Operating Expenses Related to Insurance Business	4	1218890	1157693
4.Others - Foreign Taxes		0	0
Amortisation, Write off, Provisions - Investments		7838	(398)
Total (B)		3855851	3580324
Operating Profit/ (Loss) C=(A-B)		1881889	1347244
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)	-	1881889	1347244
Transfer to Catastrophic Reserves	-	0	0
Transfer to Other Reserves	-	0	0
Total		1881889	1347244
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

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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

Anurag Goyal

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

S. R. GOYAL & CO. CA Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60 CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules to Marine Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Marine Premium Earned(Net)		
Premium From Direct Business - in India	7114648	6699272
- outside India	1198336	1033986
Total	8312984	7733259
Add: Premium on Reinsurance Accepted	727150	551580
Less: Premium on Reinsurance Ceded	4514923	3674613
Net Premium	4525211	4610226
Adjustment for Change in Reserve for Un-expired Risks	(85015)	706517
Total Premium Earned (Net)	4610226	3903709
Schedule 2 - Marine Claims Incurred (Net)		
Claims Paid Direct	3280412	4357260
Add: Claims on Reinsurance Accepted	385058	111192
Less: Claims on Reinsurance Ceded	985497	2368199
Net Claims Paid	2679973	2100253
Add:Claims Outstanding at End (Net)	3943828	4447845
Less :Claims Outstanding at Beginning (Net)	4447845	4602359
Foreign Exchange Fluctuation Relating to Non-Integral Foreign Operations	(32758)	0
Total Incurred Claims (Net)	2143198	1945739
Schedule 3- Marine Commission (Net)		
Commission - Direct	732655	685005
Add : Commission on Reinsurance Accepted	172561	115639
Less : Commission on Reinsurance Ceded	419291	323354
Commission (Net)	485925	477290
Break-up of Commission Direct		
Direct Commission	539855	507853
Direct Brokerage	192292	175821
Direct Corporate Agency Commission	508	1332
Referrals		
Total Commission	732655	685006

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

CIN U99999 MH1919 GOI 000526

Miscellaneous Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1.Premium Earned (Net)	1	**89512257**	74815208
2.Profit on Sale or Redemption of Investments (Policy Holders)	-	**5589431**	4691333
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3.Interest, Dividend and Rent (Gross)	-	**10378308**	8676281
4. Premium Deficiency		**0**	0
Total (A)		**105479996**	88182821
1.Claims Incurred (Net)	2	**76365732**	66819879
2.Commission	3	**8055467**	5541051
3.Operating Expenses Related to Insurance Business	4	**19893416**	17559161
4.Others - Foreign Taxes		**1437**	3648
Amortisation, Write off, Provisions - Investments		**111008**	(5206)
Total (B)		**104427060**	89918533
Operating Profit/ (Loss) C=(A-B)		**1052936**	(1735712)
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)			
Transfer to Catastrophic Reserves	-	**1052936**	(1735712)
Transfer to Other Reserves	-	**0**	0
	-	**0**	0
Total		**1052936**	(1735712)
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

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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

Anurag Goyal

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

S. R. GOYAL & CO. Chartered Accountants CA

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules to Miscellaneous Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Miscellaneous Premium Earned(Net)		
Premium From Direct Business - in India	94168292	80353474
- outside India	13423017	11366738
Total	107591309	91720212
Add: Premium on Reinsurance Accepted	3066223	2524182
Less: Premium on Reinsurance Ceded	12059933	13765001
Net Premium	98597599	80479393
Adjustment for Change in Reserve for Un-expired Risks	9085342	5664185
Total Premium Earned (Net)	89512257	74815208
Schedule 2 - Miscellaneous Claims Incurred (Net)		
Claims Paid Direct	71043011	60746479
Add: Claims on Reinsurance Accepted	2012949	1869114
Less: Claims on Reinsurance Ceded	18541647	7354766
Net Claims Paid	54514313	55260827
Add:Claims Outstanding at End (Net)	108971370	86355392
Less :Claims Outstanding at Beginning (Net)	86355392	74796340
Foreign Exchange Fluctuation Relating to Non-Integral Foreign Operations	(764559)	0
Total Incurred Claims (Net)	76365732	66819879
Schedule 3- Miscellaneous Commission (Net)		
Commission - Direct	8517491	7367172
Add : Commission on Reinsurance Accepted	583952	166168
Less : Commission on Reinsurance Ceded	1045976	1992289
Commission (Net)	8055467	5541051
Break-up of Commission Direct		
Direct Commission	6898834	6262871
Direct Brokerage	1432275	905575
Direct Corporate Agency Commission	186382	198726
Referrals		
Total Commission	8517491	7367172

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

CIN U99999 MH1919 GOI 000526

Profit and Loss Account for the year ended 31st March 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1. Operating Profit / (Loss)			
a. Fire Insurance	-	(1060563)	640881
b. Marine Insurance	-	1881889	1347244
c. Miscellaneous Insurance		1052936	(1735712)
2. Income from Investments			
a. Interest Dividend and Rent (Gross) - Share Holders		6895234	6040086
b. Profit on Sale of Investment - Share Holders	-	3713556	3265922
Less: Loss on Sale of Investment - Share Holders	-	0	0
3. Other Income Misc Receipts - Credit Balances Written Back		193112	137171
Total (A)=1+2+3		12676164	9695592
4. Provisions (Other Than Taxation)			
a. Others - Amortisation Provision For Thinly Traded Shares - Shareholders	-	42840	18239
b. For Doubtful Debts - Investments(Shareholders)	-	9246	(48765)
c. For Doubtful Debts - Operations		(65455)	(68869)
d. For Dimunition In Value Of Investments (Shareholders)	-	21666	26903
5. Other Expenses(Other Than Those Related To Insurance Business)			
a. Others - Interest On Income/Service Tax	-	(275954)	(340577)
b. (Profit)/Loss On Sale Of Assets		(353)	(4067)
c. Penalty For Breach Of Tariff		0	500
Total (B)=(4+5)		(268010)	(416636)
Profit Before Tax (A-B)	-	12944174	10112229
Provision For Taxation - Current Tax	-	2283986	1709256
Deferred Tax		(243202)	(49145)
Wealth Tax		13576	15526
Profit After Tax		10889814	8436592
Transfer from General Reservs for Equalization / Contingency Reserves for Foreign Branches		25834	290756
Transfer from Contingency Reserves for Unexpired Risk (created in 2009-10)		449500	
Appropriations			
a. Proposed Final Dividend	-	(2200000)	(1700000)
b. Dividend Distribution Tax.	-	(373890)	(288915)
c. Transfer to General Reserves	-	(8765424)	(6035328)
d. Transfer to Equalization / Contingency Reserves for Foreign Branches	-	(25834)	(703105)
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}		54.45	42.18
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

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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

Anurag Goyal

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

S. R. Goyal & Co. Chartered Accountants CA
JCR & Co. Mumbai Chartered Accountants
J. Singh & Associates Mumbai 60. Chartered Accountants

Mumbai
April 28, 2014

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

CIN U99999 MH1919 GOI 000526

Balance Sheet as at 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
A. Sources of Funds			
1. Share Capital	5 & 5A	**2000000**	2000000
2. Reserves and Surplus	6	**94934231**	83227452
3. Fair Value Change Account	-	**177783311**	157617551
4. Borrowings	7	**0**	0
Total A		**274717542**	242845003
B. Application of Funds			
1. Investments	8	**352973373**	311733531
2. Loans	9	**4011550**	3857036
3. Fixed Assets	10	**1778264**	1528633
4. Deferred Tax Assets		**1615644**	1372442
5. Current Assets			
a. Cash and Bank Balances	11	**89650037**	74079933
b Advances and Other Assets	12	**80079682**	61183667
Sub Total(a+b)		**169729719**	135263600
c. Current Liabilities	13	**178546840**	145076588
d. Provisions	14	**77187288**	66519890
Sub Total(c+d)		**255734128**	211596478
Net Current Assets (a+b-c-d)		**(86004409)**	(76332878)
6. Miscellaneous Expenditure - Contribution to Gratuity Fund-Deferred (to the extent not written off or adjusted)	15	**343120**	686240
Total B		**274717542**	242845003

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

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

S. R. GOYAL & CO. Chartered Accountants CA

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule - 4		
Operating Expenses Related To Insurance Business		
1. Employees Remuneration And Welfare Benefits	18989466	16775936
2. Travel Conveyance And Vehicle Running Expenses	627777	524306
3. Training Expenses	56400	43132
4. Rent Rates And Taxes	926690	806596
5. Repairs And Maintenance	726795	768861
6. Printing And Stationery	433703	356302
7. Communication Expenses	379934	311641
8. Legal And Professional Charges	396107	352311
9. Auditors Fees, Expenses Etc. As Auditor	65847	58032
Auditors Fees, Expenses Etc. As Advisor Or Other Capacity - Taxation	0	0
Auditors Fees, Expenses Etc. As Advisor Or Other Capacity - Insurance	0	0
Auditors Fees, Expenses Etc. As Advisor Or Other Capacity - Mgt Services	0	0
Auditors Fees, Expenses Etc. In Other Capacity	0	0
10. Advertisement And Publicity	392990	314560
11. Interest And Bank Charges	21814	27524
12. Others - Exchange (Gain) / Loss	(645134)	710756
IT Implementation	224789	(31271)
Input Service Tax Recovery	519334	318627
Outsourcing Expenses	1907564	1193499
Other Taxes	52907	120841
Others	892887	731320
13. Depreciation	329198	349057
Total	26299068	23732030
Apportioned to Fire Segment	5186762	5015177
Apportioned to Marine Segment	1218890	1157693
Apportioned to Miscellaneous Segment	19893416	17559161
Total	26299068	23732031

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60 CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

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 25.02.2014]

Schedules for the year ended 31st March, 2014

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)	74391706	68647134
Addition During The Year - Balance Transferred From P & L Account		8765424	6035328
Transfer to P & L Account for Equalization / Contingency Reserves for Forgine Branches		(25834)	(290756)
Net Deduction During The Year		0	0
	(Cl. Balance)	83131296	74391706
5. Catastrophe Reserve		0	0
6. Other Reserves			
A. Foreign Currency Translation Reserve			
Opening Balance		7167579	5707477
Addition During The Year (Refer Note No 17 To Notes To Accounts In Schedule 16 B)		3210562	1460102
Deduction During The Year		0	0
	(Cl.Balance)	10378141	7167579
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) (Opening Balance)		449500	449500
Transfer to P & L Account for General Reserve		(449500)	0
Closing Balance		0	449500
C. Equalization / Contingency Reserves for Foreign Branches			
Opening Balance		1218092	508285
Addition During The Year		206127	709807
	(Cl.Balance)	1424219	1218092
7. Balance Of Profit In Profit And Loss Account		0	0
	Total	94934231	83227452

Schedule 7
Borrowings

1.Debentures / Bonds	-	-
2.Banks	-	-
3.Financial Institutions	-	-
4.Others	-	-

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 8		
Investments		
Long term investments		
1. Government securities		
Central government securities	52882261	45334341
State government securities	17026808	19769442
Foreign government securities	1391988	1483359
2. Other approved securities	43815	43815
3. Other investments		
a.Shares		
aa. Equity	209478692	184087443
bb. Preference		
Preference shares	8229	6282
Preference shares of railways in India	0	0
b.Mutual funds/ ETF	459498	0
c.Derivative instruments	0	0
d.Debentures/Bonds/PTCs		
Debentures in India	14729002	12618782
Other debentures - Foreign	166669	301523
e.Other securities (to be specified)		
Foreign shares	33341	32092
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	22614576	20479866
5. Investment in housing bonds	15993294	11275097
6. Other than Approved Investments, Debentures, Pref.shares, Foreign Shares, Venture Funds and Equity	2481714	3323043
Total	**337906986**	299352183

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Assoc. MUMBAI

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 8 Continued		
Short Term Investments		
1. Government Securities		
Central Government. Securities	1375968	3174970
State Government. Securities	4703719	1268308
Government. Guaranteed Securities	0	0
Foreign Government Securities	0	0
2. Other Approved Securities	0	0
3. Other Investments		
a.Shares		
aa. Equity	0	0
bb. Preference	0	0
b.Mutual Funds	0	0
c.Derivative Instrument	0	0
d.Debentures/Bonds/PTCs		
Debentures in India	2878498	3318125
Other Debentures Foreign	0	0
e.Other Securities	0	0
f.Subsidiaries	0	0
g.Investment Properties (Real Estate)	0	0
4. Investment In Infrastructure And Social Sector	4133780	2625732
5. Investment In Housing Bonds	1949422	1994213
6. Other Than Approved Investments	25000	0
Total	15066387	12381348
Grand Total	352973373	311733531
Investments		
1.In India	350324997	309085155
2.Outside India	2648376	2648376
Investment in foreign associates included in equity above	*162495*	*174410*
Aggregate amount of Companies Investments in other than listed equity shares Book Value	*581374*	*533495*
Market value	*572542*	*517974*

Preference shares and FITL preference shares (LTUA) amounting to ₹ 84498304 (P.Y. ₹ 84498304) is netted against interest suspense of an equal amount. Debentures and FITL debentures amounting to ₹55409150.06 (P.Y. ₹55499603) are netted against interest suspense of an equal amount. Equity shares amounting to ₹21749284.86 (P.Y. ₹21749579) 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	*71935*	*65607*
Housing sector bonds - Standard Provisions	*71779*	*53083*
Infrastructure Investments - Standard Provisions	*107058*	*92469*
Investments in OAS - Standard Provisions	*175*	*175*
Other than approved investments (Debenture)	*515987*	*490553*
Equity - Thinly traded and unlisted equity - diminution in value	*13841*	*19710*
Equity - Long term unapproved thinly traded and unlisted equity - diminution in value (F)6034/12	*90101*	*81895*
Equity subsidiary - Long term unapproved thinly traded and unlisted equity - diminution in value (F)6039/12	*1535*	*1535*
Investments in France Agency (Foreign & France)		
Total	*872411*	*805027*
Note:		
Intrest suspence for Debtors include in sch 12 -B8b	*1594*	*1594*
S.H.C.I. include in in sch 12 -B8b	*93426*	*0*
Loans To State Government Housing, FFe Loans To Hudco includes In Sch - 9	*960699*	*1040676*

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 9		
Loans		
1. Security-Wise Classification		
Secured		
a. On Mortgage Of Property		
aa. In India	0	0
Loan Against Mortgage Of Property	2026771	1916367
Housing, Vehicle And Computer Loans To Employees	691944	744304
Direct Term Loans	5316	5713
bb. Outside India Housing, Vehicle Loan To Employees	0	0
b. On Shares, Bonds, Government Securities		
c. Others	179300	0
Loans to Subsidiaries		
Loans Guaranteed By Banks/Governments-	960699	1040676
Loans To State Government Housing, FFe Loans To Hudco	147520	149977
Unsecured (Term Loans, Bridge Loans, Short-Term Loans, Term Loans PFPS)	4011550	3857036
Total		
2. Borrower-Wise Classification	960699	1040676
a. Central And State Governments(Term Loans, Housing and FFE)	0	0
b. Banks And Financial Institutions	179300	0
c. Subsidiaries	807769	862154
d. Industrial Undertakings (Term Loans, Bridge Loans, Short-Term Loans, Loans To PFPS)	2032087	1922080
e. Others - Housing Loans,Vehicle Loans, Computer Loans To Employees	31695	32127
Hudco, Term Loans And PFPS	4011550	3857036
Total		
3. Performance-wise Classification		
a. · Loans Classified as Standard		
aa. In India:Term Loans, Bridge Loans, State Government Housing And Ff,	937130	1143760
Loans To Hudco, PFPS	2026771	1916367
Housing, Vehicle And Computer Loans To Employees		
bb. Outside India (Loans To Employees)	5316	5713
Loans to Subsidiaries	179300	0
b. Non-Performing Loans Less Provisions	863033	791197
aa. In India (Term Loans, Bridge Loans, Short-Term Loans, Loans PFPS)	0	0
bb. Outside India	4011549	3857036
Total		
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	1800163	1934956
PFPS)	179300	0
Loans to Subsidiaries	2032087	1922080
Housing, Vehicle, And Computer Loans To Employees.	4011550	3857036
Total		

PFPS and FITL PFPS amounting to ₹646661264 (P.Y. ₹714154964) and FITL short term loan amounting to ₹1675199 (P.Y. ₹1675199) and direct term loans amounting to ₹6100950 (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	20783	21680
Direct term loans (Investments)	400	400
Bridge loan (Investments)	0	511
Term loans PFPS std.provision	597458	635042
Term loans PFPS	85068	85068
Short term loans (Investments)	3668	3962
Housing loans to state govts - std.provision	18070	17161
Housing loans to state govts	81	11?
FFE loans to state govts. - std.provision	2932	2932
FFE loans to state govts.	728460	766873
Total		

Note:

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

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

Schedule for the year ended 31-03-2014
Schedule 10

₹ (000)

Fixed Assets

Particulars	Gross Block				Depreciation Fund				Net Block	
	Opening Balance.	Additions	Deletions	* Closing Balance	Opening Balance.	Additions	Deletions	* Closing Balance	Closing	Opening
	01/04/2013	During 2013-2014		31/03/2014	01/04/2013	During 2013-2014		31/03/2013	31/03/2014	31/03/2013
Goodwill	0	0	0	0	0		0	0	0	0
Intangibles	1029986	0	0	1029986	1029986	0	0	1029986	0	0
Land Freehold	80440	0	0	80440			0	0	80440	80440
Leasehold Property	0	0	(8714)	8714	0	2681	0	2681	6032	0
Buildings	1517521	266088	48205	1735404	835422	14247	(21637)	871306	864098	682099
Furnitures & Fittings	509453	44421	11939	541935	439543	23722	6195	457069	84866	69910
Information & Technology Equipments	2544749	112232	125046	2531934	2427058	113066	143953	2396172	135763	117691
Vehicles	941445	175075	59442	1057078	435097	159123	59127	535093	521985	506348
Office Equipments	121718	0	4315	117403	105498	4059	13000	96557	20846	16220
Other Assets	274131	33998	27715	280414	218206	12300	14327	216179	64235	55925
Grand Total	7019442	631809	267948	7383303	5490810	329198	214965	5605043	1778264	1526633
Previous Year	6827456	377303	170683	7019442	5280245	349059	138494	5490810	1528632	1547211

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

JCR & CO. MUMBAI Chartered Accountants

S. R. GOYAL & CO. Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 11		
Cash and Bank Balances		
1. Cash (Including Cheques, Drafts and Stamps)	1277313	1725710
2. Bank Balances		
a. Deposit Accounts		
aa. Short - Term (due within 12 Months)	30885363	24734897
bb.Others	41225085	35025492
b. Current Accounts	10643292	9356157
3. Money at Call and Short Notice		
With Banks	1066879	1446118
With other Institutions	4552106	1791560
Total	89650037	74079933
Cash and Bank Balances In India	39252289	31484715
Cash and Bank Balances Outside India	50397748	42595218
Total	89650037	74079933
1 above includes remittance in transit	0	1307
Balances with non scheduled banks included in 2b above	3410386	5481596
Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 11		
Indian balances included in 2b above	31004	117524
Total	31004	117524

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 12		
Advances and Other Assets		
A. Advances		
1. Reserve Deposits With Ceding Companies	125649	130350
2. Application Money For Investments	0	47328
3. Pre-Payments	44870	211645
4. Advances To Directors / Officers	0	0
5. Advance Tax Paid And Taxes Deducted At Source (Net Of Provision For Taxation)	9553733	11888421
6. Others	370356	373790
Total (A)	10094608	12651534
B. Other Assets		
1. Income Accrued On Investments	5366473	4689964
2. Outstanding Premiums	1411456	1227612
3. Agents Balances	3214761	2820634
4. Foreign Agencies Balances	1195878	1011772
5. Due From Other Entities Carrying Insurance Business (Including Reinsurers)	42125331	32715654
6. Due From Subsidiaries/Holding Companies	601	568
7. Deposit With R B I Persuant To Section 7 Of Insurance Act 1938	107515	107518
8. Others - a. Other Accrued Income	1090408	756629
b. Others Including Sundry Debtors	15472651	5201581
Total (B)	69985074	48532133
TOTAL(A+B)	80079682	61183667

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	93984	93984
Reinsurance balances included in A1 above	942947	902108
Reinsurance balances included in B5 above	494	494
Reinsurance balances included in B8 above	0	0
Foreign balances included in A1 above (France 911871 & 873)	0	0
Foreign balances included in B1 above (France 911897)	60297	48213
Foreign balances included in B3 above (Fiji, Mauritus, Bankok, Japan, Hongkong, New Zealand)	42885	30664
Foreign balances included in B4 above (Manila & Dubai)	2341	1245
Foreign balances included in B5 above (Mauritius, singapore, france)	0	568
Foreign balances included in B6 above (Ghana, T&T, Kualalumpur)	6271	5381
Foreign balances included in B8 above (Equitoral Bank London)	200000	200000
Indian reinsurance balances/Miscellaneous debtors included in B5B above	0	0
Indian coinsurance balances/Miscellaneous debtors included in B5Aabove	84876	64513
Indian miscellaneous debtors included in B8B above	104700	171941
Indian miscellaneous debtors included in 12 B 4 above	18554	18554
Indian miscellaneous debtors included in B8b above (TCS)	1791	401
Sundry debtors(5192) investments Indian included in B8 above - Std. provision	3851	3851
Sundry debtors(5192) investments Indian included in B8 above	849	786
Sundry debtors(5192) investments(F) Indian included in B8 above	2	5
Income accrued on investments(5131(F)) Indian included in B1 above		
Total	1583742	1542708

Note:

Intrest suspence for Debtors include in B8b above	6604	6604
S.H.C.I. include in B8b above	93426	0

S. R. GOYAL & CO. Chartered Accountants

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 13		
Current Liabilities		
1. Agents Balances	216518	254396
2. Balances Due To Other Insurance Companies	14461662	15126898
3. Deposits Held On Reinsurance Ceded	283766	173801
4. Premium Received In Advance	704043	716799
5. Un-Allocated Premium	0	0
6. Sundry Creditors - a. Other Than Service Tax Payable	10947142	12854624
b. Service Tax Payable	193334	(4063187)
7. Due To Subsidiaries / Holding Company	0	0
8. Claims Outstanding	139729745	117163916
9. Due To Officers/Directors	0	0
10. Others	11049133	1114874
Policy Holders Fund - Excess Premium Collected	166461	254587
Policy Holders Fund - Refund Premium Due	196385	206986
Policy Holders Fund - Stale Cheques	598649	1272895
Total	**178546840**	145076588

Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 13		
Indian balances included in 1 above	*11263*	*15589*
Indian balances included in 4 above	*88410*	*99894*
Indian balances included in 10 above	*0*	*3171*
Indian balances included in 6a above	*60079*	*1504*
Reinsurance balances included in 8 above	*0*	*1123*
Total	*159752*	*121281*

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 14		
Provisions		
1. a. Reserve for Un-Expired Risks	64366281	55548872
b. Premium Deficiency Reserve	0	351941
2. Provision for Taxation (Net of Payment of Taxes)	0	0
3. Provision for Proposed Dividend	2200000	1700000
4. Provision for Dividend Distribution Tax	373890	288915
5. Others - Reserve for Bad and Doubtful Debts.	3249893	3250276
Provision for Diminution in value of Thinly Traded / Unlisted Shares	105478	103140
Provision for Wage Arrear	2016746	766746
Provision for Leave Encashment	4875000	4510000
Total	**77187288**	**66519890**

Particulars	Current year ₹ (000)	Previous year ₹ (000)
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)	343120	686240
Total	**343120**	686240

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JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI 60. CHARTERED ACCOUNTANTS

The New India Assurance Company Limited
[Registration No.190, Renewal Date 25.02.2014]

CIN U99999 MH1919 GOI 000526

Receipts & Payments Account /Cash Flow Statement for the period 01.04.2013 to 31.03.2014

Description	Amount in Rs (000) Current Year	Amount in Rs (000) Previous Year
Operating Activities		
Profit Appropriated to General Reserve	87,65,424	60,35,328
Adjustments for Non-Cash Items		
Unexpired Risks Reserves / Premium Deficiency Reserve	84,65,468	74,86,830
Provisions - Outstanding Claims	2,06,23,542	1,11,04,564
Provisions - Depreciation	3,29,198	3,49,057
Provisions - Dividend and Dividend tax	25,73,890	19,88,915
Provision for Taxes	22,97,562	17,24,782
Deferred Tax	(2,43,202)	(49,145)
Provision for Doubtful Debts	(65,455)	(68,869)
Foreign Currency Translation Reserve	32,10,562	14,66,804
Other Provisions - Outstanding Expenses	35,30,601	18,34,494
Prepaid Expenses	1,66,775	(1,50,025)
Deferred - Contribution to Gratuity Trust	3,43,120	3,43,120
Provision for Leave Encashment/Wage Arrear	16,14,999	-
Transfer to Contingency Reserve for Foreign Branches	1,80,293	4,12,349
Transfer From Contingency Reserve for Unexpired Risks for Health	(4,49,500)	-
Balances Written Back	(42,000)	(63,775)
Total Non Cash Items	**4,25,36,054**	**2,63,79,101**
Items considered separately		
Investment Items - Interest Dividend & Rent	(2,08,96,846)	(1,81,08,336)
Investment Items - Profit on Sale of Investments	(1,12,54,385)	(97,91,319)
Provision for Thinly Traded Shares	(5,868)	(16,913)
Provision for Bad Debts	28,024	(1,46,200)
Impairment	1,29,832	80,655
Amortisation	71,527	71,595
Profit or Loss on Sale of Asset	(353)	(4,067)
Total	**(3,19,28,069)**	**(2,79,14,585)**
Net Increase /Decrease in Current assets	(1,13,19,086)	(31,81,247)
Net Cash Flow from Operating Activities Before Tax	80,54,323	13,18,597
Net Tax Expense - Indian	37,126	14,86,245
Net Cash Flow from Operating Activities After Tax	**80,91,449**	**28,04,842**
Investing Activities		
Interest, Dividend and Rent	2,02,20,337	1,71,45,226
Net Increase/decrease in Investments (Adj amortisation/ impairment)	(1,00,19,777)	(1,68,76,626)
Net Increase/decrease in Loans	(1,54,514)	3,76,049
Net Additions to Assets	(5,78,476)	(3,26,412)
Net Cash Flow from Investing Activities	**94,67,570**	**3,18,237**
Financing Activities		
Dividend Paid	(19,88,915)	(4,64,890)
Increase/Decrease in Cash and Bank Balances during the year	**1,55,70,104**	**26,58,189**
Cash and Bank Balances as per Schedule 11 at the end of the period	8,96,50,037	7,40,79,933
Cash and Bank Balances as per Schedule 11 at the beginning of the period	7,40,79,933	7,14,21,744

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

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

Anurag Goyal
Partner
Membership Number 402538
Mumbai
April 28, 2014

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

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J C R & CO. MUMBAI Chartered Accountants

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Schedule 16

Significant Accounting Policies and Notes forming part of Financial Statements as on 31st March, 2014

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.

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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 premium. The deficiency is recognized only to the extent of excess of unearned premium plus premium deficiency so calculated over the unexpired risk reserves at the percentages mentioned herein above. Premium deficiency shall be recognized for the Company as a whole on an annual basis as per IRDA's Corrigendum on Master circular IRDA/F&A/CIR/FA/126/07/2013 dated 3rd july 2013. Premium deficiency forms part of unexpired 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.

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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.

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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.

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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 In accordance with IRDA/F&I/INV/CIR213/10/2013 dated 30th October 2013 for Valuation of Equity Portfolio, National Stock Exchange (NSE) is considered as Primary Stock Exchange and Bombay Stock Exchange (BSE) as Secondary Stock Exchange.
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 actively traded or thinly traded by taking into consideration total traded transactions in the month of March on NSE and BSE.

Actively traded equity/ equity related instruments are valued at the closing price at NSE or if the scrip is not traded at NSE, the scrip is valued at the closing price at BSE. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account
Exchange traded funds are valued as applicable to Equity portfolio. The difference between the weighted average cost and the 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:

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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.

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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

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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. Segregation of Policy Holders and Share Holders funds:

Investment Assets includes Policyholders as well as Share holders. Investment Assets are not segregated between Shareholders and Policyholders at 'Scrip' level ,due to practical difficulties. .Investments are 'allocated' to the policy holders' funds to the extent of Technical reserves and to shareholders funds to the extent of share capital, general reserves, capital reserves and foreign currency translation reserve.

21. 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.

22. 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.

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- 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.

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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 the local laws. Material changes noted thereafter have been incorporated in these accounts.

The accounts of Eight Run-Off Agencies have been incorporated on the basis of unaudited Accounts.

2 Buildings include ₹ 698.84 Lakhs (Previous Year ₹ 716.65 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. As RI Balances reconciliaiton is a Ongoing process though confirmation of balances are done at a regular intervals, not on a specific cut-off date (i.e. Annual Closing date). The Company has started extensive reconciliation process since year 2012-13 and has identified a major part of non moving old entries exceeding five years. In year 2013-14 Company has taken up reconciliation of balances more than 3 years old to improve its position. However, company has continued to maintain existing provision amount of Rs 12373.25 Lakhs upto 31 03 2014 towards doubtful debts as a prudent measure."

b Reinsurance acceptance transactions pertaining to the year have been booked for advices received upto 22nd April 2014

c The balances of inter-office accounts included in net current assets amounting to ₹15737.72 lakhs (Debit), previous year ₹38656.27 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 31.03.2014. 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 1. Certificates of Confirmation are awaited for earlier years Foreign Investments amounting to Rs. 122.06 lakhs (Previous Year Rs.2.92 lakhs). However 2.92 lakhs is provided for.

6 a Provision for standard assets @ 0.40% amounting to ₹2564.87 Lakhs (Previous Year ₹2163.26 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	1,753.35	2,134.49
	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	1,277.78	-
(iv)	Total amount of loss assets subjected to restructuring	475.57	2,134.49
	Total	1,753.35	2,134.49

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	13561.48	15659.19
(ii)	Additions During the Year	1306.29	0.00
(iii)	Reductions During the Year	786.46	2097.71
(iv)	Closing Balance	14081.31	13561.48
	Percentage of Net NPAs to Net Assets	0.68%	0.77%

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

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
(i)	Opening Balance	12566.88	14359.42
(ii)	Incremental Provision During the Year	-121.38	-1792.54
(iii)	Closing Balance	12445.50	12566.88

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 31.03.2014, 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.

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	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, 2014. Accordingly the unclaimed amount of ₹9614.96 lakhs (P.Y. ₹17344.68 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 ₹271.21 Lakhs (Debit) (Previous Year ₹4478.82 Lakhs (Debit) consisting of the following: -

₹ In Lakhs

Sr. No.	Particulars	Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Premium	-	1.13	258.95	22.58
2	Commission			0.45	5,347.57
3	Claims			-	-
4	Expenses	569.08		9,616.67	27.10
5	Income	-	296.74	-	-
	Total	569.08	297.87	9,876.07	5,397.25

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	
	i)	Mr G Srinivasan	Chairman cum Managing Director
	ii)	Mr. A. R. Sekar (Upto 31.03.2014)	Director, General Manager & FA
	iii)	Mr. K. Sanath Kumar	Director & General Manager

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iv)	Mr.A.K. Chanda	Chief Marketing Officer
v)	Mr Sharad Ramnarayanan	Appointed Actuary
vi)	Ms S.N. Rajeswari	Chief Financial Officer
vii)	Mr K.R. Sethuraman	Chief Investment Officer
viii)	Mr Girish Radhakrishnan	Chief Risk Officer
ix)	Ms Jayashree Nair	Chief Compliance Officer

2 Transactions with related parties:

₹ In Lakhs

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
i)	Subsidiaries	Management fees earned	83.59	
		Premium on Reinsurance Accepted	495.12	708.49
		Commission on Reinsurance Accepted	97.50	(151.44)
		Claims Paid	114.00	(290.11)
		Dividend income received	164.64	244.80
		Dividend receivable	182.15	
		Loan	1,793.00	-
ii)	Associates	Premium on Reinsurance Accepted	1,347.00	2,558.26
		Commission on Reinsurance Accepted	317.00	(530.85)
		Claims Paid	835.00	(1,223.38)
		Dividend income received	251.36	-
		Investment in shares	-	-
		Dividend receivable	-	Nil
iii)	Entity over which control exits	Sale of investment Other amount payable	-	-
iv)	Key management personnel	Salary and allowances	124.74	38.18

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

Particulars	Current Year	Previous Year
Net profit attributable to shareholders (₹ In Lakhs)	108898.14	84365.92
Weighted average number of equity shares issued	200000000	200000000
Basic and diluted earnings per share of ₹10/- each (₹)	54.45	42.18

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 ₹2454.84 lakhs (Previous year ₹2792.56 lakhs) relating to foreign taxes.

ii The Income Tax Assessments of the Company have been completed up to assessment year 2011-12. 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. 2013-14 adjusted refunds of Rs.9005.45 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 an order of CIT(A) for A.Y. 2009-10 and the accounting of the adjustments 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

₹ In Lakhs

	Particulars	Current Year (Rs, in Lakhs)	Previous Year (Rs, in Lakhs)
i)	Fixed Assets	752.58	799.11
ii)	Ex-gratia on VRS	-	-
ii)	Leave Encashment	16,536.13	14,632.70
iii)	Estimated Disallowance u/s 40(a) (ia)	33.99	32.44
iv)	Gratuity	(1,166.26)	(2,226.51)
v)	LTS	-	-
vi)	Profit linked Incentive	-	486.[illegible]
	Total	16,156.44	13,724.42

Notes

1 A sum of ₹2432.02 lakhs (Previous year ₹419.44Lakhs) 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)
I	Components of employer expense		Pension		Gratuity		Encashment	
			C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
			Funded				Unfunded	
	A	Current Service Cost	12,000	10,920	4,435	4,157	2,300	1,760
	B	Interest Cost	15,609	22,781	6,667	6,465	3,592	3,054
	C	Expected Return on Plan Assets	(22,777)	(22,246)	(5,959)	(6,368)		
	D	Curtailment Cost/(Credit)					-	(2,450)
	E	Settlement Cost/(Credit)						
	F	Past Service Cost						
	G	Actuarial Losses/(Gains)	21,110	17,512	11,919	1,262	3,457	6,022
	H	Total expense recognized in the statement of Profit and Loss Account	25,942	28,967	16,024	6,756	9,349	8,386
	Pension Gratuity and Leave Encashment expenses have been recognized in "Employee Remuneration and Welfare Benefits" under schedule 4.							
II	Actual Returns for the year 31.03.2014		27,230	20,983	7,677	6,848	-	-
III	Net Asset/(Liability) recognized in Balance Sheet at 31.03.2014							
	A	Present Value of Defined Benefit Obligation	3,04,534	2,87,488	93,125	81,621	48,650	45,000
	B	Fair Value of Plan Assets	3,04,534	2,87,890	93,135	82,659		
	C	Status (Surplus/Deficit)	-	(402)	(10)	(1,038)	48,650	45,000
	D	Un recognized Past Service Cost						
	E	Net Asset / (Liability) recognized in Balance Sheet	-	(402)	(10)	(1,038)	48,650	45,000
IV	Change in Defined Benefit Obligation during the year ended 31.03.2014							
	A	Past value of the Defined Benefit Obligation at the beginning of the period	2,87,488	2,62,045	81,621	76,497	45,000	36,614
	B	Current Service Cost	12,000	10,920	4,435	4,157	2,300	1,760
	C	Interest Cost	15,609	22,781	6,667	6,465	3,592	3,054
	D	Curtailment Cost/(Credit)						
	E	Settlement Cost/(Credit)						
	F	Plan Amendments						
	G	Acquisitions						
	H	Actuarial Losses/(Gains)	18,854	14,591	6,462	(462)	3,457	6,022
	I	Asset Loss / (Gain)						
	J	Benefits Paid	(29,417)	(22,849)	(6,060)	(5,036)	-	(2,450)
	K	Present Value of Defined Benefit Obligation at the end of the period	3,04,534	2,87,488	93,125	81,621	54,349	45,000
V	Change in the Fair Value of Assets during the year ended 31.03.2014							
	A	Plan Assets at the beginning of the period	2,87,890	2,60,703	75,257	75,257	-	-
	B	Acquisition Adjustment					-	-
	C	Expected return on Plan Assets	22,777	22,246	5,959	6,368	-	-
	D	Asset (Losses)/Gains	2,256	2,921	17,979	1,724	-	-
	E	Actual Company Contributions	21,028	24,869	-	4,345	-	-
	F	Benefits Paid	(29,417)	(22,849)	(6,060)	(5,035)	-	-
	G	Plan Assets at the end of the period	3,04,534	2,87,890	93,135	82,659	-	-
							-	-

VI	Transitional Provisions						-	-
		(Income)/Expense to be recognised					-	-
VI	Actuarial Assumptions						-	-
	A	Discount Rate (%)	8.50%	8.25%	8.50%	8.25%	-	-
	B	Expected Return on Plan Assets (%)	8.50%	8.25%	8.50%	8.25%	-	-
	c	Rate of escalation in salary	4.50%	4.75%	4.50%	4.75%	-	-
VII	Major Category of Plan Assets as % of the Total Plan Assets as at 31.03.2014							
	A	Government Securities	36.72%	32.70%	39.02%	38.78%	-	-
	B	High Quality Corporate Bonds	50.78%	55.93%	52.29%	56.20%	-	-
	C	Others	12.50%	11.37%	8.69%	5.02%	-	-
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 liablity 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 balnce amount remaining to be amortised in the next one year is ₹3431.20 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 ₹47.71 Lakhs (P.Y ₹61.07 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 2014 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 ₹43443.72 Lakh during the year.

During the year,the company has also recognized ₹ 43443.72 Lakh as per the option exercised during 2011-12. the details are as below

(₹ in Lakhs)

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 (4)	Total amount recognised up to 31-03-2014	Amount un-recognised on 31-03-2014
2009-10	23925.90	5316.87	18609.03	23925.90	0.00

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		2010-11	31137.21	6919.38	24217.83	31137.21	0.00
		2011-12	140433.63	31207.47	109226.16	140433.63	0.00
		Total	195496.74	43443.72	152053.02	195496.74	0.00

Had the liablity had been accounted in the year 2011-12 the profit of the company would have been higher by ₹43443.72 Lakh for the year ended 31st March,2014

As required by IRDA, Companies appointed actuary has actuarly determined the liablites in respect of IMITP Pool business written by company and companies accounts have been made in accordance with the above

17 Foreign Exchange Reserve Account has increased by ₹32105.61592 (Credit) Lakhs due to depreciation of foreign currency under the following heads (Previous Year ₹14601.02 Lakhs (Credit) consisting of the following.

(₹ in Lakhs)

Sr	Particulars	Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Head Office Account	-	10,767.25	-	5,118.66
2	Outstanding claims	-	21,333.67	-	9,479.02
3	Fixed assets	-	4.70	-	3.34
4	Total	-	32,105.62	-	14,601.02

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:

Amount in ₹ ('000)

Srl No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority / TAC	-	-	-	-
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	-	-	-

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	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. Aggregate lease rentals amounting to ₹9266.90 lacs (PY ₹8065.96 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 ₹6225.10 Lakh, due to currency fluctuation. Further, in current year additional Rs.258.34 (£259000) Lakh being transferred from General Reserves to maintain the reserve at ₹ 6483.44 Lakh (£6500000). The Company also has appropriated ₹4123.49 Lakh for Muscat agency during the year 2012-13 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. In current year the same has been revalued at ₹7758.75 Lakh due to currency fluctuation.				
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.				
		IRDA vide their order no. IRDA/NL/MPL/223/11/2013 dt. 18th November 2013 adivsed to maintain Ultimate Liability Ratio (ULR) of 210% for Declined Risk Insurance Pool for year 2012-13 and 2013-14. The 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				
22		Previous year figures have been regrouped/ rearranged,wherever necessary.				

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Dire

As per our report of even date

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

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number

Mumbai
April 28, 2014

S. R. GOYAL & CO Chartered Accountants CA

JCR & CO. MUMBAI Chartered Accountants

J. Singh & Associates MUMBAI Chartered Accountants

16 C. Disclosures Forming Part Of Financial Statements

Sr. No	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
1	The details of contingent liabilities are as under:		
(a)	Partly-paid up investments	731.52	820.62
(b)	Underwriting commitments outstanding	5,475.96	-
(c)	Claims, other than those under policies, not acknowledged as debts	17,030.63	17,026.00
(d)	Guarantees given by or on behalf of the Company	86.84	34,081.39
(e)	Statutory demands/liabilities in dispute not provided for	2,39,432.29	2,06,932.00
(f)	Reinsurance obligations to the extent not provided for in accounts	-	-
(g)	Others (matters under litigation) to the extent ascertainable	18,397.60	594.63
(h)	Tax and other liabilities Venture Fund	1,343.10	1,001.40
2	The details of encumbrances to the assets of the Company are as under:		
(a)	In India	3,545.11	4,006.04
(b)	Outside India	200.67	4,517.22
3	Commitment made and outstanding for Loans Investments and Fixed Assets	900.70	907.68
4	Claims, less reinsurance, paid to claimants:		
(a)	In India	5,40,501.14	5,70,584.21
(b)	Outside India	1,91,358.94	1,32,685.37
5	Claim liabilities where claim payment period exceeds four years.	-	-
6	Amount of claims outstanding for more than six months (Gross Indian)	6,14,605.32	6,26,417.88
	No. of Claims	1,82,469	2,10,928
	Amount of claims outstanding for less than six months (Gross Indian)	2,02,733.02	1,67,888.78
	No. of Claims	1,01,287	1,32,731
	Total amount of claims outstanding (Gross Indian)	8,17,338.34	7,94,306.66
	Total No. of claims outstanding	2,83,756	3,43,659
7	Premiums, less reinsurances, written from business		
a)	In India	9,59,591.36	8,10,202.87
b)	Outside India	2,48,270.20	2,17,213.73
8	The details of contracts in relation to investments, for		
a)	Purchases where deliveries are pending	-	-
b)	Sales where payments are overdue	-	-
c)	Sales where deliveries are pending	934.26	1,221.36
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	1,075.15	1,075.16
(b)	Outside India- Statutory Deposits under local laws	50,611.04	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	6,41,218.20	5,40,813.75
	Non Performing Investments	14,081.31	13,834.11
	Total Book Value (Closing Value)	6,55,299.51	5,54,647.86

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 ₹330202.46 lakhs (Previous year ₹285019.06 Lakhs) and ₹498.97 Lakhs (Previous year ₹387.03 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, 2014 While working out amortisation put/call option is not considered. However, partial redemption if any, is taken into account

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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	
Rural	1,972.62	17.09		1,938.40	19.31	1465073
Social	281.34	2.44		559.17	5.57	29965660
Others	9,286.10	80.47		7,540.38	75.12	
Total	11,540.06	100.00		10,037.95	100.00	

21 Performance Ratios (Rs in Crores)

i) Gross Premium Growth rates

SEGMENT	Current Year (₹ in Crores)	Previous Year (₹ in Crores)	Current Year (%)	Previous Year (%)
Fire	2,137.18	1,928.14	10.84	22.16
Marine Cargo	382.54	375.61	1.84	6.63
Marine Hull	448.76	397.72	12.83	-3.30
Marine Total	831.30	773.33	7.50	1.28
Motor	5,532.54	4,615.61	19.87	23.77
Personal Accident	182.28	172.32	5.78	12.77
Aviation	93.57	122.43	-23.57	12.35
Engineering	517.57	506.11	2.26	9.66
Health	3,349.39	2,778.27	20.56	17.39
Liability*	386.44	304.48	26.92	5.06
Others	697.34	672.80	3.65	8.00
Misc sub Total	10759.13	9172.02	17.30	18.62
Grand Total	13727.61	11873.49	15.62	17.86

*Liability includes Workmens' compensation

ii) Gross Premium to Share Holders Funds Ratio

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross Premium	13727.61	11873.49
Share Holders Funds(beginning of the year)	7737.36	7057.61
Ratio (Times)	1.77	1.68

iii) Growth Rate of Shareholders Funds

(₹ in Crores)

	Current Year	Previous Year	Growth Amount	Growth % CY	Growth % PY
Share Holders Funds	8621.30	7737.36	883.94	11.42	9.63

iv) Net Retention Ratios

(₹ in Crores)

Segment	Premium Gross	Premium Net	Retention Ratio CY(%)	Retention Ratio PY(%)
Fire	2137.18	1766	82.65	91.55
Marine Cargo	382.54	325	85.05	85.56
Marine Hull	448.76	127	28.34	35.12
Marine Total	831.30	453	54.44	59.62
Motor	5532.54	5094	92.07	88.93
Personal Accident	182.28	175	96.04	92.42
Aviation	93.57	40	42.89	64.39
Engineering	517.57	362	69.94	63.64
Health	3349.39	3179	94.91	90.09
Liability*	386.44	349	90.29	85.27
Others	697.34	660	94.68	92.19
Misc Sub Total	10759.13	9859	91.64	87.74
Grand Total	13727.61	12078	87.98	86.53

*Liability includes Workmens' compensation

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J. Singh & Associates MUMBAI 80. CHARTERED ACCOUNTANTS

v) Net Commission Ratio

(₹ in Crores)

Segment	Commission Net	Premium Net	Commission Ratio CY (%)	Commission Ratio PY (%)
Fire	318.47	1766.33	18.03	13.67
Marine Cargo	48.76	325.34	14.99	14.57
Marine Hull	-0.17	127.18	-0.13	0.66
Marine Total	48.59	452.52	10.74	10.35
Motor	374.36	5093.96	7.35	7.60
Personal Accident	20.97	175.05	11.98	12.27
Aviation	7.70	40.14	19.18	11.77
Engineering	37.73	362.00	10.42	-16.26
Health	209.01	3179.00	6.57	6.33
Liability*	54.82	348.93	15.71	13.31
Others	100.95	660.25	15.29	11.72
Misc Sub Total	805.54	9859.32	8.17	6.89
Grand Total	1172.60	12078.18	9.71	8.21

*Liability includes Workmens' compensation

vi) Expenses of Management to Gross Premium Ratio

(₹ in Crores)

Particulars	2013-14	2012-13
Expenses	2629.91	2374.09
Gross Premium	13727.61	11873.49
Ratio (%)	19.16	19.99

vii) Combined Ratio

(₹ in Crores)

Particulars	2013-14	2012-13
Claims	9380.95	8143.07
Expenses	2629.91	2374.09
Commission	1172.60	843.17
Sub Total	13183.46	11360.33
Net Premium	12078.18	10274.17
Ratio (%)	109.15	110.57

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

Particulars	2013-14	2012-13
Unexpired Risks Reserves	6436.63	5554.89
Reserves for Premium Deficiency	0.00	35.19
Outstanding Claims	13972.97	11716.39
Total Technical Reserves	20409.60	17306.47
Net Premium	12078.18	10274.17
Ratio – (No of Times)	1.69	1.68

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

(₹ in Crores)

Segment	U/W Profit	Net Premium	Ratio Current year (%)	Ratio Current year (%)
Fire	-106.1	1766.33	-6.00	3.63
Marine Cargo	128.9	325.34	39.63	32.28
Marine Hull	59.2	127.18	46.59	22.19
Marine Total	188.2	452.52	41.59	29.22
Motor	349.15	5093.96	6.85	-3.71
Personal Accident	36.46	175.05	20.83	10.17
Aviation	-104.93	40.14	-261.42	97.79
Engineering	49.80	362.00	13.76	69.54
Health	-513.37	3179.00	-16.15	-23.77
Liability*	121.55	348.93	34.83	18.47
Others	166.63	660.25	25.24	33.60
Misc Sub Total	105.29	9859.32	1.07	-2.16
Grand Total	187.43	12078.18	1.55	0.25

*Liability includes Workmens' compensation

x) Operating Profit Ratio

(₹ in Crores)

Particulars	2013-14	2012-13
Underwriting Result	187.43	25.23
Investment Income	2139.27	930.96
Others	53.49	55.02
Sub Total	1053.50	1011.21
Net Premium	12078.18	10274.17
Ratio (%)	8.72	9.84

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xi) Liquid Assets to Liabilities Ratio

Particulars	2013-14	2012-13
Liquid Assets	16972.97	13526.36
Policy holders Liabilities	20409.60	17306.47
Ratio (%)	83.16	78.16

xii) Net Earnings Ratio

Particulars	2013-14	2012-13
Profit After Tax	1088.96	843.66
Net Premium	12078.18	10274.17
Ratio (%)	9.02	8.21

xiii) Return on Net Worth

Particulars	2013-14	2012-13
Profit After Tax	1088.96	843.66
Net Worth	8621.30	7737.36
Ratio (%)	12.63	10.90

xiv) Reinsurance Ratio

Particulars	2013-14	2012-13
Risks Reinsured (Premium)	2670.53	2670.53
Gross Premium	13727.61	11873.49
Ratio (%)	19.45	22.49

22 Summary of Financial Statements for Last Five Years

	Operating Results	2013-14	2012-13	2011-12	2010-11	2009-10
1	Gross Premium Written	13727.61	11873.49	10073.88	8225.51	7099.14
2	Net Premium Income#	12078.18	10274.17	8771.21	7192.23	6002.66
3	Income from Investments(Net)@	3192.77	2791.05	2344.42	2329.99	2139.69
4	Other Income	53.49	55.02	98.03	-97.91	-60.66
5	Total Income	15324.44	13120.24	11213.66	9424.31	8081.69
6	Commissions/Brokerage	1088.96	843.17	897.50	648.67	561.37
7	Brokerage (included in commissions)					
8	Operating Expenses	2629.91	2374.09	2065.81	1943.23	1736.06
9	Claims, Increase in Unexpired Risk Reseraves and Other Out-Go	10311.17	8891.75	8094.19	7243.78	5424.97
10	Operating Profit/Loss	1294.40	1011.22	156.16	-411.37	359.29
11	Total Income under Shareholders a/c					
12	Profit/(Losss)before Tax	1294.40	1011.22	156.16	-411.37	359.29
13	Provision for Tax	205.44	167.56	-23.15	10.19	-45.40
14	Net Profit/(Loss) after Tax	1088.96	843.66	179.31	-421.56	404.69
	Miscellaneous					
15	Policy Holders' Account (Beginning)					
	Total Funds	20409.60	17306.47	15447.34	12790.66	9642.48
	Total Investments	*	*	*	*	*
	Yield on Investments	*	*	*	*	*
16	Shareholders' Account (Beginning)					
	Total Funds	7736.36	7057.61	6890.47	7430.21	7322.15
	Total Investments	21011.17	17882.55	15769.29	13604.63	11851.03
	Yield on Investments	*	*	*	*	*
17	Paid up equity capital	200.00	200.00	200.00	200.00	200.00
18	Net Worth	8621.30	7737.36	7057.61	7057.61	7430.21
19	Total Assets	53010.85	45670.40	42162.74	39621.27	36832.91
20	Yield on Total Investments(%)	15.17	14.46	14.68	17.09	15.91
21	Earning per Share (Rs)	54.48	42.18	8.97	-21.08	20.23
22	Book value per Share(Rs)	431.06	386.87	352.88	355.58	372.21
23	Total Dividend	220.00	170.00	40.00	0.00	85.00
24	Dividend per Share (Rs)	11.00	8.50	2.00	0.00	4.25

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 31.03.2014 (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	749	41,967.52	489	22,931.09	471	37,469
Marine Cargo	1,095	4,963.89	413	2,981.91	412	3,005
Marine Hull	38	2,094.23	15	635.27	25	1,824
Motor OD	26,342	14,478.08	3,219	4,028.02	1,823	2,714
Motor TP	4,162	10,102.90	2,626	6,600.22	4,756	10,883
TP DR Pool	421	1,238.54	228	660.20	266	759
Health	40,709	24,466.55	2,194	1,197.64	1,412	746
Liability	637	1,799.53	221	550.60	245	1,894
Motor TP Non pool	4,346	15,186.69	2,826	9,647.56	3,737	13,377
Motor TP Pool	2,038	5,226.74	1,610	4,440.42	4,420	11,589
Personal Accident	1,346	1,386.10	237	512.12	149	390
Aviation	15	3,730.72	6	75.76	9	824
Engineering	814	3,697.85	285	5,701.62	350	20,608
Misc - Traditional	834	4,721.05	304	4,801.20	296	2,440
Rural	1,744	820.77	451	513.99	363	249
Urban Non-Traditional	577	864.02	275	537.45	177	439
Credit Shield	7	58.69	14	112.07	50	592
Total	85,874	1,36,805.89	15,413	65,927.13	18,961	

Dept	1 – 2 years		2 – 3 years		3 – 5 years	
	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)	No.	
Fire	325	29,915.21	211	14,460.06	271	11,264.41
Marine Cargo	188	3,676.02	145	4,138.61	146	6,454.26
Marine Hull	47	7,542.61	41	3,801.58	27	2,352.93
Motor OD	783	1,249.80	439	860.97	482	747.70
Motor TP	10,109	21,711.77	9,090	18,064.45	13,802	26,444.86
TP DR Pool	128	367.28	-	-	-	-
Health	355	189.73	219	121.74	278	262.52
Liability	312	2,545.12	297	3,406.33	277	751.40
Motor TP Non pool	1,492	5,501.28	-	-	-	-
Motor TP Pool	14,001	41,352.53	13,436	38,876.66	16,279	43,828.92
Personal Accident	78	244.96	51	89.85	53	87.14
Aviation	19	2,062.48	20	1,922.59	23	1,071.73
Engineering	165	5,877.66	65	1,153.01	55	3,067.66
Misc - Traditional	225	3,599.34	205	6,558.02	48	700.11
Rural	366	379.61	333	424.35	457	734.79
Urban Non-Traditional	96	185.75	144	180.64	105	236.68
Credit Shield	6	27.00	3	19.03	1	10.00
Total	28,695	1,26,428.16	24,699	94,077.90	32,304	98,015

Dept.	5 years and above		Total	
	No.	Amount (₹ in lacs)	No.	Amount (in lacs)
Fire	367	40,732.17	2,883	1,98,739.74
Marine Cargo	116	1,827.43	2,515	27,047.10
Marine Hull	56	3,069.46	249	21,320.34
Motor OD	734	1,199.06	33,822	25,277.21
Motor TP	68,752	1,19,305.05	1,13,297	2,13,111.96
TP DR Pool	-	-	1,043	3,024.59
Health	108	87.63	45,275	27,071.50
Liability	481	1,919.36	2,470	12,866.08
Motor TP Non pool	-	-	12,401	43,714.77
Motor Pool	5,360	12,390.32	57,144	1,57,704.40
Personal Accident	77	521.26	1,991	3,231.50
Aviation	32	1,783.60	124	11,470.46
Engineering	44	473.25	1,778	40,578.62
Misc - Traditional	121	907.22	2,033	23,727.22
Rural	1,280	1,624.49	4,994	4,746.94
Urban Non-Traditional	281	437.64	1,655	2,881.58
Credit Shield	1	5.70	82	824.33
Total	77,810	1,86,283.63	2,83,756	8,17,338.34

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JCR & CO. MUMBAI Chartered Accountants

Chartered Accountants

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. The release of Premium deficency of Rs.3519.42 lakhs has been accounted as per IRDA Corrigendum on Master Circular ref: IRDA/F&A/CIR/FA/126/07/2013 dated 03.07.2013

Segment	Relevant Premium	Expected claim cost and related expenses (based on incurred claim ratio of preceding 3 years)	Expected Maintenace cost	Surplus provision in Unearned Premium	Deficiency
Health	1,58,971.70	1,53,782.65	11,052.89	3,925.20	-9,789.04
Aviation	4,271.68	6753.2	941.30	787.95	-4,210.77
Motor TP	36,620.70	44,042.19	2,628.14	12,718.48	-22,768.11

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Dire

As per our report of even date

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

Anurag Goyal
Partner
Membership Number 412538

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

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 04202

Mumbai
April 28, 2014