

## DIRECTORS' REPORT

Dear Members,

Your Board of Directors has the pleasure to present the Sixth Annual Report on the Business, Operations and Audited Financial Statements of your Company for the year ended March 31, 2013.

### FINANCIAL RESULTS

The summarized financial results of your Company for the year ended March 31, 2013 are as under:

Particulars	(₹ in Lakhs)	
	2012-2013	2011-2012
Gross Written Premium (GWP)	18,206.82	14,340.21
Net Earned Premium	11,962.42	4,888.84
Net Incurred Claims	11,830.49	5,735.77
Net Commission - Outgo/(Income)	570.71	(155.35)
Underwriting Profit/(Loss)	<b>(10,400.26)</b>	<b>(11,226.33)</b>
<b>Profit / (Loss) Before Tax</b>	<b>(9,327.96)</b>	<b>(10,595.18)</b>
Provision for taxation	0	1.02
<b>Profit / (Loss) After Tax</b>	<b>(9,327.96)</b>	<b>(10,596.20)</b>
Add : Preliminary expenses / Credit / (Debit) balance brought forward from the previous year	<b>(17,336.88)</b>	<b>(6,740.68)</b>
<b>Balance carried to Balance Sheet</b>	<b>(26,664.84)</b>	<b>(17,336.88)</b>

### BUSINESS AND OPERATIONAL OVERVIEW

The Company in its second full year of operations achieved a Gross Written Premium (GWP) of ₹ 182 crores by selling more than a hundred thousand policies (104,733).

Commercial segment accounted for ₹ 79.45 crores out of which 30% is contributed by Fire closely followed by Engineering at 20%.

In line with the industry, Motor remains the largest contributor to GWP with a share of 53%. Non motor LoBs' share the rest 47% with Engineering and Fire each sharing 13% and 9% of the total GWP respectively.

The Company gives emphasis on efficient policy issuance using high level technology platform. Policy issuance TAT (Turn Around Time) shows that 88% of the retail non-micro policies were issued on the same day of application. Your Company has a pan India presence with 15 branch offices as hub locations. 35% of the total GWP was sourced by the Mumbai branch closely followed by Delhi branch at 20%. Top 3 branches i.e Delhi, Mumbai and Ahmedabad accounted for more than 55% of the GWP.

### INDUSTRY SCENARIO AND OUTLOOK

Indian general insurance industry continues to show an impressive growth in top line and has reported a growth of 19 per cent from ₹ 58,119 crore in FY 2012 to ₹ 69,079 crore in FY 2013. While the share of premium from public players remained at 58 per cent, the growth in premium for private players is 24 per cent as compared to 15 per cent for public players. Motor and health LoBs are the fastest growing segment and now accounts for 43% and 22% of the industry's GWP.

The motor third party pool administration system has been dismantled from April 2012 and has been replaced by the declined risk pool mechanism:

- The liability on account of third party business underwritten as a part of comprehensive coverage is being retained by the players on their respective Balance Sheets;
- With respect to the third party act only policies the players are obliged to underwrite for an amount equivalent to the average between the overall market share and the motor market share;
- The players are underwriting third party act only policies directly on their Balance Sheet based on their underwriting guidelines.

Those which do not fall within their underwriting guidelines are being written to the commonly maintained declined pool at the industry level and their premium and corresponding losses are being shared based on the parameters mentioned in (b) above.

Also increase in deductibles and revision in premium rates are expected to improve the loss ratios of the industry.

### TECHNOLOGY

Technology has been identified as a major contributor to a successful business and accordingly, your Company has developed a state-of-the-art technology program, which once wholly implemented will provide the Company with significant competitive advantages viz., ability to transact the business through Web, optimization of human resource requirement through operational efficiencies, uniform mode agnostic experience for the customers and ability to provide superior customer service.

## **RECOGNITION & AWARDS**

In the current financial year, your Company has won several awards and recognition for its innovative solutions, such as-

- 1) The Technology Leader Award at the India Insurance Awards 2012.
- 2) Brand Excellence Award in Banking, Financial Services & Insurance by CMO Asia 2012
- 3) Recognition from AIMIA for our CSR initiative [www.mybloodconnect.com](http://www.mybloodconnect.com) as the Best CSR Initiative Linked to Loyalty Awards
- 4) Global Model Insurer Award 2013 from Celent Worldwide for Enterprise Transformation.

## **CAPITAL & SOLVENCY REQUIREMENTS**

The solvency ratio remains sound and stood as at the end of the financial year, well above the regulatory requirement of minimum 1.50. During the year Larsen & Toubro Limited, the Holding Company, have infused additional capital by subscribing to 9,00,00,000 Equity Shares of ₹ 10/- each, at par, aggregating to ₹ 90 crores. The total amount invested by the shareholders therefore increased to ₹ 415 crores as at the end of the financial year.

## **DIVIDEND**

In view of the losses, the Directors do not recommend any dividend.

## **DIRECTORS**

Mr. Y. M. Deosthalee and Mr. M. M. Chitale retire by rotation at the ensuing Annual General Meeting and, being eligible; offer themselves for re-appointment.

## **REMUNERATION OF DIRECTORS**

Mr. Joydeep Roy, Chief Executive Officer and Whole-Time Director, is appointed on terms approved by the Shareholders. His remuneration comprises of salary, allowances and perquisites as indicated in the Notes to Accounts. The remuneration paid to him has been approved by IRDA. Mr. M. M. Chitale and Mr. H. Ansari, the Non-Executive Independent Directors are paid sitting fees of ₹ 20,000/- each for every meeting of the Board/ Committees attended by them.

## **AUDITORS**

### **Internal Auditors**

The Corporate Audit Services department of Larsen & Toubro Ltd. provides internal audit services to the Company.

### **Statutory Auditors**

The Joint Statutory Auditors M/s. PKF Sridhar & Santhanam, Chartered Accountants and M/s. Sharp & Tannan, Chartered Accountants hold office upto the conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors recommends the reappointment and fixing of the remuneration of the Joint Statutory Auditors.

### **Secretarial Audit**

The Secretarial Audit, at regular intervals, is conducted by the Corporate Secretarial Department of Larsen & Toubro Ltd., which has competent professionals to carry out the said audit.

### **Details of related party transactions**

The Board hereby states that the details of all the related party transactions form part of the accounts as required under AS-18 and the same are given in note 18 of Schedule 17 of the attached Financial Statements.

### **Customer Grievance Redressal**

It has been the endeavour of the Company to provide quality and timely service and redressal to its customers. A robust Complaint Handling and Servicing System is put in place to address the grievances/complaints of clients. The grievances/complaints from policyholders, regulatory authorities/general public are resolved fairly and promptly by the Company.

## **FIXED DEPOSITS**

Your Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

## **RURAL AND SOCIAL SECTOR**

Your Company has covered 8,127 lives under the 'social sector' business and issued 11,693 policies in rural areas (comprising 7% of the GWP) during the current financial year. It has always been our consistent focus to develop business in the rural areas, especially in the Tier 2 and Tier 3 cities, using specific micro-insurance products and addressing the section of rural India which does not normally get access to modern general insurance products. Our micro insurance products have been tailor-made specifically for the rural population, addressing their needs and also suiting their income patterns.

## **REGISTRATION**

The Certificate of Registration of your Company has been renewed by the Insurance Regulatory and Development Authority for 2013-14.

## L&T GENERAL INSURANCE COMPANY LIMITED

### MANAGEMENT REPORT

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

### PARTICULARS OF EMPLOYEES

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, are set out in a separate Annexure I to this Report and forms part of the Report. None of the employees listed in the said Annexure is related to any Director of the Company. The same will be furnished to the shareholders on request.

### PARTICULARS REGARDING CONSERVATION OF ENERGY OR TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively, are not applicable to the Company.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company did not have any foreign exchange earnings, whereas the outgo amounted to ₹ 414.26 Lakh for the year ended March 31, 2013, mainly on account of reinsurance ceded.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, and in accordance with Insurance Act, 1938; the Directors based on the representations received from the Operating Management, and after due enquiry, confirm that :

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the loss of your Company for that year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis; and
5. Proper systems are in place to ensure compliance of all laws applicable to the Company.

### CORPORATE GOVERNANCE

The Corporate Governance guidelines issued by the IRDA came into effect from April 1, 2010. A report on compliance with these guidelines is contained in Annexure II along with a certificate from the Company Secretary.

### AUDITORS' REPORT

The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

### ACKNOWLEDGEMENT

Your Company places on record its heartfelt appreciation to the dedicated efforts put in by the employees at all levels and thanks the policyholders, and the shareholders for their unstinted support and co-operation.

The Company also appreciates its Bankers, Insurance Agents, Brokers, Reinsurers, and business and technology partners who have always supported and helped the Company to achieve its objectives.

The Board also likes to express its gratitude to the valuable advice, guidance and support received from time to time from the Insurance Regulatory and Development Authority (IRDA) and the General Insurance Council, the Auditors and other statutory authorities.

For and on behalf of the Board

Place : Mumbai  
Date : June 10, 2013

**N. SIVARAMAN**  
Director

**JOYDEEP ROY**  
Chief Executive Officer and Whole-Time Director

## **ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2013**

### **CORPORATE GOVERNANCE**

It has been the constant endeavor of the Company to enhance the economic value, trust and confidence of all stakeholders through good corporate governance practices.

The Insurance Regulatory and Development Authority had issued Corporate Governance guidelines applicable to all insurance companies. The Guidelines have come into force effective April 1, 2010. The Company had taken necessary steps and put in appropriate processes to ensure compliance with the same.

#### **WHISTLE BLOWER POLICY**

The Company has formulated a Whistle Blower Policy. In terms of this policy, employees and other persons dealing with the Company are free to raise issues, if any, on suspected violation, wrongdoings or any unethical or improper practice or breach of any law, statute or regulation by the Company and on the accounting policies and procedures adopted for any area or item and report them to the Whistleblowing Investigation Committee. All matters including actions taken would be reported to the Audit Committee of the Board.

#### **CODE OF CONDUCT FOR PERSONAL TRADING**

The Company has a Code of Conduct for personal investments. The objective of the Code is to prohibit Access Persons from dealing in securities in their or their relatives' personal accounts based on information received in their official capacity.

#### **CODE OF BUSINESS CONDUCT**

The Company has a Code of Business Conduct for its employees, including executive and managerial. The Code aims at ensuring consistent standards of conduct and ethical business practices across the constituents of the Company.

The Code lays down the broad framework of general guiding principles, covering mainly:

- Honesty, Integrity, Ethics
- Respect for Individuals
- Sharing of Official Information
- Professional Engagement
- Use of Company Assets
- Use of Information Technology
- Working Environment
- Safety, Health and Environment
- Gift Policy
- Share Trading
- Whistle Blower Policy
- Discipline
- Dispute Resolution
- Code of Conduct Committee

#### **BOARD AND ITS COMMITTEES**

##### **Directors:**

All the members of the Board are eminent persons with considerable expertise and experience in Insurance, Finance and Engineering sectors. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

The Board comprises of six (6) directors of which two (2) are Independent Directors. Besides Mr. Joydeep Roy, Chief Executive Officer and Whole-Time Director on the Board of the Company, all other Directors are Non-Executive.

Mr. Y. M. Deosthalee, Mr. N. Sivaraman and Mr. R. Shankar Raman are Non-Executive Directors on the Company's Board. Mr. M. M. Chitale & Mr. H. Ansari are the two independent Directors on the Company's Board.

During the year 2012-13; the Board of Directors met six times on May 14, 2012, May 18, 2012, August 10, 2012, September 13, 2012, November 8, 2012 and February 8, 2013.

Name of Director	Qualification	Field of Specialization	No. of Board Meetings		Sitting Fees paid (₹)
			Held	Attended	
Mr. Y. M. Deosthalee	ACA, LLB	Finance, Personnel & HR, Risk Management, M&A	6	6	NIL
Mr. N. Sivaraman	ACA	Finance & Accounts, M&A & Investor Relations	6	6	NIL
Mr. R. Shankar Raman	ACA, Grad ICWA	Finance & Accounts, Audit, Treasury, Capital Markets	6	5	NIL
Mr. M. M. Chitale	FCA	Finance & Banking, Auditing, Taxation	6	5	1,00,000
Mr. H. Ansari	Post-Graduate in Science	Insurance, Training, Underwriting	6	5	1,00,000
Mr. Joydeep Roy	Mechanical Engineer, MBA from IIM Calcutta	Banking, Insurance & IT	6	6	NIL

**COMPOSITION OF THE BOARD COMMITTEES**

The Board has four mandatory Committees viz. the Audit Committee, the Risk Management Committee, the Policyholder Protection Committee and the Investment Committee duly constituted in accordance with the applicable law and one non-mandatory Committee viz. the Committee of Directors.

**AUDIT COMMITTEE**

The Audit Committee comprises of Mr. M. M. Chitale (Chairman of the Committee), Mr. H. Ansari and Mr. R. Shankar Raman. The Committee met four times on May 11, 2012; August 10, 2012; November 8, 2012 and February 8, 2013.

Members	No. of Meetings held	No. of Meetings attended	Sitting Fees paid (₹)
Mr. M. M. Chitale (Chairman)	4	4	80,000
Mr. H. Ansari	4	4	80,000
Mr. R. Shankar Raman	4	3	NIL

**RISK MANAGEMENT COMMITTEE**

The Risk Management Committee comprises of Mr. H. Ansari (Chairman of the Committee), Mr. N. Sivaraman and Mr. Joydeep Roy. The Committee met four times on July 10, 2012; September 13, 2012; November 8, 2012 and February 8, 2013.

Members	No. of Meetings held	No. of Meetings attended	Sitting Fees paid (₹)
Mr. H. Ansari (Chairman)	4	4	80,000
Mr. N. Sivaraman	4	2	NIL
Mr. Joydeep Roy	4	4	NIL

**POLICYHOLDER PROTECTION COMMITTEE**

The Policyholder Protection Committee comprises of Mr. H. Ansari (Chairman of the Committee), Mr. N. Sivaraman and Mr. Joydeep Roy. The Committee met four times on July 10, 2012; September 13, 2012; November 8, 2012 and February 8, 2013.

Members	No. of Meetings held	No. of Meetings attended	Sitting Fees paid (₹)
Mr. H. Ansari (Chairman)	4	4	80,000
Mr. N. Sivaraman	4	3	NIL
Mr. Joydeep Roy	4	4	NIL

**INVESTMENT COMMITTEE**

The Investment Committee comprises of Mr. N. Sivaraman, Mr. R. Shankar Raman, Mr. Joydeep Roy, Mr. V. Krishnamoorthy, Dr. M. Pushpangadan and Mr. Mehul Shah. The Committee met four times on May 18, 2012; July 10, 2012; November 8, 2012 and February 8, 2013.

Members	No. of Meetings held	No. of Meetings attended	Sitting Fees paid (₹)
Mr. N. Sivaraman	4	2	NIL
Mr. R. Shankar Raman	4	2	NIL
Mr. Joydeep Roy	4	4	NIL
Mr. V. Krishnamoorthy (Chief Financial Officer & Principal Compliance Officer)	4	4	NIL
Dr. M. Pushpangadan (Chief Investment Officer)	4	4	NIL
Mr. Mehul Shah (Appointed Actuary)	4	3	NIL

Mr. Arpan N. Thanawala ceased to be the Appointed Actuary w.e.f. June 30, 2012 and Mr. Mehul Shah was appointed w.e.f. July 1, 2012.

**Annexure A****CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES**

I, Aarti Kamath, hereby certify that the Company has complied with the Corporate Governance Guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

For **L&T General Insurance Company Limited**

**Aarti Kamath**  
Company Secretary

Date: May 2, 2013

Place: Mumbai

## MANAGEMENT REPORT

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

- The Certificate of Registration under Section 3 of the Insurance Act, 1938 was granted by IRDA on July 9, 2010. The Company has obtained renewal of registration certificate from IRDA for the financial year 2013-14 as required under Section 3A of the Insurance Act, 1938;
- We certify that to the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
- We confirm that the shareholding pattern during the year ended March 31, 2013 has been in accordance with the Statutory/Regulatory requirements.
- We declare that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
- We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.
- The values of all the assets have been reviewed on the date of the Balance Sheet and in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings 'Investments', 'Interest, Dividends and Rents accruing but not due', 'Amounts due from other persons or Bodies carrying on insurance business', 'Cash' and the several items specified under 'Other Accounts', except debt securities which are shown at amortised cost.
- The Company is exposed to a variety of risks associated with general insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary. The Company has, through an appropriate reinsurance program kept its risk exposure at a level commensurate with its capacity.
- The Company does not have operations in other countries and hence related country/currency fluctuation risk is not applicable.
- a) The trend in average claim settlement time for various Segments is given hereunder: -

For the year 2012-13	Trend in average claim settlement time for various Segments									
	Upto 30 days		31days - 6 months		6 months to 1 year		1 year to 5 years		Total (Amt in ₹ Lakhs)	
Business	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	92	59	97	469	59	309	8	354	256	1,192
Marine Cargo	712	79	387	128	75	36	6	16	1,180	259
Marine Hull	-	-	0	-	0	-	-	-	-	-
Motor	3705	840	3838	2,682	591	537	49	96	8,183	4,155
Workmen Compensation	3	-	17	34	24	35	4	2	48	70
Liability	2	0	1	-	4	0	101	0	108	0
Engineering	39	110	145	367	85	107	6.00	4	275	588
PA	352	199	0	-	0	-	0	-	352	199
Health	3186	1,232	28	10	0	-	0	-	3,214	1,242
Miscellaneous	52	14	62	25	19	19	7	0	140	58
<b>Total</b>	<b>8143</b>	<b>2,534</b>	<b>4575</b>	<b>3,714</b>	<b>857</b>	<b>1,043</b>	<b>181</b>	<b>473</b>	<b>13,756</b>	<b>7,764</b>

For the year 2011-12	Trend in average claim settlement time for various Segments									
	Upto 30 days		31days - 6 months		6 months to 1 year		1 year to 5 years		Total (Amt in ₹ Lakhs)	
Business	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	18	4	47	65	9	220	-	-	74	289
Marine Cargo	397	89	854	132	43	21	-	-	1,294	243
Marine Hull	-	-	-	-	-	-	-	-	-	-
Motor	1,726	330	1,219	835	41	104	-	-	2,986	1,269
WC	0	-	4	7	8	13.92	-	-	12	21
Liability	1	0	76	1	0	0	-	-	77	1
Engineering	12	21	46	90	13	24	-	-	71	136
PA	12	14	27	66	1	2	-	-	40	83
Health	2,472	63	888	35	0	0	-	-	3,360	97
Miscellaneous	11	1	5	21	8	15	-	-	24	38
<b>Total</b>	<b>4,649</b>	<b>523</b>	<b>3,166</b>	<b>1,251</b>	<b>123</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>7,938</b>	<b>2,175</b>

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For the year 2010-11	Trend in average claim settlement time for various Segments									
	Upto 30 days		31days - 6 months		6 months to 1 year		1 year to 5 years		Total (Amt in ₹ Lakhs)	
Business	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	-	-	6	118	-	-	-	-	6	118
Marine Cargo	-	-	-	-	-	-	-	-	-	-
Marine Hull	-	-	-	-	-	-	-	-	-	-
Motor	57	1,200	12	814	-	-	-	-	69	2,014
Workmen Compensation	-	-	-	-	-	-	-	-	-	-
Liability	-	-	1	4	-	-	-	-	1	4
Engineering	1	65	-	-	-	-	-	-	1	65
PA	-	-	-	-	-	-	-	-	-	-
Health	-	-	2	185	-	-	-	-	2	185
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>58</b>	<b>1,265</b>	<b>21</b>	<b>1,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>2,386</b>

b) The Average Claims Outstanding for various Segments is given hereunder: -

Details of Claim Outstanding as at March 31, 2013	Trend in average claim settlement time for various Segments									
	< 3 months		3 months or more < 6 months		6 months or more < 1 year		1 year or more < 3 years		Total (Amt in ₹ Lakhs)	
Business	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	63	444	27	242	34	186	9	79	133	951
Marine Cargo	107	204	34	22	8	69	6	3	155	297
Marine Hull	0	-	0	-	0	-	0	-	0	-
Motor	680	974	232	615	283	1,086	93	472	1,288	3,146
Liability	29	53	7	16	9	46	2	5	47	120
Engineering	52	417	37	262	24	212	6	21	119	912
Personal Accident	21	63	7	4	2	1	1	0	31	67
Health	303	143	16	1	13	1	0	-	332	145
Miscellaneous	33	51	24	64	4	27	31	76	92	218
<b>Total</b>	<b>1,288</b>	<b>2,349</b>	<b>384</b>	<b>1,227</b>	<b>377</b>	<b>1,628</b>	<b>148</b>	<b>655</b>	<b>2,197</b>	<b>5,858</b>

Details of Claim Outstanding as at March 31, 2012	Trend in average claim settlement time for various Segments									
	< 3 months		3 months or more < 6 months		6 months or more < 1 year		1 year or more < 3 years		Total (Amt in ₹ Lakhs)	
Business	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	28	69	14	349	8	386	-	-	50	805
Marine	168	61	27	13	6	22	-	-	201	97
Engineering	44	150	22	103	3	16	-	-	69	269
Motor	712	793	136	243	31	59	-	-	879	1095
Liability	9	29	77	10	35	7	1	2.67	122	49
Personal Accident	53	35	138	42	55	33	-	-	246	109
Health	945	32	59	5	66	2	-	-	1070	39
All other Miscellaneous	36	43	3	15	10	74	-	-	49	132
<b>Total</b>	<b>1995</b>	<b>1212</b>	<b>476</b>	<b>781</b>	<b>214</b>	<b>599</b>	<b>1</b>	<b>3</b>	<b>2686</b>	<b>2595</b>

Details of Claim Outstanding as at March 31, 2011	Trend in average claim settlement time for various Segments									
	< 3 months		3 months or more < 6 months		6 months or more < 1 year		1 year or more < 3 years		Total (Amt in ₹ Lakhs)	
Business	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
Fire	8	3	-	-	-	-	-	-	8	3
Marine	3	2	-	-	-	-	-	-	3	2
Engineering	4	8	-	-	-	-	-	-	4	8
Motor	63	99	-	-	-	-	-	-	63	99
Liability	2	7	-	-	-	-	-	-	2	7
Personal Accident	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
All other Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>80</b>	<b>119</b>							<b>80</b>	<b>119</b>

10. Investments in Government securities and other debt securities have been considered as 'held to maturity' and have been measured at historical cost subject to amortization. Investments in mutual fund units are accounted at Net Asset Value and the unrealized gain has been credited to the Fair Value Change Account.
11. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Emphasis was towards low risk investments such as Government securities and other rated debt instruments. Periodic review of the Investment Portfolio is undertaken by the Company. There are no non-performing assets as at the end of the financial year.
12. Directors' Responsibility Statement:
- The applicable Accounting Standards, principles and policies have been followed in the preparation of Financial Statements. To the best of our knowledge there were no material departures from such standards during the year under report.
  - The Company has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating loss and of the net loss of the Company for the year ended 31st March 2013.
  - The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 / Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - The Company has prepared the financial statements on a going concern basis;
  - The Company has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.
13. There had been no payment during the year other than those arising in the normal course of the Company's Insurance business, made to individuals, firms, companies and organizations in whom / which the directors of the Company are interested. The Related party disclosures, in line with AS 18, are provided in the Notes to Accounts.

For and on behalf of the Board of Directors

**JOYDEEP ROY**  
CEO & Whole time Director

**N.SIVARAMAN**  
Director

Place : Mumbai  
Date : May 2, 2013

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF L&T GENERAL INSURANCE COMPANY LIMITED**

#### **Report on Financial Statements**

1. We have audited the accompanying Financial Statements of **L&T GENERAL INSURANCE COMPANY LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the revenue accounts of fire, marine and miscellaneous insurance (collectively known as the 'Revenue account'), the Profit and Loss Account and the receipts and payments account for the year then ended, the schedules annexed thereto, a summary of significant accounting policies and other explanatory notes thereon.

#### **Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, underwriting results, financial performance and cash flows of the Company in accordance with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"), the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and orders / directions prescribed by the Insurance Regulatory and Development Authority ('IRDA') in this behalf, the Companies Act, 1956 to the extent applicable in the manner so required and current practices prevailing within the insurance industry in India. 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**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

6. In our opinion and according to the information and explanations given to us, we report that the Balance Sheet, the revenue account, the Profit and Loss Account and the receipts and payments account read together with the schedules, the significant accounting policies and notes thereon 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, and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
  - in the case of Balance Sheet, of the state affairs of the Company as at March 31, 2013;
  - in the case of Revenue Account, of the operating loss for the year ended on that date;
  - in the case of Profit and Loss Account, of the loss for the year ended on that date; and
  - 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 Requirements**

7. As required by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002, in our opinion and according to the information and explanations given to us we further report that:
  - a) 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;
  - b) The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section (3C) of Section 211 of the Companies Act, to the extent applicable, and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDA in this regard; The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the accounting standards referred to under sub-section (3C) of Section 211 of the Act, to the extent applicable.
  - c) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
  - d) As the Company's accounts are centralized and maintained at the Corporate office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company;
  - e) The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in agreement with the books of account;

- f) Proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books; and
- g) The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2013, including those for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDA and the Actuarial Society of India in concurrence with the IRDA;
- h) On the basis of the written representations received from the directors of the Company, as on March 31, 2013 and taken on record by the Board of Directors, no director of the Company is disqualified as on March 31, 2013 from being appointed as director of the Company under clause (g) of sub-section (1) of Section 274 of the Act.
8. Further, on the basis of 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:
- a) We have reviewed the management report attached to the financial statements for the year ended March 31, 2013 and there are no apparent mistakes or material inconsistency with the financial statements; and
- b) Based on the information and explanations received during the course of our audit and management representation by officers of the Company charged with compliance, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of the registration as stipulated by the IRDA.

**For SHARP & TANNAN**

*Chartered Accountants  
Firm Registration No.109982W*

**ASHWIN B. CHOPRA**

*Partner  
Membership No.38159  
Place : Mumbai  
Date : May 02, 2013*

**For PKF SRIDHAR & SANTHANAM**

*Chartered Accountants  
Firm Registration No.003990S*

**R. SURIYANARAYANAN**

*Partner  
Membership No. 201402*

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## **AUDITORS' CERTIFICATE**

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books and records maintained by L&T General Insurance Company Limited ('the Company') for the year ended March 31, 2013, we certify that:

- We have verified the cash balances maintained by the Company. As regards the securities relating to the Company's investments, the same have been verified with the dematerialized statement/confirmations received from the custodian;
- The Company is not a trustee of any trust; and
- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investment of the policyholders' funds.

This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

**For SHARP & TANNAN**

*Chartered Accountants  
Firm Registration No.109982W*

**ASHWIN B. CHOPRA**

*Partner  
Membership No.38159  
Place : Mumbai  
Date : May 02, 2013*

**For PKF SRIDHAR & SANTHANAM**

*Chartered Accountants  
Firm Registration No.003990S*

**R. SURIYANARAYANAN**

*Partner  
Membership No. 201402*

L&T GENERAL INSURANCE COMPANY LIMITED

FORM NL - 1 - B- RA

Registration No. 146

Date of Registration with IRDA - July 9, 2010

**REVENUE ACCOUNT**

(₹ '000)

	Schedule	FIRE		MARINE		MISCELLANEOUS		TOTAL	
		Year ended		Year ended		Year ended		Year ended	
		Mar-13	Mar-12	Mar-13	Mar-12	Mar-13	Mar-12	Mar-13	Mar-12
Premiums earned (Net)	1	39,302	14,324	38,740	17,187	1,118,200	457,373	1,196,242	488,884
Profit/(Loss) on sale/redemption of Investments		1,910	343	604	155	11,905	3,196	14,419	3,694
Others (Miscellaneous income)		-	-	-	-	-	-	-	-
Interest Income		14,002	2,300	4,427	1,043	87,286	21,443	105,715	24,786
<b>TOTAL (A)</b>		<b>55,214</b>	<b>16,967</b>	<b>43,771</b>	<b>18,385</b>	<b>1,217,391</b>	<b>482,012</b>	<b>1,316,376</b>	<b>517,364</b>
Claims Incurred (Net)	2	36,634	13,354	24,170	23,986	1,122,245	536,237	1,183,049	573,577
Commission	3	(7,116)	(16,855)	3,041	410	61,146	900	57,071	(15,545)
Operating Expenses related to Insurance Business	4	156,555	91,672	48,170	41,569	999,541	854,576	1,204,266	987,817
Premium Deficiency		(184)	184	(494)	494	(87,306)	93,470	(87,984)	94,148
<b>TOTAL (B)</b>		<b>185,889</b>	<b>88,355</b>	<b>74,887</b>	<b>66,459</b>	<b>2,095,626</b>	<b>1,485,183</b>	<b>2,356,402</b>	<b>1,639,997</b>
<b>Operating Profit/(Loss) (A - B)</b>		<b>(130,675)</b>	<b>(71,388)</b>	<b>(31,116)</b>	<b>(48,074)</b>	<b>(878,235)</b>	<b>(1,003,171)</b>	<b>(1,040,026)</b>	<b>(1,122,633)</b>
<b>APPROPRIATIONS</b>									
Transfer to Shareholders' Account		(130,675)	(71,388)	(31,116)	(48,074)	(878,235)	(1,003,171)	(1,040,026)	(1,122,633)
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves (to be specified)		-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>(130,675)</b>	<b>(71,388)</b>	<b>(31,116)</b>	<b>(48,074)</b>	<b>(878,235)</b>	<b>(1,003,171)</b>	<b>(1,040,026)</b>	<b>(1,122,633)</b>
Significant accounting policies	16	As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Fire, Marine and Miscellaneous business have been fully debited in the Fire, Marine and Miscellaneous business Revenue Account as expenses.							
Notes to financial statements	17								

Schedules referred to above and the notes to accounts form an integral part of the Revenue Account

As per our report of even date attached

For and on behalf of the Board of Directors

**PKF SRIDHAR & SANTHANAM**

Chartered Accountants  
ICAI registration no.003990S  
by the hand of

**R. SURIYANARAYANAN**  
Partner  
Membership No. 201402

**V. KRISHNAMOORTHY**  
Chief Financial Officer

**AARTI KAMATH**  
Company Secretary

**Y. M. DEOSTHALEE**  
Director

**N. SIVARAMAN**  
Director

**JOYDEEP ROY**  
CEO and Whole-time  
Director

**SHARP & TANNAN**  
Chartered Accountants  
ICAI registration  
no.109982W  
by the hand of

**ASHWIN B. CHOPRA**  
Partner  
Membership No. 38159

Place : Mumbai  
Date : May 2, 2013

Place : Mumbai  
Date : May 2, 2013

FORM B - PL

Registration No. 146

Date of Registration with IRDA - July 9, 2010

**PROFIT AND LOSS ACCOUNT**

	For the year ended March 31, 2013	For the year ended March 31, 2012
	(₹ '000)	
<b>OPERATING PROFIT/(LOSS)</b>		
(a) Fire Insurance	(130,675)	(71,388)
(b) Marine Insurance	(31,116)	(48,074)
(c) Miscellaneous Insurance	(878,235)	(1,003,171)
	<b>(1,040,026)</b>	<b>(1,122,633)</b>
<b>INCOME FROM INVESTMENTS</b>		
(a) Interest, Dividend & Rent – Gross	88,033	59,564
(b) Profit on sale of investments	23,524	9,959
Less: Loss on sale of investments	(59)	(1,082)
<b>OTHER INCOME</b>	70	118
<b>TOTAL (A)</b>	<b>(928,458)</b>	<b>(1,054,074)</b>
<b>PROVISIONS (Other than taxation)</b>		
(a) For diminution in the value of investments	-	-
(b) For doubtful debts	-	-
(c) Others (to be specified)	-	-
<b>OTHER EXPENSES</b>		
(a) Expenses other than those related to Insurance Business	3,818	4,884
(b) Bad debts written off	-	-
(c) Directors fees	520	560
<b>TOTAL (B)</b>	<b>4,338</b>	<b>5,444</b>
<b>Profit/(Loss) Before Tax</b>	<b>(932,796)</b>	<b>(1,059,518)</b>
Provision for Taxation (pertaining to earlier years)		102.00
		<b>(1,059,620)</b>
<b>APPROPRIATIONS</b>		
(a) Interim dividends paid during the year	-	-
(b) Proposed final dividend	-	-
(c) Dividend distribution tax	-	-
(d) Transfer to any Reserves or Other Accounts	-	-
<b>Balance of profit/(loss) brought forward from last year</b>	<b>(1,733,688)</b>	<b>(674,068)</b>
<b>Balance carried forward to Balance Sheet</b>	<b>(2,666,484)</b>	<b>(1,733,688)</b>
<b>Earning per Share of Face Value ₹ 10 - Basic and Diluted (refer Schedule 17 Note 20)</b>	<b>(2.47)</b>	<b>(4.44)</b>
<b>Significant accounting policies</b>	<b>16</b>	
<b>Notes to financial statements</b>	<b>17</b>	

Schedules referred to above and the notes to accounts form an integral part of the Revenue Account

As per our report of even date attached

For and on behalf of the Board of Directors

**PKF SRIDHAR & SANTHANAM**Chartered Accountants  
ICAI registration no.003990S  
by the hand of**R. SURIYANARAYANAN**  
Partner  
Membership No. 201402**V. KRISHNAMOORTHY**  
Chief Financial Officer**AARTI KAMATH**  
Company Secretary**Y. M. DEOSTHALEE**  
Director**N. SIVARAMAN**  
Director**JOYDEEP ROY**  
CEO and Whole-time  
Director**SHARP & TANNAN**Chartered Accountants  
ICAI registration  
no.109982W  
by the hand of**ASHWIN B. CHOPRA**  
Partner  
Membership No. 38159Place : Mumbai  
Date : May 2, 2013Place : Mumbai  
Date : May 2, 2013

L&T GENERAL INSURANCE COMPANY LIMITED

FORM B - BS

Registration No. 146

Date of Registration with IRDA - July 9, 2010

**BALANCE SHEET**

Particulars	Schedule	(₹ '000)	
		As at March 31, 2013	As at March 31, 2012
<b>SOURCES OF FUNDS</b>			
Share Capital	5	4,150,000	3,250,000
Reserves and Surplus	6	-	-
Fair Value Change Account		2,942	1,008
Borrowings	7	-	-
<b>TOTAL</b>		<b>4,152,942</b>	<b>3,251,008</b>
<b>APPLICATION OF FUNDS</b>			
Investments	8	2,504,650	1,853,144
Loans	9	-	-
Fixed Assets (Net) including Capital work in progress	10	841,839	826,350
Current Assets:			
Cash and Bank Balances	11	79,505	82,917
Advances and Other Assets	12	777,046	349,405
<b>Sub Total [A]</b>		<b>856,551</b>	<b>432,322</b>
Current Liabilities	13	1,815,639	938,558
Provisions	14	900,943	655,938
<b>Sub Total [B]</b>		<b>2,716,582</b>	<b>1,594,496</b>
<b>Net Current Assets [C] = [A - B]</b>		<b>(1,860,031)</b>	<b>(1,162,174)</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in Profit and Loss Account		2,666,484	1,733,688
<b>TOTAL</b>		<b>4,152,942</b>	<b>3,251,008</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	16		
<b>NOTES TO FINANCIAL STATEMENTS</b>	17		

Schedules referred to above and the notes to accounts form an integral part of the Revenue Account

As per our report of even date attached

For and on behalf of the Board of Directors

**PKF SRIDHAR & SANTHANAM**  
Chartered Accountants  
ICAI registration no.003990S  
by the hand of

**R. SURIYANARAYANAN**  
Partner  
Membership No. 201402

**V. KRISHNAMOORTHY**  
Chief Financial Officer

**AARTI KAMATH**  
Company Secretary

**Y. M. DEOSTHALEE**  
Director

**N. SIVARAMAN**  
Director

**JOYDEEP ROY**  
CEO and Whole-time  
Director

**SHARP & TANNAN**  
Chartered Accountants  
ICAI registration  
no.109982W  
by the hand of

**ASHWIN B. CHOPRA**  
Partner  
Membership No. 38159

Place : Mumbai  
Date : May 2, 2013

Place : Mumbai  
Date : May 2, 2013

Registration No. 146

Date of Registration with IRDA - July 9, 2010

**RECEIPTS AND PAYMENTS ACCOUNT**

	For the year ended March 31, 2013	For the year ended March 31, 2012
		(₹ '000)
<b>Cash flows from operating activities:</b>		
Premium received from policyholders advance receipts	1,957,200	1,648,177
Other Receipts	70	118
Payments to the re-insurers, net of commission and claims	(298,435)	100,389
Payments to co-insurers, net of claims recovery	(77,191)	(445,567)
Payments of Direct Claims	(629,250)	(189,677)
Payments of commission and brokerage	(103,345)	(37,907)
Payments of operating and other expenses	(951,199)	(727,057)
Deposits, advances and staff loans	36,235	(183,018)
Income taxes paid (net)	-	(34)
Service tax paid	(150,705)	(79,096)
Cash flows before extraordinary items	(216,620)	86,328
Cash flows from extraordinary operations	-	-
<b>Net cash flow from operating activities [A]</b>	<b>(216,620)</b>	<b>86,328</b>
<b>Cash flows from investing activities</b>	-	-
Purchase of fixed assets	(221,912)	(275,254)
Sale of Fixed Assets	310	39
Loans disbursed	-	-
Repayments received	-	-
Purchase of Investments	(2,136,231)	(1,549,395)
Sale of Investments	1,427,287	605,351
Investments in money market and in liquid mutual funds (Net)	108,118	(133,625)
Interest received	135,636	51,812
<b>Net cash flow from investing activities [B]</b>	<b>(686,792)</b>	<b>(1,301,072)</b>
<b>Cash flow from financing activities</b>	-	-
Proceeds from issuance of share capital	900,000	1,250,000
Proceeds from borrowings	-	-
Repayments of borrowings	-	-
Interest/ dividend paid	-	-
<b>Net cash flow from financing activities [C]</b>	<b>900,000</b>	<b>1,250,000</b>
Effects of foreign exchange rates on cash and cash equivalents (net)	-	-
<b>Net increase/ (decrease) in cash equivalents [A + B + C]</b>	<b>(3,412)</b>	<b>35,256</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>82,917</b>	<b>47,661</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>79,505</b>	<b>82,917</b>

As per our report of even date attached

**PKF SRIDHAR & SANTHANAM**Chartered Accountants  
ICAI registration no.003990S  
by the hand of**R. SURIYANARAYANAN**  
Partner  
Membership No. 201402**V. KRISHNAMOORTHY**  
Chief Financial Officer**AARTI KAMATH**  
Company Secretary**Y. M. DEOSTHALEE**  
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Director**JOYDEEP ROY**  
CEO and Whole-time  
Director**SHARP & TANNAN**  
Chartered Accountants  
ICAI registration  
no.109982W  
by the hand of**ASHWIN B. CHOPRA**  
Partner  
Membership No. 38159Place : Mumbai  
Date : May 2, 2013Place : Mumbai  
Date : May 2, 2013

For and on behalf of the Board of Directors

**SCHEDULES FORMING PART OF ACCOUNTS****SCHEDULE 1 - PREMIUM****Premium Earned (Net)**

(₹ '000)

	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Premium from direct business written	241,140	76,241	1,503,301	1,820,682	133,074	60,343	1,240,604	1,434,021
Add: Premium on reinsurance accepted	55,045	118	176,321	231,484	17,842	217	153,737	171,796
Less : Premium on reinsurance ceded	(227,355)	(30,027)	(269,105)	(526,487)	(125,444)	(29,411)	(512,156)	(667,011)
Net Premium	68,830	46,332	1,410,517	1,525,679	25,472	31,149	882,185	938,806
Adjustment for change in reserve for unexpired risks	(29,528)	(7,592)	(292,317)	(329,437)	(11,148)	(13,962)	(424,812)	(449,922)
Premium Earned (Net)	39,302	38,740	1,118,200	1,196,242	14,324	17,187	457,373	488,884

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

Reinsurance premium ceded under Miscellaneous line of business includes ₹ 10,800 Thousand of liability written back pertaining to previous year.

**SCHEDULE 2 - CLAIMS****Claims Incurred [Net]**

(₹ '000)

	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Claims paid Direct	119,155	25,701	612,772	757,628	28,908	24,285	164,321	217,514
Add: Re-insurance accepted to direct claims	-	177	18,560	18,737	-	-	-	-
Less: Re-insurance Ceded to claims paid	(101,845)	(11,199)	(77,534)	(190,578)	(23,337)	(9,073)	(27,578)	(59,988)
Net Claims Paid	17,310	14,679	553,798	585,787	5,571	15,212	136,743	157,526
Add: Claims Outstanding at the end of the period	28,462	18,897	1,230,769	1,278,128	9,137	9,407	419,934	438,478
Less: Claims Outstanding at the beginning of the period	(9,138)	(9,406)	(662,322)	(680,866)	(1,354)	(633)	(20,440)	(22,427)
Total Claims Incurred	36,634	24,170	1,122,245	1,183,049	13,354	23,986	536,237	573,577

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

**SCHEDULE 3 - COMMISSION****Commission**

(₹ '000)

	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
<b>Commission paid:</b>								
Direct	16,396	7,961	76,018	100,375	8,088	5,398	37,049	50,535
Add: Re-insurance Accepted	1,174	18	26,111	27,303	-	-	-	-
Less: Commission on Re-insurance Ceded	(24,686)	(4,938)	(40,983)	(70,607)	(24,943)	(4,988)	(36,149)	(66,080)
Net Commission	(7,116)	3,041	61,146	57,071	(16,855)	410	900	(15,545)

Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:

Agents	1,054	708	14,288	16,050	827	696	12,609	14,132
Brokers	14,901	5,994	40,378	61,273	7,261	4,702	24,437	36,400
Corporate Agency	441	1,259	21,352	23,052	-	-	3	3
Referral	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>16,396</b>	<b>7,961</b>	<b>76,018</b>	<b>100,375</b>	<b>8,088</b>	<b>5,398</b>	<b>37,049</b>	<b>50,535</b>

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)****SCHEDULE 4 - OPERATING EXPENSES****Operating Expenses Related To Insurance Business**

	(₹ '000)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
1 Employees' remuneration & welfare benefits	384,973	389,909
2 Travel, conveyance and vehicle running expenses	30,831	26,508
3 Training expenses	1,447	2,532
4 Rents, rates & taxes	77,172	97,117
5 General Repairs and Office Management	25,662	19,791
6 Printing & stationery	7,494	10,486
7 Communication	19,227	16,538
8 Legal & professional charges	104,572	83,220
9 Auditors' fees, expenses etc.		
(a) as auditor	1,600	1,600
(b) as adviser or in any other capacity, in respect of	-	-
(i) Taxation matters	-	-
(ii) Insurance matters	-	-
(iii) Management services; and	-	-
c) in any other capacity	565	407
10 Advertisement and publicity	147,191	39,235
11 Interest & Bank Charges	2,750	1,517
12 IT Operating Expenses	170,791	121,060
13 Membership fees	3,187	6,364
14 Insurance	7,274	1,434
15 Depreciation	205,366	162,808
16 Others	14,164	7,291
<b>TOTAL</b>	<b>1,204,266</b>	<b>987,817</b>

**ANNEXURE TO REVENUE ACCOUNT - YEAR ENDED MARCH 31, 2013**

Particulars	(₹ '000)														
	Fire	Marine	Miscellaneous Revenue Account											Total	
	Fire	Marine Cargo	Engineering	Health	Group Health	Group PA	Individual PA	Liability - Work. Comp	Liability - Others	Motor OD	Motor TP Private Car	Motor TP Commercial Vehicles	Others	Misc. Total	
<b>Premium Earned (Net)</b>															
Premium from direct business written	241,140	76,241	160,454	31,221	231,041	32,514	1,020	40,378	12,744	632,343	53,314	280,680	27,592	1,503,301	<b>1,820,682</b>
Add: Premium on reinsurance accepted	55,045	118	11,278	-	136,847	-	-	-	-	-	-	28,198	-	176,321	<b>231,484</b>
Less: Premium on reinsurance ceded	(227,355)	(30,027)	(94,828)	(3,122)	(23,104)	(6,836)	(102)	(5,026)	(10,109)	(73,631)	(6,151)	(35,332)	(10,866)	(269,105)	<b>(526,487)</b>
Net Premium	68,830	46,332	76,904	28,099	344,784	25,678	918	35,352	2,635	558,712	47,163	273,546	16,726	1,410,517	<b>1,525,679</b>
Adjustment for change in reserve for unexpired risks	(29,528)	(7,592)	(2,345)	(18,161)	(198,369)	(12,153)	13	(6,427)	(417)	13,570	(9,926)	(53,590)	(4,512)	(292,317)	<b>(329,437)</b>
<b>Premium Earned (Net) - Schedule 1</b>	<b>39,302</b>	<b>38,740</b>	<b>74,559</b>	<b>9,938</b>	<b>146,415</b>	<b>13,525</b>	<b>931</b>	<b>28,925</b>	<b>2,218</b>	<b>572,282</b>	<b>37,237</b>	<b>219,956</b>	<b>12,214</b>	<b>1,118,200</b>	<b>1,196,242</b>
Profit/ (Loss) on sale of Investments	1,910	604	1,271	247	1,830	257	8	320	101	5,008	422	2,223	218	11,905	<b>14,419</b>
Interest Income	14,002	4,427	9,316	1,813	13,415	1,888	59	2,344	740	36,716	3,096	16,297	1,602	87,286	<b>105,715</b>
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>Total Segmental revenue</b>	<b>55,214</b>	<b>43,771</b>	<b>85,146</b>	<b>11,998</b>	<b>161,660</b>	<b>15,670</b>	<b>998</b>	<b>31,589</b>	<b>3,059</b>	<b>614,006</b>	<b>40,755</b>	<b>238,476</b>	<b>14,034</b>	<b>1,217,391</b>	<b>1,316,376</b>
<b>Claims Incurred (Net)</b>															
Claims paid direct	119,155	25,701	58,817	2,851	121,370	19,476	452	7,000	43	381,533	417	14,974	5,839	612,772	<b>757,628</b>
Add :Re-insurance accepted to direct claims	-	177	-	-	-	-	-	-	-	-	-	18,560	-	18,560	<b>18,737</b>
Less :Re-insurance Ceded to claims paid	(101,845)	(11,199)	(14,151)	(285)	(12,137)	(8,682)	(45)	(700)	(23)	(38,166)	(42)	(22)	(3,281)	(77,534)	<b>(190,578)</b>

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

(₹ '000)

Particulars	Fire		Marine		Miscellaneous Revenue Account										Total
	Fire	Marine Cargo	Engineering	Health	Group Health	Group PA	Individual PA	Liability - Work. Comp	Liability - Others	Motor OD	Motor TP Private Car	Motor TP Commercial Vehicles	Others	Misc. Total	
Net Claims Paid	17,310	14,679	44,666	2,566	109,233	10,794	407	6,300	20	343,367	375	33,512	2,558	553,798	<b>585,787</b>
Add: Claims Outstanding at the end of the year (net)	28,462	18,897	58,780	1,585	117,420	13,184	730	13,563	7	130,929	51,168	826,958	16,445	1,230,769	<b>1,278,128</b>
Less: Claims Outstanding at the beginning of the year (net)	9,138	9,406	28,031	272	66,666	2,236	485	5,569	6	109,380	15,899	427,340	6,438	662,322	<b>680,866</b>
<b>Total Claim Incurred - Schedule 2</b>	<b>36,634</b>	<b>24,170</b>	<b>75,415</b>	<b>3,879</b>	<b>159,987</b>	<b>21,742</b>	<b>652</b>	<b>14,294</b>	<b>21</b>	<b>364,916</b>	<b>35,644</b>	<b>433,130</b>	<b>12,565</b>	<b>1,122,245</b>	<b>1,183,049</b>
<b>Commission:</b>															
<b>Commission paid:</b>															
Direct	16,396	7,961	9,395	2,418	16,002	1,689	101	2,926	985	40,358	-	-	2,144	76,018	<b>100,375</b>
Add: Re-insurance Accepted	1,174	18	314	-	25,797	-	-	-	-	-	-	-	-	26,111	<b>27,303</b>
Less: Commission on Re-insurance Ceded	(24,686)	(4,938)	(20,634)	(468)	(2,310)	(500)	(15)	(609)	(869)	(13,723)	(86)	(741)	(1,028)	(40,983)	<b>(70,607)</b>
<b>Net Commission - Schedule 3</b>	<b>(7,116)</b>	<b>3,041</b>	<b>(10,925)</b>	<b>1,950</b>	<b>39,489</b>	<b>1,189</b>	<b>86</b>	<b>2,317</b>	<b>116</b>	<b>26,635</b>	<b>(86)</b>	<b>(741)</b>	<b>1,116</b>	<b>61,146</b>	<b>57,071</b>
<b>Operating Expenses Related to Insurance Business - Schedule 4</b>	<b>156,555</b>	<b>48,170</b>	<b>106,684</b>	<b>20,758</b>	<b>153,618</b>	<b>21,619</b>	<b>679</b>	<b>26,846</b>	<b>8,473</b>	<b>420,443</b>	<b>35,448</b>	<b>186,623</b>	<b>18,351</b>	<b>999,541</b>	<b>1,204,266</b>
<b>Change in Premium Deficiency</b>	<b>(184)</b>	<b>(494)</b>	<b>-</b>	<b>-</b>	<b>3,021</b>	<b>(34)</b>	<b>(119)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,095)</b>	<b>(79)</b>	<b>(87,306)</b>	<b>(87,984)</b>
<b>Operating Profit / (Loss)</b>	<b>(130,675)</b>	<b>(31,116)</b>	<b>(86,028)</b>	<b>(14,589)</b>	<b>(194,455)</b>	<b>(28,846)</b>	<b>(300)</b>	<b>(11,868)</b>	<b>(5,551)</b>	<b>(197,988)</b>	<b>(30,250)</b>	<b>(290,441)</b>	<b>(17,919)</b>	<b>(878,235)</b>	<b>(1,040,026)</b>
<b>Operating Expenses:</b>															
Employees' remuneration & welfare benefits	50,988	16,121	33,927	6,601	48,852	6,875	216	8,538	2,695	133,705	11,273	59,348	5,834	317,864	<b>384,973</b>
Travel, conveyance and vehicle running expenses	4,083	1,291	2,717	529	3,912	551	17	684	216	10,708	903	4,753	467	25,457	<b>30,831</b>
Training expenses	192	61	127	25	184	26	1	32	10	502	42	223	22	1,194	<b>1,447</b>
Rents, rates & taxes	10,221	3,232	6,801	1,323	9,793	1,378	43	1,711	540	26,803	2,260	11,897	1,170	63,719	<b>77,172</b>
General Repairs and Office Management	3,399	1,075	2,261	440	3,256	458	14	569	180	8,912	751	3,956	391	21,188	<b>25,662</b>
Printing & stationery	993	314	660	128	951	134	4	166	52	2,602	219	1,155	116	6,187	<b>7,494</b>
Communication	2,547	805	1,694	330	2,440	343	11	426	135	6,678	563	2,964	291	15,875	<b>19,227</b>
Legal & professional charges	13,850	4,379	9,216	1,793	13,270	1,867	59	2,319	732	36,319	3,062	16,121	1,585	86,343	<b>104,572</b>
Auditors' fees, expenses etc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) as auditor	212	67	141	27	203	29	1	35	11	556	47	247	24	1,321	<b>1,600</b>
(b) as adviser or in any other capacity, in respect of															
(i) Taxation matters															
(ii) Insurance matters															
(iii) Management services; and															
c) in any other capacity	75	34	49	9	70	10	-	12	4	192	16	85	9	456	<b>565</b>
Advertisement and publicity	19,495	6,164	12,972	2,524	18,678	2,629	82	3,264	1,030	51,121	4,310	22,691	2,231	121,532	<b>147,191</b>
Interest & Bank Charges	364	115	242	47	349	49	2	61	19	955	81	424	42	2,271	<b>2,750</b>
IT Operating Expenses	22,620	7,152	15,052	2,929	21,673	3,050	96	3,788	1,195	59,318	5,001	26,330	2,587	141,019	<b>170,791</b>
Membership fees	422	133	281	55	405	57	2	71	22	1,107	93	491	48	2,632	<b>3,187</b>
Insurance	963	305	641	125	923	130	4	161	51	2,526	213	1,121	111	6,006	<b>7,274</b>
Depreciation	24,255	6,329	18,655	3,630	26,862	3,780	119	4,695	1,482	73,520	6,199	32,634	3,207	174,783	<b>205,366</b>
Others	1,876	593	1,248	243	1,797	253	8	314	99	4,919	415	2,183	216	11,695	<b>14,164</b>
<b>Total</b>	<b>156,555</b>	<b>48,170</b>	<b>106,684</b>	<b>20,758</b>	<b>153,618</b>	<b>21,619</b>	<b>679</b>	<b>26,846</b>	<b>8,473</b>	<b>420,443</b>	<b>35,448</b>	<b>186,623</b>	<b>18,351</b>	<b>999,541</b>	<b>1,204,266</b>

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

ANNEXURE TO REVENUE ACCOUNT - YEAR ENDED MARCH 31, 2012

(₹ '000)

Particulars	Fire	Marine	Miscellaneous Revenue Account												Total
	Fire	Marine Cargo	Engineering	Health	Group Health	Group PA	Individual PA	Liability – Work. Comp	Liability – Others	Motor OD	Motor TP Private Car	Motor TP Commercial Vehiles	Others	Misc. Total	
<b>Premium Earned (Net)</b>															
Premium from direct business written	133,074	60,343	133,062	4,054	78,701	17,925	1,209	27,117	14,770	602,287	33,075	304,668	23,736	1,240,604	1,434,021
Add: Premium on reinsurance accepted	17,842	217	2,158	–	–	–	–	–	–	–	–	151,579	–	153,737	171,796
Less: Premium on reinsurance ceded	(125,444)	(29,411)	(72,188)	(405)	(7,870)	(16,557)	(1,050)	(4,582)	(10,820)	(71,809)	(6,173)	(304,668)	(16,034)	(512,156)	(667,011)
Net Premium	25,472	31,149	63,032	3,649	70,831	1,368	159	22,535	3,950	530,478	26,902	151,579	7,702	882,185	938,806
Adjustment for change in reserve for unexpired risks	(11,148)	(13,962)	(34,644)	(2,592)	(31,677)	(611)	(603)	(8,330)	(2,931)	(256,812)	(14,333)	(69,137)	(3,142)	(424,812)	(449,922)
<b>Premium Earned (Net) - Schedule 1</b>	<b>14,324</b>	<b>17,187</b>	<b>28,388</b>	<b>1,057</b>	<b>39,154</b>	<b>757</b>	<b>(444)</b>	<b>14,205</b>	<b>1,019</b>	<b>273,666</b>	<b>12,569</b>	<b>82,442</b>	<b>4,560</b>	<b>457,373</b>	<b>488,884</b>
Profit/ (Loss) on sale of Investments	343	155	343	10	203	46	3	70	38	1,552	85	785	61	3,196	3,694
Interest Income	2,300	1,043	2,300	70	1,360	310	21	469	255	10,410	572	5,266	410	21,443	24,786
Other Income	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Segmental revenue</b>	<b>16,967</b>	<b>18,385</b>	<b>31,031</b>	<b>1,137</b>	<b>40,717</b>	<b>1,113</b>	<b>(420)</b>	<b>14,744</b>	<b>1,312</b>	<b>285,628</b>	<b>13,226</b>	<b>88,493</b>	<b>5,031</b>	<b>482,012</b>	<b>517,364</b>
<b>Claims Incurred (Net)</b>															
Claims paid direct	28,908	24,285	13,550	82	9,643	8,141	116	2,060	81	125,133	56	1,702	3,757	164,321	217,514
Add :Re-insurance accepted to direct claims	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Less :Re-insurance Ceded to claims paid	(23,337)	(9,073)	(4,283)	(8)	(964)	(7,233)	(11)	(207)	(80)	(12,552)	(4)	(523)	(1,713)	(27,578)	(59,988)
Net Claims Paid	5,571	15,212	9,267	74	8,679	908	105	1,853	1	112,581	52	1,179	2,044	136,743	157,526
Add: Claims Outstanding at the end of the year (net)	9,137	9,407	28,031	272	66,666	2,236	485	5,569	6	109,380	15,899	184,952	6,438	419,934	438,478
Less: Claims Outstanding at the beginning of the year (net)	1,354	633	2,220	–	1,948	29	–	1,006	288	8,472	522	5,953	2	20,440	22,427
<b>Total Claim Incurred - Schedule 2</b>	<b>13,354</b>	<b>23,986</b>	<b>35,078</b>	<b>346</b>	<b>73,397</b>	<b>3,115</b>	<b>590</b>	<b>6,416</b>	<b>(281)</b>	<b>213,489</b>	<b>15,429</b>	<b>180,178</b>	<b>8,480</b>	<b>536,237</b>	<b>573,577</b>
<b>Commission:</b>															
<b>Commission paid:</b>															
Direct	8,088	5,398	4,031	371	2,118	210	103	1,663	673	26,532	–	–	1,348	37,049	50,535
Add: Re-insurance Accepted	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Less: Commission on Re-insurance Ceded	(24,943)	(4,988)	(16,347)	(71)	(787)	(2,325)	(23)	(566)	(841)	(12,582)	(1)	–	(2,606)	(36,149)	(66,080)
<b>Net Commission - Schedule 3</b>	<b>(16,855)</b>	<b>410</b>	<b>(12,316)</b>	<b>300</b>	<b>1,331</b>	<b>(2,115)</b>	<b>80</b>	<b>1,097</b>	<b>(168)</b>	<b>13,950</b>	<b>(1)</b>	<b>–</b>	<b>(1,258)</b>	<b>900</b>	<b>(15,545)</b>
<b>Operating Expenses Related to Insurance Business - Schedule 4</b>	<b>91,672</b>	<b>41,569</b>	<b>91,662</b>	<b>2,793</b>	<b>54,214</b>	<b>12,348</b>	<b>831</b>	<b>18,680</b>	<b>10,174</b>	<b>414,862</b>	<b>22,785</b>	<b>209,876</b>	<b>16,351</b>	<b>854,576</b>	<b>987,817</b>
<b>Change in Premium Deficiency</b>	<b>184</b>	<b>494</b>	<b>–</b>	<b>–</b>	<b>3,145</b>	<b>34</b>	<b>119</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,095</b>	<b>85,000</b>	<b>77</b>	<b>93,470</b>	<b>94,148</b>
<b>Operating Profit / (Loss)</b>	<b>(71,388)</b>	<b>(48,074)</b>	<b>(83,393)</b>	<b>(2,302)</b>	<b>(91,370)</b>	<b>(12,269)</b>	<b>(2,040)</b>	<b>(11,449)</b>	<b>(8,413)</b>	<b>(356,673)</b>	<b>(30,082)</b>	<b>(386,561)</b>	<b>(18,619)</b>	<b>(1,003,171)</b>	<b>(1,122,633)</b>
<b>Operating Expenses:</b>															
Employees' remuneration & welfare benefits	36,183	16,407	36,179	1,102	21,399	4,874	329	7,373	4,016	163,761	8,993	82,839	6,454	337,319	389,909
Travel, conveyance and vehicle running expenses	2,460	1,115	2,460	75	1,455	331	22	501	273	11,134	611	5,632	439	22,933	26,508
Training expenses	235	107	235	7	139	32	2	48	26	1,063	58	538	42	2,190	2,532
Rents, rates & taxes	9,012	4,087	9,012	275	5,330	1,214	82	1,836	1,000	40,789	2,240	20,633	1,607	84,018	97,117
General Repairs and Office Management	1,837	833	1,836	56	1,086	247	17	374	204	8,312	456	4,205	328	17,121	19,791
Printing & stationery	973	441	973	30	575	131	9	198	108	4,404	242	2,228	174	9,072	10,486
Communication	1,535	696	1,534	47	908	207	14	313	170	6,946	381	3,513	274	14,307	16,538
Legal & professional charges	7,723	3,502	7,722	235	4,567	1,040	70	1,574	857	34,953	1,919	17,681	1,377	71,995	83,220
Auditors' fees, expenses etc.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

(₹ '000)

Particulars	Fire		Miscellaneous Revenue Account												Total
	Fire	Marine Cargo	Engineering	Health	Group Health	Group PA	Individual PA	Liability - Work. Comp	Liability - Others	Motor OD	Motor TP Private Car	Motor TP Commercial Vehicles	Others	Misc. Total	
(a) as auditor	149	68	149	5	88	20	1	30	17	668	37	341	27	1,383	1,600
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) in any other capacity	37	17	37	1	22	5	0	8	4	175	9	85	7	353	407
Advertisement and publicity	3,641	1,651	3,641	111	2,153	490	33	742	404	16,479	905	8,336	649	33,943	39,235
Interest & Bank Charges	141	64	141	4	83	19	1	29	16	637	35	322	25	1,312	1,517
IT Operating Expenses	11,234	5,094	11,233	342	6,644	1,513	102	2,289	1,247	50,846	2,792	25,720	2,004	104,732	121,060
Membership fees	591	268	590	18	349	80	5	120	66	2,673	147	1,352	105	5,505	6,364
Insurance	133	60	133	4	79	18	1	27	15	602	33	305	24	1,241	1,434
Depreciation	15,108	6,851	15,107	460	8,935	2,035	137	3,079	1,677	68,379	3,755	34,590	2,695	140,849	162,808
Others	682	309	680	21	402	92	6	139	75	3,042	169	1,556	121	6,303	7,291
<b>Total</b>	<b>91,672</b>	<b>41,569</b>	<b>91,662</b>	<b>2,793</b>	<b>54,215</b>	<b>12,348</b>	<b>833</b>	<b>18,680</b>	<b>10,174</b>	<b>414,862</b>	<b>22,785</b>	<b>209,876</b>	<b>16,351</b>	<b>854,576</b>	<b>987,817</b>

**SCHEDULE 5 - SHARE CAPITAL**

(₹ '000)

	As at March 31, 2013	As at March 31, 2012
<b>1 Authorised Capital</b>		
Equity Shares of ₹ 10/- each	6,000,000	4,000,000
<b>2 Issued, Subscribed and Paid up Capital</b>		
Equity Shares of ₹ 10/-each	4,150,000	3,250,000
<b>3 Called-up Capital</b>		
Equity Shares of ₹ 10/-each	-	-
Less : Calls unpaid	-	-
Add : Equity Shares forfeited (Amount originally paid up)	-	-
Less : Par Value of Equity Shares bought back	-	-
Less : Preliminary Expenses	-	-
Expenses including commission or brokerage on	-	-
Underwriting or subscription of shares	-	-
<b>TOTAL</b>	<b>4,150,000</b>	<b>3,250,000</b>

Of the above 41,50,00,000 (previous year: 32,50,00,000) equity shares of ₹ 10/- each fully paid up are held by Larsen & Toubro Limited, the Holding company

**PATTERN OF SHAREHOLDING**

Pattern of Shareholding (As certified by the Management)

	As at March 31, 2013		As at March 31, 2012	
	No of Shares	% of holding	No of Shares	% of holding
Shareholder				
Promoters				
Indian	415,000,000	100%	325,000,000	100%
Foreign	-	-	-	-
<b>TOTAL</b>	<b>415,000,000</b>	<b>100%</b>	<b>325,000,000</b>	<b>100%</b>

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

	As at March 31, 2013	As at March 31, 2012
(₹ '000)		
<b>SCHEDULE 6 - RESERVE AND SURPLUS</b>		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	-	-
4 General Reserves	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilized for Buy-back	-	-
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE 7 - BORROWINGS</b>		
1 Debentures/ Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	<b>869,618</b>	748,330
2 Other Approved Securities	<b>562,217</b>	152,471
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	-	-
(e) Other Securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	<b>623,174</b>	464,152
5 Other than Approved Investments	-	-
	<b>2,055,008</b>	1,364,953
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	-	98,217
2 Other Approved Securities	<b>283,943</b>	146,014
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	<b>165,698</b>	243,960
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	-	-
(e) Other Securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	-	-
5 Other than Approved Investments	-	-
	<b>449,641</b>	488,191
<b>TOTAL</b>	<b>2,504,650</b>	1,853,144

Note:- ₹ 50,004 ('000) of Deposit with RBI[Pursuant to Section 7 of Insurance Act, 1938] has been excluded from the above schedule and shown separately in Sch 12 under "Advances and other Assets".

All Investments are made in India

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

(₹ '000)

	As at March 31, 2013	As at March 31, 2012
<b>SCHEDULE 9 - LOANS</b>		
<b>1 SECURITY-WISE CLASSIFICATION</b>		
Secured	-	-
(a) On mortgage of property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>
<b>2 BORROWER-WISE CLASSIFICATION</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others (to be specified)	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>
<b>3 PERFORMANCE-WISE CLASSIFICATION</b>		
(a) Loans classified as standard	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions	-	-
(aa) In India	-	-
(bb) Outside India	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>
<b>4 MATURITY-WISE CLASSIFICATION</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>

**SCHEDULE 10 - FIXED ASSETS**

(₹ '000)

Particulars	COST / GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Upto 31.03.2012	For The Year	On Sales / Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - softwares	795,620	209,671	-	1,005,291	152,755	159,851	-	312,606	692,685	642,865
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	47,868	600	3,864	44,604	28,026	13,762	2,807	38,981	5,623	19,842
Information Technology Equipment	146,163	62,884	-	209,047	38,397	30,198	-	68,595	140,452	107,766
Vehicles	-	-	-	-	-	-	-	-	-	-
Office Equipment	7,541	863	-	8,404	3,770	1,555	-	5,325	3,079	3,771
Others	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>997,192</b>	<b>274,018</b>	<b>3,864</b>	<b>1,267,346</b>	<b>222,948</b>	<b>205,366</b>	<b>2,807</b>	<b>425,507</b>	<b>841,839</b>	<b>774,244</b>
Capital Work in progress									-	52,106
<b>Grand Total</b>	<b>997,192</b>	<b>274,018</b>	<b>3,864</b>	<b>1,267,346</b>	<b>222,948</b>	<b>205,366</b>	<b>2,807</b>	<b>425,507</b>	<b>841,839</b>	<b>826,350</b>
Previous Year	767,407	229,869	84	997,192	60,162	162,808	22	222,948	826,350	713,966

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

		(₹ '000)	
		As at March 31, 2013	As at March 31, 2012
<b>SCHEDULE 11 - CASH AND BANK BALANCES</b>			
1	Cash (including cheques, drafts and stamps)	5,373	51,517
2	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months)	-	-
	(bb) Others	-	-
	(b) Current Accounts	74,132	31,400
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others		
	<b>TOTAL</b>	<b>79,505</b>	<b>82,917</b>
Balances with non-scheduled banks included in 2 and 3 above			
<b>SCHEDULE 12 - ADVANCES AND OTHER ASSETS</b>			
<b>ADVANCES</b>			
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	30,757	16,191
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source	19	522
6	Rental Deposits	150,511	191,893
7	Advances- Others	4,924	4,887
8	Unutilised service tax- Carried forward	2,170	8,800
	<b>TOTAL (A)</b>	<b>188,381</b>	<b>222,293</b>
<b>OTHER ASSETS</b>			
1	Income accrued on investments	92,797	45,550
2	Outstanding Premiums	-	-
3	Agents' Balances	-	-
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business including reinsurers	442,289	25,660
6	Due from subsidiaries/ holding	-	3,767
7	Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938]	50,004	49,953
8	Others- Other accrued income	-	-
8a	Others including Sundry Debtors and advances to Vendors	3,575	2,182
8b	Others	-	-
	<b>TOTAL (B)</b>	<b>588,665</b>	<b>127,112</b>
	<b>TOTAL (A+B)</b>	<b>777,046</b>	<b>349,405</b>

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

	As at March 31, 2013	As at March 31, 2012
(₹ '000)		
<b>SCHEDULE 13 - CURRENT LIABILITIES</b>		
1 Agents' Balances	18,059	4,387
2 Balances due to other insurance companies	113,399	146,532
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	62,072	40,947
5 Unallocated Premium	7,434	19,407
6 Sundry creditors	312,131	288,270
7 Due to subsidiaries/ holding company	23,235	-
8 Claims Outstanding	1,278,128	438,478
9 Due to Officers/ Directors	-	-
10 Others:-		
Unclaimed Claims	299	41
Solatium fund	781	447
Environment Relief Fund	101	49
<b>TOTAL</b>	<b>1,815,639</b>	<b>938,558</b>
<b>SCHEDULE 14 - PROVISIONS</b>		
1 Reserve for Unexpired Risk	867,110	537,675
2 For taxation (less advance tax paid and taxes deducted at source)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others :		
a) Leave Encashment	15,619	13,076
b) Gratuity	10,923	9,914
6 Reserve for Premium Deficiency	7,291	95,273
<b>TOTAL</b>	<b>900,943</b>	<b>655,938</b>
<b>SCHEDULE 15 - MISCELLANEOUS EXPENDITURE</b>		
Miscellaneous Expenditure ( to the extent not written off or adjusted)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

# **SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

## **SIGNIFICANT ACCOUNTING POLICIES**

### **SCHEDULE 16**

#### **Background:**

L&T General Insurance Company Limited ('the Company') was incorporated on December 27, 2007 and is a wholly owned subsidiary of Larsen & Toubro Limited. The Company obtained regulatory approval to undertake General Insurance business on July 9, 2010 from the Insurance Regulatory and Development Authority ('IRDA') and has also obtained its certificate of renewal of registration which is valid till March 31, 2014. The Company commenced its commercial operations on October 1, 2010.

#### **Basis of preparation of financial statements:**

The financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time, the Companies Act, 1956, to the extent applicable and the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 to the extent applicable.

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

#### **Use of estimates:**

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

#### **Revenue recognition:**

##### **Premium Income:**

Premium (net of service tax) including reinsurance accepted is recognized as income over the contract period or period of risk, as appropriate and is recorded on installment due dates for installment cases and on policy inception in all other cases. Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revision to or cancellation of premiums are recognized in the period in which they occur.

##### **Reserve for Unexpired Risk:**

Reserve for unexpired risk is recognized net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is applicable. It is calculated for project related insurance contract using the Cubic Curve Method so that the revenue recognized is commensurate with the risk exposure on such contracts. For all other lines it is calculated on a daily pro-rata basis. In accordance with Section 64 V(1)(ii)(b) of the Insurance Act, 1938 the Unexpired Risk reserve is accounted, subject to a minimum premium of 50% of the aggregate premium written on policies during the twelve months preceding the Balance Sheet date for fire, marine cargo and miscellaneous business and 100% for marine hull business, on all unexpired policies at Balance Sheet date.

##### **Premium Deficiency:**

Premium deficiency is recognized if sum total of expected net claim costs, related expenses and maintenance costs exceeds the related premium carried forward to the subsequent accounting periods as reserve for unexpired risk. Premium deficiency is calculated for each line of business at the actuarially determined ultimate loss ratio. The Company considers only relevant direct costs for claim handling operations as maintenance costs.

##### **Income earned on investments:**

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over holding/maturity period on a constant yield to maturity basis.

Dividend income is recognised when the right to receive dividend is established.

The net realised gains or losses on the debt securities are the difference between the net sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of listed equity shares / mutual funds units, the profit or loss on actual sale of investment includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account".

Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any, and excludes interest received on sales.

##### **Reinsurance:**

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Any subsequent revisions to, refunds or cancellations of premiums are recognized in the period in which they occur. Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium.

Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits and its settlement.

## **SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)**

### **Claims:**

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/ insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes amount, if any, required for claims incurred but not enough reported ("IBNER"). Estimated liability for IBNR and IBNER including those relating to retrocession from Declined Risk Pool is based on actuarial estimates applying generally accepted actuarial principles, methodologies and standards and duly certified by the appointed actuary of the Company.

### **Acquisition Costs:**

Acquisition costs are the costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses etc. and are expensed as incurred.

### **Indian Market Terrorism Risk Insurance Pool:**

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

Accordingly, based on statements received from the Pool Manager up to the finalisation of financial statements, the Company combines its proportionate retrocession share of the Pool's income and expenses with similar items in its financial statements, on a line-by-line basis. The Company has created reserve for unexpired risks to the extent of retroceded premium pertaining to the year. This reserve for unexpired Risk is reversed in the subsequent year.

### **Declined Risk Pool**

The Company is a member of the DR Pool, under which it mandatorily, collectively and automatically participates in the pooling arrangement to share all business under written on or after April 1, 2012 in respect of standalone third part liability insurance (Act only insurance) in respect of commercial vehicles. The Company accounts for the transactions of the Company with the Pool in its financial statements based on the statement received from the Pool administrator and based on management estimates for the period for which statement has not been received from the pool.

### **Fixed Assets, Intangibles and Depreciation:**

#### **Fixed Assets:**

Fixed assets are stated at cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use. Depreciation on assets purchased/disposed off during the year is provided on pro rata basis with reference to the month of additions / deductions.

Depreciation on fixed assets is provided using higher of the rates based on the economic useful life of assets as estimated by the management and the Straight Line Method ('SLM') specified by the Schedule XIV to the Companies Act, 1956.

<b>Nature of Asset</b>	<b>Depreciation rate used</b>	<b>Depreciation rate as per Schedule XIV</b>
Intangibles - Softwares*	16.67%	16.21%
Information Technology Equipment	25%	16.21%
Furniture and Fittings	33.33%	6.33%
Office Equipment	25%	4.75%

\*Additions to existing intangible assets are assumed to have the same useful life as the original assets and are accordingly depreciated over the remaining useful life of the original assets.

All assets including intangibles individually costing up to ₹ 5,000 are fully depreciated/ amortised in the year in which acquired.

#### **Impairment:**

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price of the assets and their value in use. Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

## **SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)**

### **Investments:**

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority Regulations and various other circulars / notifications issued by IRDA in relation thereto from time to time.

Investments are recorded at cost, which include brokerage, taxes, stamp duty, if any, and excludes broken period interest, pertaining to period prior to the date of purchase.

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to be disposed off within twelve months from the Balance Sheet date are classified as short-term investments. Investments other than short term investments are classified as long term investments.

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the revenue accounts and in the Profit and Loss Account over the period of maturity / holding. All mutual fund investments are valued at realisable net asset value on the Balance Sheet date and any unrealised gains / losses are accounted in "Fair Value Change Account" and carried forward in the Balance Sheet.

### **Fair Value Change Account**

This represents unrealised gain/loss arising due to changes in fair value of listed equity shares and mutual fund investments outstanding at the close of the period and is not available for distribution as dividend.

### **Impairment of Investment**

Impairment in value of equity and mutual fund investments is assessed at every Balance Sheet date. If any such indication of permanent impairment exists, the carrying value of such investment is reduced to the recoverable amount and impairment loss is recognized in the Profit and Loss Account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the investment is restated to that extent

### **Allocation of investment income:**

Investment income (including profit/loss on sale of investments) is allocated to the respective Revenue Accounts and the Profit and Loss Account based on the ratio of average 'Technical Funds' and "Shareholders' Funds" respectively (average of funds at the beginning and end of the year). 'Technical Funds' in relation to policyholders' funds are the aggregate of outstanding claims, estimates for IBNR (including IBNER) and reserve for unexpired risk. "Shareholders' Funds" are the aggregate of funds available to the Company's shareholders, i.e., net worth of the Company.

### **Allocation of expenses:**

Operating expenses relating to insurance business are assigned to respective business segments in the following manner:

- i) Expenses directly identifiable to the business segments are allocated on an actual basis.
- (ii) Other expenses, which are not directly identifiable, are apportioned on the basis of the Gross written premium in each business segment during the year.

### **Operating lease:**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments, where lease rentals are so structured that the rental is higher in the later years supported by management's intention to run the lease till expiration and in case of fixed assets acquired on operating leases, lease rentals have been recognised as an expense in the statement of Profit and Loss Account on Straight Line basis over the term of the lease. In other cases, lease rentals are accounted as per the terms of the lease contract.

### **Transactions in foreign exchange:**

Transactions in foreign currency are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the year-end. The gains/ losses on account of restatement and settlement are recognised in the Profit and Loss Account and revenue account(s).

### **Provisions and Contingencies:**

In accordance with Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets', to the extent applicable to the Company, provisions are created in respect of obligations resulting from past events and it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These will be reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)**

### **Employee Benefits:**

#### **a) Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

#### **b) Post Employment Benefits:**

The Company is obligated to pay Gratuity, which is an end of service benefit and defined benefit obligation, as per Payment of Gratuity Act, 1972. The Company is a member of Interest Rate Guaranteed provident fund scheme, a defined benefit obligation, managed by a trust. Wherever applicable, the present value of the obligation under such defined benefit plans is determined and provided for based on actuarial valuation using the Projected Unit Credit Method at each Balance sheet date.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

Liability for Long term accumulating leave entitlements is determined and provided for based on actuarial valuation at each Balance Sheet date.

### **Income Taxes:**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessments/ appeals.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the accounting income as per the Company's financial statements and the taxable income for the year. Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed as at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

### **Service Tax:**

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Advances and other Assets" in schedule 12 for adjustments in subsequent periods.

### **Earnings per Share:**

The basis Earnings per share is calculated by dividing the Net profit after tax by weighted average number of equity shares outstanding during the reporting period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for basic Earning per share and also weighted average number equity shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are considered.

**SCHEDULES FORMING PART OF ACCOUNTS****SCHEDULE 17****1. Contingent Liabilities:**

(₹ in 000's)

Particulars	As at March 31, 2013	As at March 31, 2012
Partly paid up investments	-	-
Claims, other than those under policies, not acknowledged as debts	-	700
Underwriting commitments outstanding	-	-
Guarantees given by or on behalf of the Company	-	-
Statutory demands/liabilities in dispute, not provided for	-	-
Reinsurance obligations to the extent not provided for in accounts	-	-
Others	-	-

2. The assets of the Company are free from all encumbrances.
3. Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Nil (*Previous year- ₹ 200,500 Thousand*).
4. Commitment in respect of loans and investments is NIL (*Previous year – NIL*).

**5. Claims:**

Claims, less reinsurance paid to claimants in India for the year ended March 31, 2013 is ₹ 5,85,787 Thousand (*Previous Year - 157,526 Thousand*). There are no claims paid to claimants outside India during the year.

Gross Claims outstanding as at March 31, 2013 for a period exceeding six months are ₹ 2,28,236 Thousand (*Previous Year - 167,067 Thousand*). Claims outstanding for a period less than six months are ₹ 3, 57,464 Thousand (*Previous Year - Rs1,15,400 Thousand*). Further, there are also claims of ₹ NIL settled and remaining unpaid for a period of more than six months as at the March 31, 2013 (*Previous Year - NIL*).

6. Unclaimed Amount of Policyholders as required to be disclosed by Circular No. IRDA/F&I/CIR/CMP/174/11/2010 is as follows:

(₹ in 000's)

Particulars	Total	0-6 months	7-12 months	13-18 months	19-24 months	25- 30 months	31-36 months	Beyond 36 months
Claims settled but not paid to the policyholders/ insureds due to any reason except under litigation from the insured / policyholders	-	-	-	-	-	-	-	-
Sum due to insured/ policyholders on maturity or otherwise	-	-	-	-	-	-	-	-
Any collection of the premium, tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far.	62	62	-	-	-	-	-	-
Cheques issued but not encashed by the policyholders	57,880	57,254	626	-	-	-	-	-

**7. Premium:**

Premium, less reinsurance, written from business in/ outside India is given below:

(₹ in 000's)

Premium written	For the year ended March 31, 2013	For the year ended March 31, 2012
In India	15,25,679	9,38,806
Outside India	-	-

8. Sector wise details of the policies issued/outstanding are given below:

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

Particulars	2012-13			2011-12		
	GWP (₹ in 000's)	No. of Policies	% to GWP	GWP (₹ in 000's)	No. of Policies	% to GWP
Rural / Social	1,51,126	18,049	8	1,09,039	15,236	8
Urban	16,69,563	86,684	92	1,324,982	74,596	92
Total	18,20,689	1,04,733	100	1,434,021	89,597	100

Particulars	2012-13	2011-12
Social Sector	2012-13	2011-12
No of lives	8127	6009

9. Extent of risks retained and reinsured is set out below (excluding excess of loss and catastrophe reinsurance):

Line of Business	Basis	As at March 31, 2013		As at March 31, 2012	
		Retention (%)	Ceded (%)	Retention (%)	Ceded (%)
Fire	Total sum insured	28	72	10	90
Marine	Value at risk	66	34	61	39
Engineering	Total sum insured	48	52	50	50
Public Liability	Value at risk	46	54	29	71
Motor	Total sum insured	90	10	61	39
Group Personal Accident	Value at risk	90	10	13	87
Group Health	Value at risk	94	6	90	10
Workmen Compensation	Value at risk	90	10	90	10
Miscellaneous	Value at risk	65	35	48	52

**10. Basis of reserve for Claims incurred but not reported:**

The Company has been in business for a period of two and half year only and hence the Company's experience for all the lines of business would not be credible, mature and relevant. For lines of business where adequate, relevant and credible information is available, IBNR has been estimated using generally accepted actuarial methodology. For some lines of business, a blend of industry benchmark have been used along with generally accepted actuarial methodology.

**11. Investments:**

Value of contracts in relation to investments for:

- Purchases where deliveries are pending is NIL (*Previous year - ₹ NIL*) as on March 31, 2013 which were subsequently delivered.
- Sales where payments are overdue NIL (*previous year - NIL*)

Historical cost of short term investments that are valued on fair value basis is ₹ 162,756 Thousand (*Previous year - ₹ 242,952 Thousand*).

**12. Employee Benefit Plans:**

a) The amounts recognized in Balance Sheet are as follows

(₹ in 000's)

Particulars	Gratuity plan		Interest Rate Guaranteed Provident fund plan	
	31-3-2013	31-3-2012	31-3-2013	31-3-2012
A) Present value of defined benefit obligation				
- Wholly funded		-	(71,308)	(45,338)
- Wholly unfunded	(10,923)	(7,771)	(1929)	(1,537)
	(10,923)	(7,771)	(73,237)	(46,875)
Less : Fair value of plan assets	-	-	70,827	44,732
Less : Unrecognized past service costs	-	-		
Amount to be recognized as liability or (asset)	(10,923)	(7,771)	(482)	(2,143)
B) Amounts reflected in the Balance Sheet				
Liabilities	(10,923)	(7,771)	(1929)	(3,409)
Assets	-	-	-	-
Net liability/ asset	(10,923)	(7,771)	(1929)	(3,409)

b) The amounts recognized in Profit and Loss Account are as follows:

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

(₹ in 000's)

Sr. No.	Particulars	Gratuity plan		Interest Rate Guaranteed Provident fund plan	
		2012-2013	2011-2012	2012-2013	2011-2012
1	Current Service Cost	4,254	3,583	12,677	10,210
2	Interest Cost	991	564	4,799	2,585
3	Expected (Return) on Plan Assets	-	-	(4,799)	(2,585)
4	Actuarial Losses / (Gains)	(2,094)	183	(181)	1,452
5	Past Service Cost	-	-	-	-
6	Effect of any curtailment or settlement	-	-	-	-
7	Actuarial gain/(loss) not recognized in books	-	-	181	85
8	Adjustment for Earlier Years	-	-	-	-
	Total (1 to 8)	3,151	4,330	12,677	11,747
I	Amount included in "Staff expenses"	3,151	4,330	12,677	11,747
II	Amount included as part of "Interest"	-	-	-	-
	Total (I+II)	3,151	4,330	12,677	11,747
	Actual Return on Plan Assets	-	-	4,981	2,670

- c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ in 000's)

Sr. No.	Particulars	Gratuity plan		Interest Rate Guaranteed Provident fund plan	
		31-3-2013	31-3-2012	31-3-2013	31-3-2012
1	Opening balance of the present value of Defined Benefit Obligation	7,771	3,441	45,338	21,711
2	Add: Current Service Cost	4,254	3,583	12,677	10,210
3	Add: Interest Cost	990	564	4,799	2,585
4	Add: Contribution by plan participants	-	-	15,425	12,117
5	Add/ (less): Actuarial losses / (gains)	(2093)	183	-	1,537
6	Less: Benefits paid	-	-	(6932)	(1,285)
7	Add: Past service cost	-	-	-	-
8	Less: Effect of any curtailment or settlement	-	-	-	-
9	Closing balance of the present value of Defined Benefit Obligation	10,922	7,771	71,308	46,875
10	Expected Employers' Contribution for next year	67	37	-	-

- d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in 000's)

Particulars	Gratuity plan		Interest Rate Guaranteed Provident fund plan	
	31-3-2013	31-3-2012	31-3-2013	31-3-2012
Opening balance of the fair value of the plan assets	-	-	44,732	21,231
Add: Expected Return on Plan Assets	-	-	4,800	2,585
Add/ (less): Actuarial gains / (losses)	-	-	181	85
Add: Contribution by the employer	-	-	12,676	10,115
Add: Contribution by plan participants	-	-	15,370	12,001
Less: Benefits paid	-	-	(6,932)	(1,285)
Add: Business combinations	-	-	-	-
Less: Settlements	-	-	-	-
Closing balance of the Plan Assets	-	-	70,827	44,732

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

- e) The major categories of plan assets as a percentage of total plan assets are as follows:

(₹ in 000's)

Particulars	Gratuity plan		Interest Rate Guaranteed provident fund plan	
	31-3-2013	31-3-2012	31-3-2013	31-3-2012
Government of India securities	-	-	24%	24%
State government securities	-	-	13%	12%
Corporate bonds	-	-	7%	7%
Equity shares of listed companies	-	-	-	-
Fixed deposits under special deposit scheme framed by central government for provident funds	-	-	14%	17%
Insurer managed funds	-	-	-	-
Public sector unit bonds	-	-	42%	41%
Others	-	-	-	-

- f) Experience Adjustments:

(₹ in 000's)

Particulars	31- Mar-09	31- Mar-10	31- Mar-11	31- Mar-12	31- Mar-13
Defined Benefit Obligation	-	302	3,441	7,771	10,923
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	-	(302)	(3,441)	(7,771)	(10,923)
Experience Adjustment on Plan Liabilities	-	-	1,433	346	(2,375)
Experience Adjustment on Plan Assets	-	-	-	-	-

- g) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

(₹ in 000's)

Sr. No.	Particulars	31-3-2013	31-3-2012
1	Discount rate:		
	a) Gratuity plan	8.00%	8.25%
2	Expected return on plan assets:	-	-
3	Salary Growth rate :		
	a) Gratuity plan	10.00%	10.00%

4. Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at March 7, 2013 for the estimated term of the obligations.

5. Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

6. Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations

7. Retirement Age:

The employees of the Company are assumed to retire at the age of 58 years

8. Leaving Service:

Rates of leaving service at specimen ages are as shown below:

Age (Years)	Rates
21-44	12%
45-57	3%

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

## h) General description of defined benefit plans:

## Gratuity plan :

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

## Trust managed provident fund plan:

The Company manages provident fund plan through a provident fund trust for its employees who is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

Actuarial valuation has been conducted with the objective of determining and reporting the Interest Rate Guarantee on Exempt Provident Fund liability in respect of employees of L&T General Insurance Company Limited in accordance with "Accounting Standard No. 15 (revised 2005)" ("AS15(R)") as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the liability of ₹ 307 Thousand (*Previous year - ₹ 1,537 thousand*)

Assumptions in determination of Interest Rate Guarantee on Exempt Provident Fund Liabilities:

Particulars	2012-13	2011-12
Discount Rate for the term of the Obligation	8.00%	8.25%
Average Historic Yield on the Investment Portfolio	8.27%	7.90%
Discount Rate for the remaining term to maturity of the Investment Portfolio	7.96%	8.50%
Expected Investment Return	8.31%	7.65%
Guaranteed Rate of Return	8.50%	8.25%

## i) Leave Encashment Benefits:

(₹ '000)

Particulars	2012-13	2011-12
Opening Balance	13,076	1,825
Add: Current year charge	4,871	11,554
Less: Paid during the year	(2,328)	(303)
Closing Balance	15,619	13,076

**13. Managerial Remuneration:**

Out of the total remuneration paid to the Chief Executive Officer and Whole time Director - Mr. Joydeep Roy as per the approval of terms of appointment by IRDA, ₹ 15,000 Thousand has been debited to the Revenue Account and the excess over such amount ₹ 1,271 Thousand has been debited to the Shareholders' (Profit and Loss) Account. Details of managerial remuneration are:

(₹ '000)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and allowances	15,755	16,883
Contribution to Provident and other funds	619	652
Perquisites	1,433	115

Expenses towards gratuity funding and leave encashment provisions are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

**14. Contribution to Solatium Fund:**

In accordance with the requirements of the IRDA circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, and read with circular ref no HO/MTD/Solatium Fund/2010/482 issued by New India Assurance dated July 26, 2010, the Company has provided 0.1% of total Third party premium on all motor policies including premium which goes to pool towards contribution to the solatium fund amounting to ₹ 781 Thousand (*Previous year ₹ 338 Thousand*).

**15. Environment Relief Fund:**

The Company has collected ₹ 223 Thousand (*Previous years ₹ 230 thousand*) towards Environment Relief Fund (ERF) under Public Liability policies during the current year and has remitted ₹ 121 Thousand (*Previous year ₹ 181 thousand*) to United India Insurance Co Ltd. The outstanding towards ERF as on March 31, 2013 amounts to ₹ 101 Thousand (*Previous year - ₹ 49 Thousand*).

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)****16. Micro and Small scale business entities:**

There is no Micro and Small enterprise to which the Company owes dues, which are outstanding for more than 45 days during the year ended March 31, 2013 (*Previous year - NIL*). This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**17. Segmental reporting:**

Primary reportable segments:

The Company's primary reportable segments are business segments, which have been identified in accordance with AS 17 - Segment Reporting read with the Regulations.

Refer Annexure to the Revenue account for disclosures on segment reporting.

Segment Liabilities and Assets as at March 31, 2013 are:

(₹ '000)

Line of Business	Segmental Assets		Segmental Liabilities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Fire	318,866	89,430	73,160	24,492
Marine	100,815	40,553	42,063	25,476
Engineering	212,172	89,422	100,235	67,140
Individual Health	41,284	2,725	22,337	2,864
Group Health	305,512	52,890	358,506	106,363
Group PA	42,995	12,046	13,184	2,956
Individual PA	1,349	813	730	1,207
Liability - Workmen's Compensation	53,393	18,224	31,239	16,817
Liability - Others	16,852	9,926	3,486	3,068
Motor	12,77,814	631,734	14,69,352	810,678
Others	36,485	15,950	38,238	10,366
<b>Segment Total</b>	<b>24,07,537</b>	<b>963,713</b>	<b>21,52,530</b>	<b>1,071,427</b>
Unallocated	1,795,504	2,148,103	5,64,052	523,069
<b>Total</b>	<b>42,03,041</b>	<b>3,111,816</b>	<b>27,16,582</b>	<b>1,594,496</b>

Unallocated premium and advance premium are not identifiable to any business segment.

Secondary reportable segments:

There are no reportable geographical segments since the Company provides services to customers in the Indian market only and does not distinguish any reportable regions within India.

**18. Related Parties Disclosure - AS 18:****List of related parties who exercise control:**

Holding Company - Larsen and Toubro Limited

List of related parties with whom transactions were entered in the current year:

Sr No.	Subsidiaries of Larsen and Toubro Limited- Holding Company
1	L&T-Valdel Engineering Limited
2	L&T Shipbuilding Limited
3	L&T Rajkot - Vadinar Tollway Limited (formerly known as L&T Rajkot - Vadinar Tollway Private Limited)
4	PNG Tollway Limited (formerly known as PNG Tollway Private Limited)
5	L&T Plastics Machinery Limited
6	L&T Howden Private Limited
7	L&T Kobelco Machinery Private Limited
8	Larsen & Toubro Infotech Limited
9	L&T Finance Limited
10	L&T FinCorp Limited (formerly known as India Infrastructure Developers Limited)
11	L&T Infrastructure Development Projects Limited
12	L&T Panipat Elevated Corridor Limited

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

<b>Sr No.</b>	<b>Subsidiaries of Larsen and Toubro Limited- Holding Company</b>
13	Narmada Infrastructure Construction Enterprise Limited
14	L&T Krishnagiri Thopur Toll Road Limited
15	L&T Transportation Infrastructure Limited
16	L&T Western India Tollbridge Limited
17	L&T Interstate Road Corridor Limited
18	L&T Krishnagiri Walajahpet Tollway Limited
19	L&T Devihalli Hassan Tollway Limited
20	L&T Chennai - Tada Tollway Limited
21	L&T South City Projects Limited
22	L&T Tech Park Limited
23	L&T-MHI Boilers Private Limited
24	L&T Ahmedabad-Maliya Tollway Limited
25	L&T Plastics Machinery Limited
26	L&T Urban Infrastructure Limited
27	L&T Vadodara Bharuch Tollway Limited
28	L&T MHI Turbine Generators Private Limited
29	L&T Access Financial Advisory Services
30	L&T Finance Holdings Limited
31	L&T Halol-Shamlaji Tollway Limited
32	L&T Metro Rail (Hyderabad) Limited
33	L&T Housing Finance Limited
34	L&T Western Andhra Tollway Limited

<b>Sr. No</b>	<b>Joint Ventures of Larsen and Toubro Limited-Holding Company:</b>
1	L&T-AM Tapovan Joint Venture
2	The Dhamra Port Company Limited
3	Metro Tunelling Delhi-L&T SUCG JV

<b>Sr. No</b>	<b>Associates of Larsen and Toubro Limited-Holding Company:</b>
1	L&T-Komatsu Limited
2	Salzer Electronics Limited
3	Audco India Limited
4	L&T-Chiyoda Limited
5	JSK Electricals Private Limited
6	Feedback Infrastructure Services Private Limited

**Details of Key Management Personnel and relatives of Key Management Personnel:-**

Joydeep Roy: Chief Executive Officer and Whole time Director.

There are no transactions with Key Management Personnel other than those disclosed in Note 13 above on Managerial Remuneration.

Relatives of Key Management Personnel with whom transactions have taken place: NIL

Details of transactions with related parties for the year ended March 31, 2013 are given below:

<b>Particulars</b>	<b>Related Party Names</b>	(₹ '000)	
		<b>2012-13</b>	<b>2011-12</b>
Premium Income	Larsen & Toubro Limited	135,563	102,213
	Others	44,349	33,203
Claims Paid	L&T Finance Limited	35,996	10,044
	L&T Krishnagiri Thopur Toll Road Limited	1,635	1,008
	Larsen and Toubro Limited	105,719	16,691
	Others	2,641	710
Issue of Share Capital	Larsen & Toubro Limited	9,00,000	1,250,000

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

(₹ '000)

Particulars	Related Party Names	2012-13	2011-12
Purchase of -Software	Larsen & Toubro Infotech Limited	37,211	31,762
IT Operating expenses	Larsen & Toubro Infotech Limited	20,561	15,849
	Larsen & Toubro Limited	5,913	3,049
Advertising	Larsen & Toubro Limited	294	6,076
Rent, Rates and Taxes	L&T FinCorp Limited	25,559	12,442
	L&T Finance Limited	3,351	-
Professional fees	Larsen & Toubro Limited	15,889	9,081
	L&T Finance Limited	135	-
Recruitment expenses	L&T Finance Limited	178	792
Reimbursement of expenses	Larsen & Toubro Limited	1,238	933
	L&T Finance Limited	1,440	180
Commissions	L&T Access Financial Advisory Services	22,078	-
Common Staff Cost	L&T Finance Limited	22,516	-

Balances with related parties as at March 31, 2013 are given below:

Particulars	Related Party	March 31, 2013	March 31, 2011
Deposits & Receivables	Larsen & Toubro Limited		5,788
	L&T FinCorp Limited	1,350,00	
Other liabilities/ payables	Larsen & Toubro Infotech Limited	8,608	685
	L&T Finance Limited	20,376	803
	L&T FinCorp Limited	-	147,220
	Larsen & Toubro Limited	23,235	2,156

19. No penal action has been taken by any of the Government authorities referred to in the IRDA circular 005/IRDA/F&A/CIR/May 09 dated 07-05-2009 in the financial year 2012-13 (*Previous Year - NIL*).

Sr No	Authority	Non compliance/ violation	Penalty awarded	Penalty paid	Penalty waived/ reduced
1	Insurance Regulatory and Development Authority	Nil	Nil	Nil	Nil
2	Service Tax Authorities	Nil	Nil	Nil	Nil
3	Income Tax Authorities	Nil	Nil	Nil	Nil
4	Any other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies/ NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central/State/Local Government / Statutory Authority	Nil	Nil	Nil	Nil

**20. Earnings per share:**

Details of earning per share

Particulars	2012-13	2011-12
Profit/(Loss) after tax (₹ in thousands)	(932,796)	(1,059,620)
No. of equity shares at the end of the year	415,000,000	325,000,000
No of equity shares issued during the year	90,000,000	125,000,000
Weighted average no of equity shares	377,123,288	238,866,120
Earnings per share Basic and diluted (₹)	(2.47)	(4.44)
Nominal value of shares (₹)	10	10

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)****21. Ratio Analysis:****Financial Year 2012-13:**

<b>Particulars</b>	<b>Fire</b>	<b>Marine</b>	<b>Misc</b>	<b>Total</b>	<b>Basis</b>
Gross Premium to average Shareholders' fund ratio	16%	5%	100%	122%	Gross Premium/Average shareholders' funds
Gross Premium Growth rate	81%	26%	21%	27%	Increase in Gross Premium/ Previous year Gross Premium
Growth Rate of shareholders funds	-	-	-	(3)%	Increase in Share holders funds/ Opening Shareholders funds
Net retention ratio	29%	61%	94%	84%	Net Premium/ Gross Premium
Net Commission Ratio	(10)%	7%	4%	4%	Net Commission /Net Premium
Expenses of Management to gross direct Premium	65%	63%	66%	66%	Operating expenses / Gross Premium
Combined ratio	114%	97%	107%	108%	(Claims paid-Direct+ Operating expenses) / Gross Premium
Technical reserves to net premium ratio	203%	114%	90%	96%	Claims outstanding + Reserve for unexpired risks + Reserve for premium deficiency)/ Net premium Underwriting
Underwriting balance ratio	(190)%	(67)%	(62)%	(68)%	Underwriting Profit/ Net Premium
Operating profit ratio	(167)%	(56)%	(55)%	(60)%	(Underwriting Profit + Investment Income in Revenue Account)/Net premium
Liquid assets to liability ratio	-	-	-	24%	Liquid Assets / Policy holders liabilities
Net earning ratio	-	-	-	(78)%	Profit after tax /Net premium
Return on Net worth (average)	-	-	-	(63)%	Profit after tax/ Net worth
Reinsurance Ratio	77%	39%	16%	26%	Premium on Reinsurance Ceded/ Gross Premium
Claims Incurred Ratio	93%	62%	100%	99%	Claims Incurred (Net)/ Net Earned Premium

**Previous Year 2011-12:**

<b>Particulars</b>	<b>Fire</b>	<b>Marine</b>	<b>Misc</b>	<b>Total</b>	<b>Basis</b>
Gross Premium to average Shareholders' fund ratio	9%	4%	87%	101%	Gross Premium/Average shareholders' funds
Gross Premium Growth rate	441%	1318%	764%	732%	Increase in Gross Premium/ Previous year Gross Premium
Growth Rate of shareholders funds	-	-	-	14%	Increase in Shareholders funds/ Opening Shareholders funds
Net retention ratio	19%	52%	71%	65%	Net Premium/ Gross Premium
Net Commission Ratio	-66%	1%	0%	-2%	Net Commission /Net Premium
Expenses of Management to gross direct Premium	69%	69%	69%	69%	Operating expenses / Gross Premium
Combined ratio	91%	109%	82%	84%	(Claims paid-Direct+ Operating expenses) / Gross Premium
Technical reserves to net premium ratio	384%	90%	130%	135%	Claims outstanding + Reserve for unexpired risks + Reserve for premium deficiency)/ Net premium Underwriting
Underwriting balance ratio	(291)%	(158)%	(117)%	(123)%	Underwriting Profit/ Net Premium
Operating profit ratio	(280)%	(154)%	(114)%	(120)%	(Underwriting Profit + Investment Income in Revenue Account)/Net premium
Liquid assets to liability ratio	-	-	-	53%	Liquid Assets / Policy holders liabilities
Net earning ratio	-	-	-	(112)%	Profit after tax /Net premium
Return on Net worth (average)	-	-	-	(69)%	Profit after tax/ Net worth
Reinsurance Ratio	94%	49%	41%	47%	Premium on Reinsurance Ceded/ Gross Premium
Claims Incurred Ratio	93%	140%	117%	117%	Claims Incurred (Net)/ Net Earned Premium

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)****22. Operating lease rental charged to Revenue Account:**

(₹ '000)

Particulars	2012-13	2011-12
Lease Rent for offices		
Lease - Vehicles	73,519	72,671
	1,021	5,61

Future minimum lease rentals payable in respect of non-cancelable period of lease for premises and vehicles taken on lease:

(₹ '000)

Particulars	2012-13	2011-12
Payable:		
Within one year from Balance Sheet date	64,811	73,888
Later than one year but within 5 years	224,964	223,634
Later than 5 years	177,101	58,695

The agreements are entered into for a period ranging from 5 years to 10 years with a non-cancelable period of 3 years.

**23. Declined Risk Pool**

IRDA vide its ORDER NO. IRDA/NL/ORD/MPL/277/12/2011, dated December 23, 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 had directed the dismantling of the Indian Motor Third Party Insurance Pool (IMTPIP) and creation of the Declined Risk Pool for Act only Commercial Vehicle Third Party Insurance (DR Pool) w.e.f April 1, 2012.

In accordance with the directions of the IRDA, effective April 1, 2012, the Company, together with other insurance companies has participated in the DR Pool, a multilateral reinsurance arrangement, administered by the General Insurance Corporation of India ('GIC'). The declined risk pool shall apply to commercial vehicles for standalone third party liability insurance (Act only insurance). No comprehensive motor insurance policy or part thereof, is to be ceded to the pool. Every insurer is required to underwrite a minimum percentage of standalone (Act only) commercial vehicle motor third party insurance which shall be in proportion to the sum of 50% of the Company's percentage share in total gross premium and 50% of the Company's percentage share in total motor premium of the industry of the relevant year.

The cessions to the GIC shall be in accordance with the obligatory cession which currently stands at 10%. The ceding insurers shall retain 20% of the individual risk to their net account (after obligatory cessions) and cede the balance to the declined pool. Accordingly, the Company has ceded 70% of the third party premium collected to the DR Pool in accordance with the IRDA instructions and guidelines of the declined risks.

During the year ended March 31, 2013, the Company has received the audited statement from the DR Pool for the nine months ended December 31, 2012. The Company has recognised 100% of its share of premium as earned premium and claims based on such audited statement. For the quarter ended March 31, 2013 the Company has recognised its share based on internal estimates of market gross premiums, DR pool size and its share thereon. The Company has provided for IBNR based on actuarial estimates certified by the Appointed Actuary. Necessary revision in estimates will be made upon receipt of final account statements from the DR pool.

**24. Contribution to Terrorism Pool:**

The Company has accounted its share of the terrorism premium and claims to the extent of the statements received from the terrorism pool up to December 31, 2012 (*Previous year - December 31, 2011*). UPR is provided at the rate of 100% of the premium relating to the current contract period.

**25. Indian Motor Third Party Insurance Pool (IMTPIP):**

During the year ended March 31, 2012, in accordance with the directions of the IRDA, the Company had ceded 100% of the third party premium collected to the pool and had recorded its share of results in the pool based on unaudited statements received from the IMTPIP for the period March 2011 to February 2012 and on management's estimates for March 2012.

During the year ended March 31, 2013, the Company has received the audited statements from the IMTPIP for the period March 2011 to March 2012. On the basis of the audited statements, the Company has revised the provisionally estimated results. The impact of the revision has resulted in reduction of previously accounted losses by ₹ 9091 Thousand and increase in profit for the period by the same amount.

**26. Deferred tax assets are not recognized on account of the carry forward losses as at March 31, 2013 as a matter of prudence.**

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

27. The summary of financial results for the last 3 years are as follows:.

**Summary of Financial statements**

(₹ in '000)

Particulars	2012-13	2011-12	2010-11
<b>Operating Results</b>			
Gross Premium Written	1,820,682	1,434,021	172,383
Net Premium Income	11,96,242	488,884	2,816
Income from Investments (Net)	120,134	28,480	4,918
Other Income (Transfer Fee etc)	-	-	-
<b>Total Income</b>	<b>13,16,376</b>	<b>517,364</b>	<b>7,734</b>
Commissions	57,071	(15,545)	(3,594)
Operating Expenses	12,04,266	987,817	610,907
Claims	11,83,049	573,577	24,461
Premium deficiency	(87,984)	94,148	1,125
Total Expenses	2,356,402	1,639,997	632,899
<b>Operating Profit/Loss</b>	<b>(1,040,026)</b>	<b>(11,22,633)</b>	<b>(625,165)</b>
<b>Non Operating results</b>			
Net income Shareholders Accounts	111,497	63,115	31,961
Profit/(Loss) before Tax	(9,32,796)	(1,059,518)	(593,204)
Provision for Tax	-	102	-
Profit/(Loss) After Tax	(9,32,796)	(1,059,620)	(593,204)
<b>Miscellaneous</b>			
<b>Policy holders Account</b>			
Total Fund	21,52,529	1,071,427	111,305
Total Investments	12,99,012	544,543	96,515
Yield on Investments	9.70%	9.02%	7.84%
<b>Shareholders Account</b>			
Total Fund	14,83,516	1,516,312	1,325,932
Total Investments	12,05,638	1,308,601	665,555
Yield on Investments	9.70%	9.02%	7.84%
Paid up Equity Capital	4,150,000	3,250,000	2,000,000
Net worth	14,83,516	1,516,312	1,325,932
Earnings per share	(2.47)	(4.44)	(4.10)
Book Value per Share	3.57	4.67	6.63

28. Certain balances in unallocated premium are subject to confirmations, reconciliations and consequent adjustments, if any.

29. Figures of the previous year have been restated, regrouped or reclassified wherever necessary to confirm with the current year's classification.