



CONTENTS

Directors and Management	2
Report of the Board of Directors	4
Comments of CAG	33
Addendum to Directors' Report	34
Management Report	36
Auditors' Report	38
Certificate as required by Schedule 'C' of IRDA Regulations 2002	41
Revenue Accounts & Schedules	42
Profit & Loss Account	48
Balance Sheet	49
Schedule of Operating Expenses and Balance Sheet Schedules	50
Segment Reporting Schedules	60
Receipts and Payments Account (Cash Flow Statement)	70
Policyholders' & Shareholders' Funds	71
Significant Accounting Policies	72
Notes and Disclosures forming part of Accounts	77
Balance Sheet Abstract	89
<u>Annual Report of Subsidiaries:</u>	
The New India Assurance Co. (Trinidad & Tobago) Limited	90
The New India Assurance Co (Sierra Leone) Limited	108



DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

B. Chakrabarti

Chairman-cum-Managing Director

G.C. Chaturvedi, IAS

Dr. A.K. Khandelwal

R.K. Joshi

A.V. Muralidharan

COMPANY SECRETARY & FINANCIAL ADVISOR

A.R. Sekar

GENERAL MANAGERS

A.V. Muralidharan

N.S.R. Chandra Prasad

S.K. Mutneja

A.R. Sekar

G. Srinivasan

APPOINTED ACTUARY

A.R. Prabhu

CHIEF VIGILANCE OFFICER

Gopa Ray (Mrs.)

DEPUTY GENERAL MANAGERS

T.V.S. Prasad

Dr. B. Sundar Raman

M. Selvakumar

P. Manokaran

N. Toppo

B.C. Gupta

M.A. Kharat

H.P. Singh

V. Dhanaraj

N.K. Singh

Dr. A.P. Mittal

Sudip Sinha

K.G. Arora

Dr. A.K. Saxena

P.G. Joshi

R.P. Samal

B.K. Samant

A.G. Krishnan

R. Sengupta

Asha Nair (Mrs.)

R. Raghavan

INVESTMENT COMMITTEE

G.C. Chaturvedi, IAS

A.V. Muralidharan

R.K. Joshi

A.R. Prabhu

Dr. A.K. Khandelwal

A.R. Sekar

AUDIT COMMITTEE

G.C. Chaturvedi, IAS

R.K. Joshi

Dr. A.K. Khandelwal

A.V. Muralidharan

AUDITORS

Khandelwal Jain & Co.

Chartered Accountants

Sharp & Tannan

Chartered Accountants

B.K. Khare & Co.

Chartered Accountants

REGISTERED OFFICE

New India Assurance Building, 87, M. G. Road, Fort, Mumbai - 400 001.

www.newindia.co.in





DIRECTORS' REPORT 2005-06

Report of the Board of Directors of The New India Assurance Company Limited under Section 217 of the Companies Act, 1956.

To The Members:

The Directors are pleased to present the 87th Annual Report together with the Audited Statement of Accounts and Balance Sheet of the Company for the year ended 31st March, 2006.

I. CLASS-WISE PERFORMANCE SUMMARY

(Rs. in Crores)

	Year	Fire	Marine	Misc.	Total
Gross Direct Premium In India	2005-06	839.63	299.78	3652.08	4791.49
Percentage Growth		6.43	18.73	15.23	13.79
	2004-05	788.88	252.49	3169.44	4210.81
		1.76	-2.60	5.25	4.08
Outside India	2005-06	263.86	49.55	570.64	884.05
		-3.99	1.68	0.33	-0.93
	2004-05	274.83	48.73	568.79	892.35
		-6.04	4.95	5.95	1.89
Total	2005-06	1103.49	349.33	4222.72	5675.54
		3.74	15.97	12.96	11.22
	2004-05	1063.71	301.22	3738.23	5103.16
		-0.37	-1.45	5.36	3.69
Reinsurance Premium Accepted In India	2005-06	24.93	0.74	19.64	45.31
	2004-05	62.82	11.16	25.68	99.66
Outside India	2005-06	255.40	6.14	25.28	286.82
	2004-05	178.70	10.38	25.84	214.92
Total	2005-06	280.33	6.88	44.92	332.13
	2004-05	241.52	21.54	51.52	314.58
Reinsurance Premium Ceded In India	2005-06	416.03	169.25	846.24	1431.52
	2004-05	346.24	134.40	825.81	1306.45
Outside India	2005-06	137.03	22.58	73.88	233.49
	2004-05	127.99	19.76	68.43	216.18
Total	2005-06	553.06	191.83	920.12	1665.01
	2004-05	474.23	154.16	894.24	1522.63



CLASS-WISE PERFORMANCE SUMMARY (Contd..)

(Rs. in Crores)

	Year	Fire	Marine	Misc.	Total
Net Premium In India	2005-06	448.53	131.27	2825.48	3405.28
Percentage increase over previous year		-11.26	1.56	19.25	13.36
Percentage to Gross Premium		53.42	43.79	77.37	71.07
	2004-05	505.46	129.25	2369.31	3004.02
		2.24	-7.01	7.21	5.65
		64.07	51.19	74.75	71.34
Outside India	2005-06	382.23	33.11	522.04	937.38
		17.41	-15.86	-0.79	5.19
		144.86	66.82	91.48	106.03
	2004-05	325.54	39.35	526.20	891.09
		19.56	15.84	8.44	12.58
		118.45	80.75	92.51	99.86
Total	2005-06	830.76	164.38	3347.52	4342.66
		-0.03	-2.50	15.61	11.49
		75.28	47.06	79.27	76.52
	2004-05	831.00	168.60	2895.51	3895.11
		8.39	-2.53	7.43	7.16
		78.12	55.97	77.46	76.33
Increase in Unexpired Risk Reserves	2005-06	-0.12	-4.22	226.00	221.66
Percentage to Net Premium		-0.01	-2.57	6.75	5.10
	2004-05	32.16	-4.37	100.15	127.94
		3.87	-2.59	3.46	3.28
Net Premium Earned	2005-06	830.88	168.60	3121.52	4121.00
	2004-05	798.84	172.97	2795.36	3767.17
Net Incurred Claims	2005-06	601.51	115.25	2915.25	3632.01
Percentage to Net Premium		72.40	70.11	87.09	83.64
	2004-05	327.02	98.50	2479.46	2904.98
		39.35	58.42	85.63	74.58
Net Commission	2005-06	71.78	8.22	296.28	376.28
Percentage to Net Premium		8.64	5.00	8.85	8.66
	2004-05	71.19	15.79	244.90	331.88
		8.57	9.37	8.46	8.52
Operating Expenses related to insurance business including Foreign Taxes & Exchange Gain/Loss	2005-06	306.95	59.01	946.07	1312.03
Percentage to Net Premium		36.95	35.90	28.26	30.21
	2004-05	290.76	53.90	844.22	1188.88
		34.99	31.97	29.16	30.52



CLASS-WISE PERFORMANCE SUMMARY (Contd..)

(Rs. in Crores)

	Year	Fire	Marine	Misc.	Total
Underwriting Results	2005-06	-149.36	-13.88	-1036.08	-1199.32
Percentage to Net Premium		-17.98	-8.44	-30.95	-27.62
	2004-05	109.87	4.78	-773.22	-658.57
		13.22	2.83	-26.70	-16.91
Investment Income apportioned, including Profit on realisation of Investments [Net of Provision for Non Performing Assets (NPAs)]	2005-06	168.94	64.04	1002.37	1235.35
Percentage to Net Premium		20.34	38.96	29.94	28.45
	2004-05	120.96	50.23	720.16	891.35
		14.56	29.79	24.87	22.88
Surplus/Deficit (-) in Policyholders' Account	2005-06	19.58	50.16	-33.71	36.03
Percentage to Net Premium		2.36	30.51	-1.01	0.83
	2004-05	230.83	55.01	-53.06	232.78
		27.78	32.63	-1.83	5.98

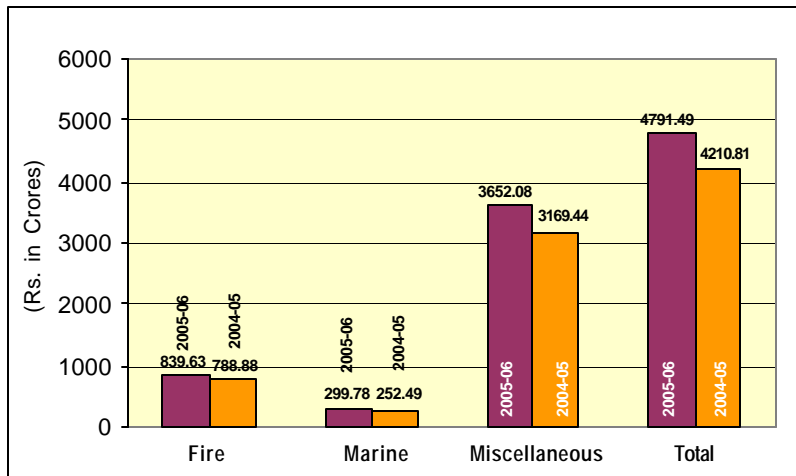
II. PERFORMANCE REVIEW:

(Rs. in Crores)

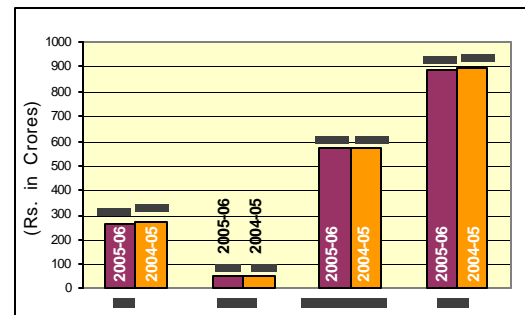
A. Gross Direct Premium

	2005-06	2004-05
In India	4791.49	4210.81
Percentage change over previous year	13.79	4.08
Outside India	884.05	892.35
Percentage change over previous year	-0.93	1.89
Total	5675.54	5103.16
Percentage change over previous year	11.22	3.69

Indian Gross Premium



Foreign Gross Premium

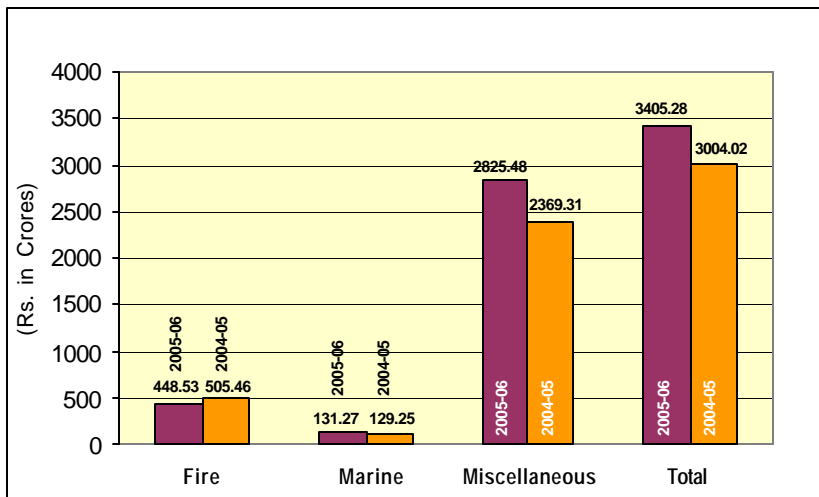




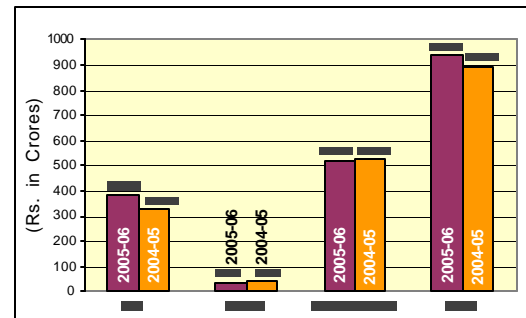
The Company recorded a growth of 13.79% in the Indian business in the year 2005-06 as against 4.08% in the previous year. The figure is the highest recorded growth rate by the Company in the recent past. The growth rate outside India showed a marginal decline of 0.93% compared to the previous year. This is mainly due to softening of the direct premium rates and strengthening of Rupee against major currencies. The overall growth recorded was 11.22% as compared to 3.69% in the previous year. It is worth noting that the Company registered a positive growth in fire, marine and miscellaneous portfolios. Last year, there was negative growth in fire and marine classes. The Company continues to retain its position as market leader in the year 2005-06 too.

		(Rs. in Crores)
	2005-06	2004-05
B. Net Premium	4342.66	3895.11
Percentage change over previous year	11.49	7.16

Indian Net Premium



Foreign Net Premium



The net premium grew by Rs.447.55 crores to Rs.4342.66 crores in the year 2005-06. The retention ratio stands at 76.52% as compared to 76.33% of last year. The slight improvement in the retention ratio is due to increased retention in business outside India.

C. Additional Un-expired Risk Reserves	221.66	127.94
Percentage to Net Premium	5.10	3.28

The Company reserved Rs. 2253.51 crores towards unexpired risk reserves as on 31st March 2006 as against Rs. 2031.85 crores as on 31st March 2005. The good business growth contributed to a strain of Rs. 221.66 crores in the year 2005-06. As per IRDA guidelines, there was no premium deficiency in the major segments of Fire, Marine and Miscellaneous classes. However, there was premium deficiency of Rs. 341.13 crores in Motor Third Party portfolio, Rs. 12.55 crores in aviation and Rs.36.26 crores in Urban and Non-Traditional Business (UNTB). As there is no premium deficiency in Miscellaneous Department as a whole, no premium deficiency reserve has been created.

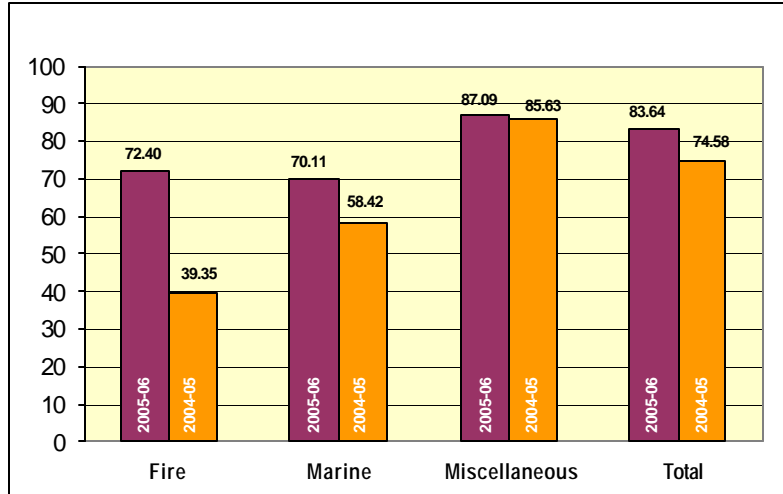


	(Rs. in Crores)	
	2005-06	2004-05
	3632.01	2904.98
	83.64	74.58

D. Incurred Claims

Percentage to Net Premium

Incurred Claims (%)



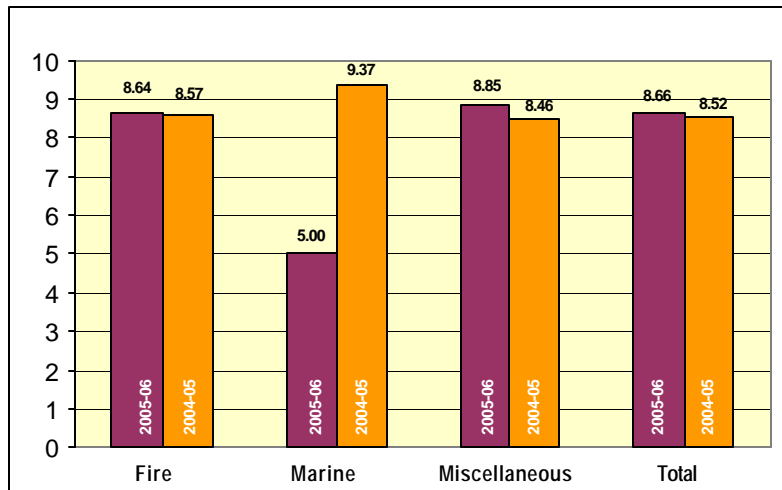
The net incurred claims ratio was 83.64% as at 31st March 2006 as compared to 74.58% for the same period last year. The increase in the ratio on net basis was contributed by Fire and Marine portfolios (the ratios increased from 39.35% to 72.40% and from 58.42% to 70.11% respectively). Also, the provisioning for Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) as valued by Appointed Actuary increased to Rs.934 crores as against Rs.636 crores, which caused the net incurred claims to rise by Rs. 298 crores.

E. Commission

Percentage to Net Premium

	376.28	331.88
	8.66	8.52

Commission (%)



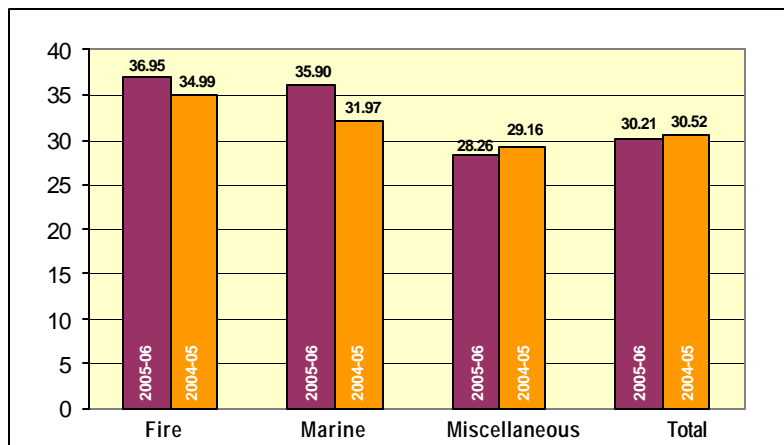


(Rs. in Crores)
2005-06 2004-05

The outgo on account of commission continues to increase due to increased booking of business through intermediaries, especially brokers. The quantum increase in total commission was Rs.44.40 crores, though there was marginal increase in the ratio from 8.52% to 8.66%.

F. Operating Expenses relating to Insurance Business including Foreign Taxes	1312.03	1188.88
Percentage to Net Premium	30.21	30.52

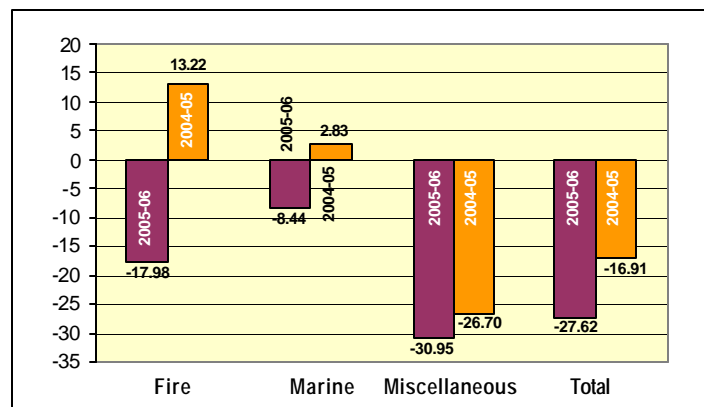
Operating Expenses (%)



The operating expenses increased by Rs.123.15 crores to Rs.1312.03 crores in the year 2005-06. However, as a percentage to net premium, it shows a slight reduction at 30.21%. The provision for wage arrears to Class II employees (Rs.55 crores), increased contribution to gratuity fund and pension fund (Rs.50 crores), payment of ex-gratia arrears to SVRS optees (Rs.24 crores) and increased wage bill due to wage revision for Class I, III & IV employees are the major contributors to the increase in the expenses.

G. Underwriting Result	-1199.32	-658.57
Percentage to Net Premium	-27.62	-16.91

Underwriting Result (%)





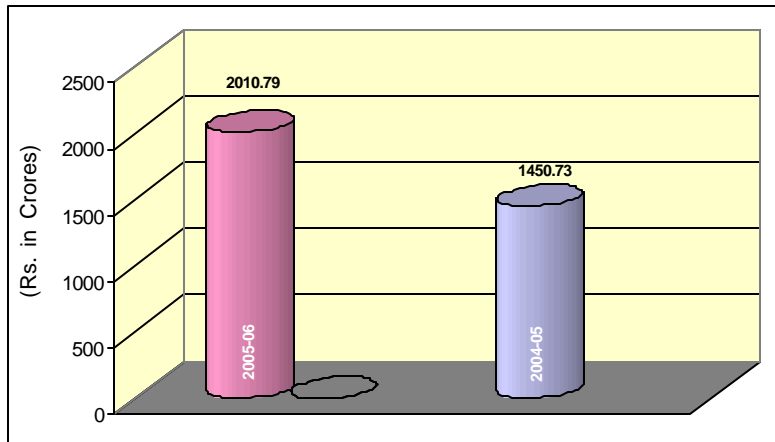
(Rs. in Crores)
2005-06 2004-05

Though there was an increase of Rs. 447.55 crores in the net premium, the underwriting deficit increased due to increase in net incurred claims (Rs. 727.03 crores), reserve strain (Rs. 93.72 crores) and commission and operating expenses (Rs. 167.55 crores).

H. Investment Income (Less Provisions)

a) Apportioned to Policyholders	1235.35	891.35
b) Apportioned to Shareholders	775.44	559.38
Total	2010.79	1450.73

Investment Income



The tremendous growth in investment income was contributed by the increase in profit on sale of investments (Rs. 1138.43 crores as against Rs. 641 crores last year). The mean yield on funds (with profit on sale of investments) improved to 21.11% from 17.23%. The net NPA (Non Performing Assets) percentage was 3.03 as against 4.04 in the previous year.

I. Revenue Account Result [after crediting investment income less Provisions apportioned to Policyholders' Account as detailed above in paragraph H(a)]	36.03	232.78
Percentage to Net Premium	0.83	5.98

The reduction in surplus in the Fire portfolio from Rs. 230.83 crores to Rs. 19.58 crores has pulled down the overall surplus to Rs. 36.03 crores from Rs. 232.78 crores of last year. The deficit in Miscellaneous class improved to Rs. 33.71 crores from Rs. 53.06 crores of previous year.

J. Other Incomes (Outgo)	44.10	5.72
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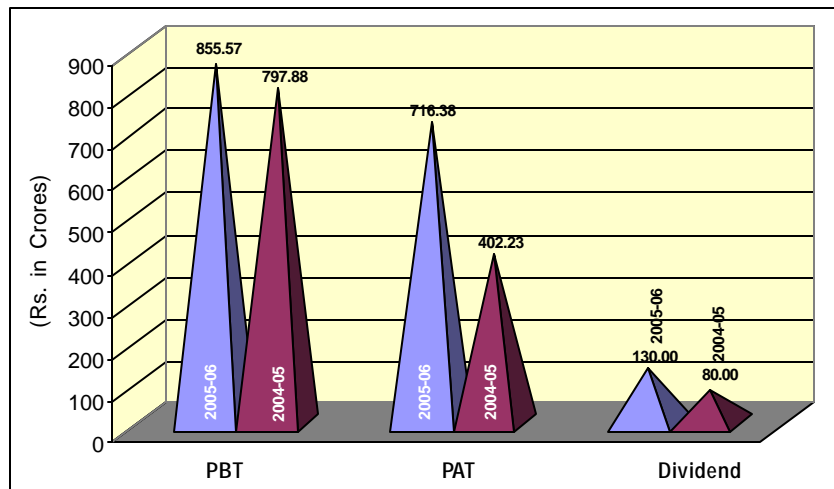
The income other than premium and investment income increased to Rs. 44.10 crores from Rs. 5.72 crores. Other income consists of sundry balances written back, profit/loss on sale of assets, interest on tax etc.

K. Profit Before Tax	855.57	797.88
L. Profit After Tax	716.38	402.23



	(Rs. in Crores)	
	2005-06	2004-05
M. Interim Dividend	–	20.00
Proposed Final Dividend	130.00	60.00
Dividend Tax	18.23	11.03

Profits & Dividend



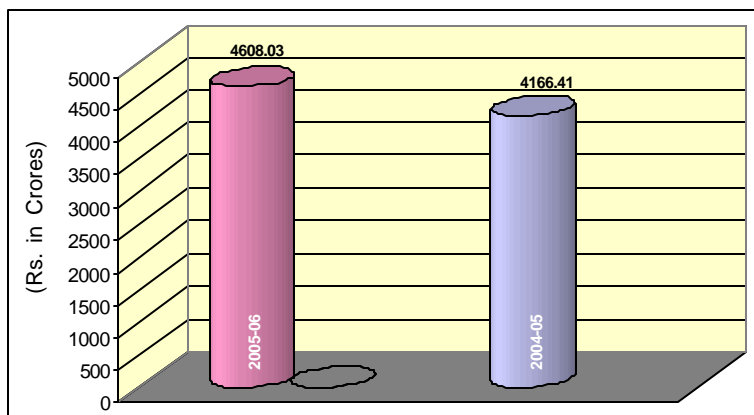
Though the profit before tax increased only by 7.23%, the profit after tax increased by 78.10%. The Directors recommended a Dividend of Rs. 130 crores @ 65% on the paid up capital of the Company. [Note: The Board increased the proposed dividend from Rs. 80 crores to Rs. 130 crores at its meeting held on 9.8.2006]

N. Paid Up Capital	200.00	150.00
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During the year 5,00,00,000 fully paid up equity shares of Rs. 10 each amounting to Rs. 50 crores were issued as bonus shares by capitalizing general reserves. Bonus Issue for the same amount was also made in 2004-2005.

O. Reserves and Surplus	4608.03	4166.41
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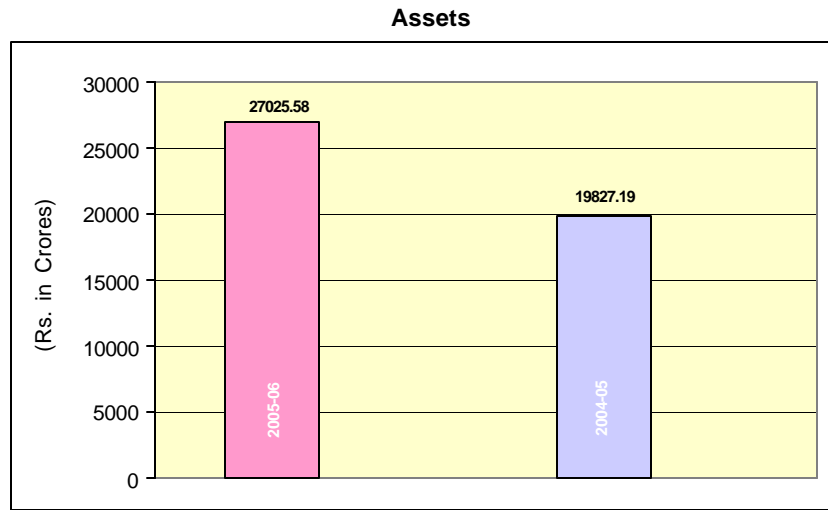
Reserves & Surplus





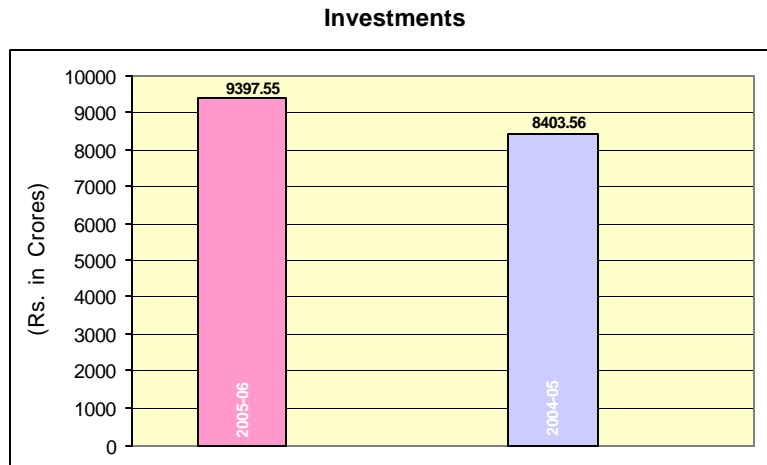
An amount of Rs. 568.15 crores was transferred to General Reserves in the year 2005-06. The transfer represents 79.31% of profit after tax. During the year, the investment reserve balance of Rs. 1.11 crores was transferred to General Reserves. The foreign currency translation reserve of Rs. 61.71 crores (credit) as at the end of last year stood at Rs. 14.82 crores (debit) as on 31st March 2006. This was due to recording of exchange loss while translating foreign operations into Indian rupees. As already stated in paragraph N above, Rs. 50 crores of bonus shares were issued by capitalizing General Reserves.

	(Rs. in Crores)
	2005-06 2004-05
P. Total Assets	27025.58 19827.19



The total assets have increased to Rs. 27025.58 crores from Rs. 19827.19 crores recording an increase of Rs. 7198.39 crores. The major increase was from fair value change account that increased from Rs. 6846.97 crores to Rs. 12211.27 crores. The other assets contributed to an increase of Rs. 1834.09 crores.

Q. Investments	9397.55 8403.56
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The investment portfolio in India stood at Rs. 9397.55 crores against Rs. 8403.56 crores of the previous year, showing an increase of Rs. 993.99 crores representing 12% growth over previous year. Investment in directed sectors comprising of Central and State Government Securities, Government Guaranteed Bonds, Infrastructure Investments and Loans to State Governments for Housing/Fire Fighting Equipments amounted to Rs. 5988.83 crores as against Rs. 5202.52 crores at the end of previous year. Approved Investments other than in directed sectors stood at Rs. 2797.41 crores as at 31st March 2006 representing 29.77% of the investment portfolio as against Rs. 2430.46 crores as at 31st March 2005 representing 28.92% of investment portfolio. The unapproved investments as on 31st March 2006 stand reduced to Rs. 611.31 crores from Rs. 770.52 crores as on 31st March 2005 representing 6.50% of the portfolio as against 9.17% of the previous year. During the year, Corporate Debts/Loans worth Rs.98.19 crores were restructured including those under Corporate Debt Restructuring (CDR) mechanism as against Rs. 243.81 crores of restructuring done in the previous year.

	(Rs. in Crores)	
	2005-06	2004-05
R. Solvency Margin		
Required Solvency Margin under IRDA Regulations (Global)	1196.06	985.43
Available Solvency Margin (Global)	3701.28	3177.60
Required Solvency Margin under IRDA Regulations (Indian)	1019.21	820.58
Available Solvency Margin (Indian)	4043.50	3670.94

The Indian Solvency Ratio has marginally come down to 3.97 from 4.47 due to increase in incurred claims and new IRDA norms. The global Solvency Ratio was 3.09 as against 3.22 last year.

S. Compliance with Section 40(c)

Percentage of expenses prescribed under the Act	19.69	19.70
Company's actual percentage of expenses	24.80	24.95
Percentage of expenses including commission prescribed under the Act	28.27	27.57
Company's actual percentage of expenses including commission	33.47	32.93

The limits under 40(c) of the Insurance Act, 1938 have been exceeded in the year 2005-06. The reasons for increase in expenses and commission have been explained in paragraphs E and F above.

III. FOREIGN OPERATIONS:

New India's operations abroad continued to be strong during 2005-06 also. The Gross Premium from foreign operations (direct plus reinsurance accepted) for the period stood at Rs.1122.35 crores as against Rs.1077.55 crores earned in 2004-05, with an accretion of 4.2%. The Net Premium was Rs.877.08 crores in 2005-06 when compared to last year's figure of Rs.867.74 crores, showing an accretion of 1.1%.

The underwriting profit was Rs.120.97 crores for the year as against Rs.72.15 crores for 2004-05. The Net Profit from foreign operations for the year 2005-06 was Rs.185.05 crores as against Rs.120.57 crores in 2004-05.

Foreign Exchange earnings to the tune of Rs.4.28 crores on account of Dividend and repatriation of management fees from associate and subsidiary companies abroad was received during the year.

The Company has its presence in 27 countries. The new branch in New Zealand started in 2004-05 has become fully functional. Further, the Company has opened a Desk at the prestigious Lloyd's in London in August 2005, thereby enabling expansion of reinsurance acceptance of its United Kingdom office. Succinctly, the Company's foreign operations are prospering year after year.



Overseas Operational Results for the year ended 31st March, 2006

(Rs. in Crores)

Sl. No.	Particulars	2005-06		2004-05	
		Rs.	% to Premium	Rs.	% to Premium
1.	Gross Premium (Gross Direct plus Accepted)	1122.35	4.20% Accr.	1077.55	8.40% Accr.
2.	Net Premium	877.08	1.10% Accr.	867.74	9.30% Accr.
3.	Incurred Claims	431.55	49.20	450.49	51.90
4.	Commission	226.30	25.80	215.11	24.80
5.	Expenses of Management	90.32	10.30	90.98	10.50
6.	Exchange Gain/Loss & Other Income/ Outgo	-4.43	-0.50	-1.87	-0.20
7.	Underwriting Profit/Loss before Reserve Strain	124.48	14.20	109.29	12.60
8.	Reserve Strain/Release	3.51	0.40	37.14	4.30
9.	Underwriting Profit/Loss after Reserve Strain	120.97	13.80	72.15	8.30
10.	Investment Income	64.08	7.30	48.42	5.60
11.	Net Profit/Loss	185.05	21.10	120.57	13.90



IV. PLANS FOR 2006-07

Domestic:

The Company procured a Gross Direct Premium of Rs.4791.49 crores from the domestic market as against the target of Rs.4700 crores set for the year, resulting in a positive variance of Rs.91.49 crores.

The target for the year 2006-07 has been set at Rs.5271 crores with a growth rate of 10%. The targets have been fixed keeping in view the impending detariffing from 01.01.2007 onwards and the reduction in premium rates that might occur in the last quarter of the current fiscal. Further, the Company expects to grow in the profitable segments with an emphasis on Fire and Engineering portfolios. Also, measures to improve the quality of management of Motor and Health portfolios are on the anvil.

Targets have also been established for the different distribution channels to give momentum to the business done through Bancassurance, Corporate agencies and Auto tie-ups. More potential remains to be tapped in the existing Bancassurance and auto tie-up channels, and the Company shall endeavour for the same in the current year. Individual agencies will further be strengthened by recruitment of new agents. Rigorous training schedules are being planned for the new agents as well as the existing ones so that they become fully equipped to handle the change which is bound to come with detariffing. The Company also intends to utilize the individual agency channel to increase its representation in areas of huge insurance potential.

Foreign:

The premium objective for 2006-07 is set at Rs.1256.73 crores (Gross) against completion of Rs.1122.35 crores during 2005-06, and Rs.1021.50 crores (Net) on completion of Rs.877.08 crores during the period.

V. ORGANISATION STRUCTURE:

Domestic:

In India, the Company has 26 Regional Offices, 394 Divisional Offices, 607 Branch Offices, 27 Direct Agents Branches and 6 Extension Counters.

Foreign:

New India operates through a network of 19 Branches, 12 Agencies, 2 Associate Companies and 2 Subsidiary Companies including 1 fully owned Subsidiary, spread over 27 countries.

VI. MOTOR LOSS CONTROL MEASURES:

Motor Insurance accounts for over 45% of the Company's domestic gross premium. It is the largest single portfolio for the Company, which is growing in tandem with the growth of the automobile industry.

Motor Insurance comprises insurance of private cars, two-wheelers, commercial vehicles as well as passenger carrying vehicles. The incurred claims ratio with special reference to Motor Third Party claims in regard to commercial vehicles and passenger carrying vehicles is a matter of concern not only for the Company but for the general insurance industry as a whole. After taking into account the IBNR provision, the industry bleeds on this account every year.

The Own Damage (OD) loss ratio for private cars and two-wheelers are reasonably manageable. However, the heavy flood losses in Mumbai, Chennai and Gujarat caused the OD loss ratio to deteriorate slightly in the year under review.

The adverse claims ratio and Third Party claims with special reference to commercial vehicles and passenger carrying vehicles are of complex nature in view of unlimited liability and no restriction as to limitation period and area of jurisdiction. The awards are increasing in line with international standards whereas premium remains static. The authorities are equally concerned about it. Suggestions have been mooted to effect necessary amendments to the Motor Vehicles Act, which are under consideration of the Ministry.



Detariffing is round the corner and as per IRDA roadmap, it will be introduced with effect from 1st January 2007. Going by the trend, the Motor OD premium in respect of private cars and two-wheelers will come down in view of favourable claims experience. However, the Third Party Claims Ratio being what it is, the premium for this category should go up logically.

In view of insurers not showing adequate interest in insuring commercial vehicles and passenger carrying vehicles, IRDA has recently mooted the idea of Motor Pool arrangement for the industry, where rejected insurance proposals will be underwritten by the Pool, the claims will also be settled by it and the account will be shared by all insurers in proportion to their gross direct premium in India.

New India has taken certain steps to keep its Motor Loss ratio under control. Underwriting of the loss-making commercial and passenger-carrying vehicle has been made stricter. The Company has entered into auto-tie up arrangements with all leading private car dealers, which are perceived to be profitable. Further, there is close monitoring of survey activities, as well. To ensure cost effective claims management, the Company tries to have out-of-court settlements for motor third party claims through Lok Adalats and other conciliatory fora.

VII. CLAIMS SETTLEMENT AND AGEWISE ANALYSIS:

New India has always stood by its customers in their bad times. The Company keeps its promise of extending immediate help to its client when a calamity strikes. As such, it is but natural that great emphasis is given by the Company for speedy processing of claims.

The details of claims processing for the financial year 2005-06 is given below:

Number of Claims Outstanding as on 01.04.2005	381723
Number of Claims intimated during 2005-06	1192640
Number of Claims settled during 2005-06	1190122
Number of Claims Outstanding as on 31.03.2006	384241
Claims Settlement Ratio	75.59%

The number of claims outstanding as at the end of the financial year has been classified age-wise below:

Claims Outstanding for more than six months (Mainly Third Party claims before various tribunals)	234968
Claims Outstanding for less than six months	149273
Total	384241

The Company has succeeded in keeping the claims settlement ratio above 75%, this year too, which stands at 75.59%.

The Company helps the claimants in obtaining their compensation without much of procedural hassles. In cases of natural calamities like earthquakes, floods etc. which normally results in catastrophic losses, the Company advertises in local media, of the things to be done by the claimants for speedy settlement of the claims.

VIII. RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES:

Rural insurance business has always been given due importance by the Company. New India has been offering wide range of insurance products to meet the needs of the rural sector. Various new covers including package covers have been developed over the years. Special publicity campaigns undertaken by the Company in rural areas like mass contact programmes, cattle melas, cattle health camps, distribution of leaflets and pamphlets containing product information in vernacular languages and participation in several exhibitions have given boost to the Company's business in those areas.



1. Micro Insurance:

The Company is planning to utilize its vast network and bring in a sizeable population, both in rural and semi-urban areas, under insurance coverage through micro insurance. It proposes to tie up with NGOs for the successful implementation of this.

2. Personal Accident Insurance Scheme for Kissan Credit Card Holders:

The Personal Accident Insurance Scheme for Kissan Credit Card Holders was evolved and implemented as per directives of the Government of India. The Scheme was initially implemented by four public sector insurance companies on flag zone basis. However, during the year the agreement between the four public sector insurance companies was discontinued with and the Scheme has now become operational for all the Companies countrywide. New India has provided insurance cover for 7,20,635 members under the Scheme and has procured a premium of Rs.1.75 Crores for the same during the year. The cover was given through master policies issued to various nationalized and co-operative banks all over India.

3. Janata Personal Accident Insurance:

To provide social security for the common man, Janata Personal Accident Policies were marketed in rural and semi urban areas. A group policy covering disabled children was also issued under a scheme of the State Government of Andhra Pradesh covering children for a Capital Sum Insured of Rs. 50,000/- .

4. Plantation Insurance:

Several new plantation crops were included in the Standard Plantation Insurance Scheme. The insurance cover for medicinal plantations, i.e., Stevia, Safed Musli and Bio Diesel plantation (Jatropha) was marketed all over India during the year under review.

5. Universal Health Insurance Scheme:

The Scheme was implemented in the year 2003 as per the directives of the Government of India for providing hospitalization benefits to economically weaker sections of the society. The policy was meant for people below poverty line. More than 50% of the premium was given by the Government in the form of subsidy.

The Scheme provides for hospitalization benefits up to Rs.30,000/- per person/family along with personal accident benefit of Rs.25,000/- for the earning head of the family during the period of insurance. There is a provision for cashless service through Third Party Administrators (TPAs) also.

During the year, 2150 policies were issued by the Company covering 4884 persons and a premium of Rs.5.06 lakhs was collected on this account. The claims pay out for the Scheme was Rs. 4.16 lakhs during the year.

6. Pandit Deendayal Upadhyay Jan Swasthya Bima Yojana:

This is a unique group mediclaim policy to cover senior citizens in the age group of 60-80 years, coming under the jurisdiction of Indore Municipal Corporation. The policy provides for reimbursement of hospitalization expenses up to Rs.20,000/- per person. The cashless service is also provided through Third Party Administrator (TPA), M/s. MD India Healthcare Services (P) Ltd.

25,000 senior citizens are presently covered under the scheme. The premium earnings from this Scheme for the year were Rs.87.56 lakhs. A total of 682 claims were settled during the year with a claim outgo of Rs.40 lakhs.

The model of this health insurance scheme became so popular that Indian Labour Organisation (ILO) undertook a detailed study of the Scheme. The ILO has appreciated the efforts of New India and the



TPA in formulating and implementing the Scheme. It is learnt that the Organisation intends to present a paper on the Scheme at the International Health Conference to be held in China shortly. A booklet also will be published soon by ILO on the topic.

7. Rajeev Gandhi Vidhyarthi Suraksha Yojana:

The Company's Divisional Office at Nasik issued a unique policy during the year named Rajeev Gandhi Vidhyarthi Suraksha Yojana whereby insurance cover is given for personal accident upto Rs. 30,000/-, permanent total disablement for two organs upto Rs.50,000/- and loss of one organ upto Rs. 20,000/-. Medical expenses arising out of accident upto Rs.10,000/-, loss of books due to accident upto Rs.350/-, reimbursement of fees upto Rs.650/-, loss of bicycle upto Rs.15,000/- are also covered under the Scheme. 5450421 students were covered under the Scheme at a premium of Rs.60 lakhs. The Scheme was highly appreciated by the State Government of Maharashtra. The claim outgo under the Scheme is Rs.40 lakhs.

Claims Settlement Position

The performance of the Company with regard to claims settlement in the sector during the year is given below:

No. of claims outstanding as on 01-04-2005	No. of claims intimated during 2005-06	No. of claims settled during 2005-06	No. of claims outstanding as on 31-03-2006	Claims Settlement Ratio (3)/[(1)+(2)] *100	Corresponding Percentage for 2005-06
(1)	(2)	(3)	(4)	(5)	(6)
11058	46674	46830	10902	81.12	80.59

Age-wise Analysis of Pending Claims as on 31.03.2006

Period for which Claims are Pending	No. of Claims (All are non-suit claims)
Less than 3 months	3076
3 months to 6 months	1398
6 months to one year	1700
One year to three years	2112
More than three years	2616
Total	10902

The details of performance of socially relevant schemes during the last five years are annexed to this Report.

IX. CUSTOMER SERVICE:

Customer Service Cells function at Head Office and in all Regional Offices. "May I Help You" counters have been provided in all Regional Offices and operating offices.

Online information of the Company's products are made available on the Company's website, for the benefit of the customers. About seventy-five seminars were organized at various regional centers to resolve customer grievances.



X. CITIZENS' CHARTER:

Citizens' Charter is displayed in prominent places in all Regional Offices, Divisional Offices and in the Head Office. Utmost care is taken to adhere to the assurances given in the charter.

XI. GRIEVANCE REDRESSAL:

The Company has a full-fledged Grievance Department at its Corporate Office headed by a Chief Manager and supervised by a General Manager. An officer not below the rank of Regional Manager heads the Grievance Departments at the Regional Offices. In Divisional Offices, the department is headed by an officer not below the rank of an Assistant Manager.

Grievance Cells at Head Office and Regional Offices provide information to customers on the status of the claims lodged by them within the shortest time.

A Grievance Claim Review Committee has been set up at four metro centers. One external judiciary member is also on the Committee. While reviewing the grievances, this Committee also examines the legal issues involved so that litigations are minimized.

The grievance settlement during the year is shown below:

	General	IRDA*	DPG**	Total
Outstanding as on 31.03.2005	431	125	20	576
Number of cases received during the year	1418	298	50	1766
Number of cases resolved during the year	1467	352	61	1880
Outstanding as on 31.03.2006	382	71	9	462

*IRDA – Insurance Regulatory and Development Authority.

**DPG – Directorate of Public Grievances, New Delhi.

XII. TECHNO MARKETING:

The Techno Marketing Department plays a proactive role in devising innovative insurance solutions for the large corporates in the Indian market. In the Mega Risks category, quite a few risks moved from the earlier tariff regimen to the non-tariff platform. Out of the total 24 Mega Risks existing in the country, New India has assumed 12 Risks, thus retaining the dominant position in this front once again. The Company procured a premium income of Rs. 156.67 crores from this category during the year. Apart from this, many mega risks availed terrorism cover from the international market. By efficiently sourcing terrorism capacity, New India earned a written premium income of Rs. 13.7 crores during the current underwriting year. This gains more prominence when viewed in the backdrop of falling reinsurance rates and increasing entry of new players into the Mega Risks portfolio. Over and above these, mega projects premium of Rs. 11.56 crores were also collected during the year.

XIII. PUBLICITY ACTIVITIES:

During the year 2005-06, vigorous publicity campaign was undertaken in urban, semi-urban and rural areas to promote the Company's corporate image and its products.

The Company utilized the electronic media, outdoor media, print media etc. to the maximum to gain publicity edge. Commercial spots were released on all major business and national channels and also in main regional channels. The Company's advertisements regularly appeared in newspapers and in all major publications in English as well as in regional languages throughout the country.

New India's hoardings and glow signs were placed at major road junctions, railway stations and airports, in addition to the wall posters and banners which were used mainly in rural areas. Transport media like buses and trains also bore the Company's name and its important policies. Besides, corporate advertisements and product literature were also distributed to targeted segments of population.



The Company participated in several exhibitions held in urban and rural areas and even in local fairs and melas which has proved to be a very effective publicity tool. The exhibitions and melas enable the Company's marketing staff to interact with the prospective customers directly and inform them of the insurance services offered by the Company. Apart from these, the Company's sponsoring of various technical and educational programmes during the year brought with it publicity benefits too.

In addition to these, the Company held customer seminars for its valued clients at various Regional Centres. These seminars were aimed at educating the customers about risk minimization through insurance, updating them on the new policies and facilities provided by the Company and familiarizing them with the procedures to be followed for early settlement of claims. The Company also organized special workshops for intermediaries like bank executives and auto dealers to enlighten them on the significant role they would be expected to assume in the coming years in the insurance marketing arena.

XIV. REINSURANCE:

Since delinking from GIC in April 2001, the Company has been consistently increasing its net retentions in profitable lines of business and its automatic capacity by raising Surplus Treaty limits. For the year under review, the Company increased its retention in the Fire Department for Listed Risks from Rs.75 crores to Rs.100 crores and for Mega/Package policies from Rs.150 crores Probable Maximum Loss (PML) to Rs.200 crores PML. The capacity of Fire Surplus Treaty was also increased from Rs.75 crores PML to Rs.100 crores PML. All the treaties were placed with good securities.

Globally, the reinsurance market had to pay huge claims in 2005 due to major hurricanes, Katrina and Wilma in the Gulf of Mexico. In India, the Mumbai floods caused huge claim outgo for the reinsurers. Anticipating increase in the catastrophic rates, there was infusion of fresh capital by the reinsurers. However, the Company's renewal contracts for 2006 did not witness steep increase in rates due to availability of abundant capacity.

New India's reinsurance program effective from 1st April 2006 has been finalized. Retentions in property insurance have been increased keeping in view the need for increased capacity in a detariffed scenario in the near future.

XV. INFORMATION TECHNOLOGY:

The Company rolled out the customized enterprise solution GENISYS ENTERPRISE, which enables Operating Office data exchanges, data integration with lateral and higher office and enterprise wide data consolidation. It also facilitates business intelligence and multi-dimensional analysis of data. Requisite hardware was purchased for the purpose and implementation has commenced in all the Offices. The application provides an interface with those used by external entities such as agents/brokers, regulatory authorities, banks and service providers such as Third Party Administrators. Apart from this, it will address the needs of the customers by providing an easy access to information on products and services. A central repository is being developed at Head Office as a precursor to Web Enterprise and Web application.

The Company plans to set up a core insurance architecture, which will provide web service. Its functionality promises to deliver facility for 'anywhere services' across the Internet. The architecture will segregate various business processes for harnessing capabilities of the human resource. The obvious advantage is that the business becomes customer, product and organization centric rather than office centric as at present.

The Company has also taken data quality initiatives for disciplined data entry at all the operating offices. The Company has a Wide Area Network (WAN) connecting the Head Office and Regional Offices through leased lines and its operating offices through a dial-up connection. The network is being used for transfer of data and voice. To ensure a secure network and to expand the bandwidth, the Company has signed an agreement with BSNL for setting up and implementing MPLS-VPN network connecting all the operating offices across the country. While the primary objective of setting up this network is to provide a secure, reliable and scalable network to transfer the distributed data from operating offices to the central repository, the same network will also be used for corporate intranet, internet, email, voice, video conferencing and training.



The corporate website has been completely revamped with a simple user interface and an interactive new look, enriched with lots of product and general information relating to the Company. The Company proposes to host the website from its data center on a new domain 'newindia.co.in'. The migration from *www.niacl.com* to *www.newindia.co.in* has been completed successfully. A sub-domain *www.niaonline@newindia.co.in* has also been created to enable online issuance of policies by intermediaries through Web-Enterprise. It is in the pilot stage of implementation.

New India also conducted Information System Audit through CERT-IN certified Auditors on the basis of the Company's business objective and the industry's best practices. The draft report for the Organization Information Security Policy is in the final stage. The Security Policy will be based on international best practices and models like CoBIT & BS 7799. The auditors have also carried out migration audit for Reinsurance Accounts Management System. The Company has plans for setting up of a Disaster Recovery Centre outside Mumbai and implementing business continuity plan.

XVI. VIGILANCE ACTIVITIES:

The Company's Vigilance department is headed by Chief Vigilance Officer (CVO) who is in the rank of General Manager and is on deputation from Life Insurance Corporation of India. The CVO is appointed by Central Vigilance Commission/Ministry of Finance. Besides, Vigilance Officers are also posted in the Regional Offices. They conduct investigations into complaints of corruption and malpractice and submit their reports to the Chief Vigilance Officer for further action.

Vigilance activities of the Company are directed at preventive, detective as well as punitive aspects of vigilance. By way of preventive vigilance, surprise inspections of offices are carried out by the department throughout the year. Whenever any serious irregularities having vigilance overtones are observed, necessary disciplinary actions are initiated against the official(s) concerned. System studies on various matters such as issue of cover notes, disposal of salvage, delivery/dispatch of claim cheques etc. were carried out during the year and recommendations for suitable remedial action were sent to the authorities concerned.

As per the directive of the Central Vigilance Commission, Vigilance Awareness Week was observed from 7th November 2005 to 11th November 2005 in all the offices of the Company with a view to sensitizing the staff about various aspects of vigilance activities. Regular training programmes are conducted on preventive vigilance, for operational personnel.

Steps are taken to implement the instructions and guidelines issued by the Central Vigilance Commission. All-out efforts are made to complete the activities connected with vigilance within the time frame laid down by the Commission.

XVII. INTERNAL AUDIT:

The Internal Audit Department of the Company, in addition to laying emphasis on adherence to various established systems and procedures, has given extra stress on strengthening the audit compliance mechanisms and initiating fresh interventions to ensure elimination of repetitive lapses.

The department, by its consistent efforts, has achieved a near zero result as regards non-submission of policy documents and claim folders for audit by various operating offices. Care has also been taken to ensure that all personal recoveries that were pending had been made during the disbursement of wage arrears. Information Systems Audit, presently outsourced to experts, is being put in place by undertaking audit of pilot offices at Regional, Divisional and Branch levels, with a plan to internalize the same by imparting adequate training to the Company's own audit officers. Considering the IT Security risk, mandatory second time audit of premium accounts and banking reconciliation was done. Internal audit team audited three overseas branches. Surprise inspections of selected offices are also yielding encouraging results, by improving systems and procedures to a great extent. The Audit Compliance Cells at Regional Offices have conducted twelve Regional Level Audit Workshops in the presence and under the guidance of Head Office executives, which has facilitated resolving a number of old pending queries. In coordination with Comptroller and Auditor General, two Zonal Workshops were conducted at Delhi and Mumbai for compliance of Government



Audit queries and confirmation of status. Thirty-seven high loss-making divisions were audited by outsourced firms and measures for improvement were initiated thereafter.

XVIII. HUMAN RESOURCE DEVELOPMENT:

A. PARTICULARS OF EMPLOYEES AND RECRUITMENT:

The number of employees recruited during the year and the employee strength as on 31st March 2006 are shown below:

Category	Number of Recruitments	Total Number of Employees
Class I	48	5035
Class II (Development)	–	2391
Class II (Administration)	–	661
Class III	134	10022
Class IV (Excluding Part Time Sweepers)	27	2230
Total		20339
Part Time Sweepers	–	404
Grand Total		20743

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is appended to this report.

B. TRAINING:

The Company strives to continuously upgrade the knowledge and skills of its employees through regular training programmes.

New India has its own Corporate Training College in Mumbai, two Zonal Training Centres at Bhopal and Chennai and twenty one Regional Training Centres. Besides, twenty seven Agents' Training Centres are also operating throughout the country for training of agents. National Insurance Academy at Pune, promoted by the Company, along with its public sector counterparts and LIC, imparts insurance training of a higher degree to the insurance professionals. The Academy also offers research facilities in the field of insurance.

In addition to training facilities offered at its own training centers, New India nominates its employees for technical and personality development programmes organized by outside agencies like College of Insurance, IIMs, ICSI, ICWAI, ICAI, IOD, FICCI, CII, BCCI, ASSOCHAM etc. Executives and Officers also attend international seminars, conferences and trainings conducted by M/s. AON Ltd., London (for Aviation Insurance), M/s. Richards Hogg & Lindley, London (for Marine Insurance), M/s. Hannover Re, Malaysia (for Reinsurance) etc.

Details of Training Programmes attended by the employees for the period from 01.04.2005 to 31.03.2006 are given in the table below:

Sl. No.	Institute	Total Number of Programmes	Total Number of Participants
1.	National Insurance Academy, Pune	110	730
2.	Corporate Training College, Andheri	73	1447
3.	College of Insurance	11	26
4.	External Institutions	70	234
5.	Foreign Programmes	9	13



C. SCHEDULED CASTES (SCs), SCHEDULED TRIBES (STs), OTHER BACKWARD CLASSES (OBCs), PHYSICALLY HANDICAPPED PERSONS (PHPs) AND EX-SERVICEMEN:

The Government guidelines regarding reservations, concessions and safeguards to employees belonging to SC/ST/OBC/PHP and Ex-servicemen are strictly followed by the Company. Due care is taken to ensure assignment of development functions, foreign postings and training to employees belonging to SC/ST, OBC,PHP and Ex-servicemen.

The representation of SC/ST employees in various cadres as on 31.03.2006 is as under:

Category/ Level of Posts	Total No. of Posts	Representation (In Number)		Representation (In Percentage)	
		SCs	STs	SCs	STs
Group A (Officers)	5035	1136	249	22.56	4.95
Group B (Development Officers)	3052	286	93	9.37	3.05
Group C (Clerical)	10022	2111	783	21.06	7.81
Group D: Sub-Staff	1581	595	155	37.63	9.80
Full Time Sweeper	649	316	30	48.69	4.62
Part Time Sweeper	404	262	35	64.85	8.66
Total	20743	4706	1345	22.69	6.48

SC/ST and OBC Cells are actively functioning at Head Office and all Regional Offices. The Cell at Head Office is under the charge of a Chief Liaison Officer whereas Assistant Liaison Officers head the Cells at various Regional Offices.

The Liaison Officer from the Head Office inspects the Rosters pertaining to recruitments and promotions at all Regional Offices once in a year. The inspection reports, with the observations of Liaison Officer, are put up to the Chief Liaison Officer and General Manager (Personnel) for further directions and sent back to the respective Regional Offices. Based on the inspection report, efforts are taken by the concerned Regional Office to clear the backlog and rectify the shortcomings in the procedure, if any, observed by the Liaison Officer.

Special recruitment drive was conducted as per the guidelines issued by the Government of India for clearance of backlog existing as on 01.07.2004 in the clerical cadre for SC and ST categories.

Workshops on reservation policy were held for Assistant Liaison Officers during the year. Training on reservation policy, personality development, communication skills, time management, motivation, behavioural science etc. was imparted to the office bearers of SC/ST welfare organizations as well as to SC/ST officers. The workshops were aimed to increase the awareness regarding the various Governmental Guidelines with regard to the special categories and their implementation aspects.

For the welfare of SC/ST and OBC employees of GIPSA Companies, a trust has been constituted in the name of Dr. Ambedkar. The Trust undertakes the following activities:

1. Imparting training to SC/ST and OBC employees and officers. In the year 2005-06, altogether 186 employees belonging to SC/ST & OBC were trained.
2. Reimbursement of cost of books and uniforms to the children of part-time sweepers.
3. Reimbursement of expenses incurred for fees, books and other study materials for MBBS, MBA, BE courses etc. to the children of SC/ST employees.

The Trust has also constituted Dr. Baba Saheb Ambedkar Awards Scheme for SC/ST employees who pass Licentiate/Associate/Fellowship Examinations conducted by the Insurance Institute of India.



D. INDUSTRIAL RELATIONS:

New India management has always maintained amicable relationship with its employees and staff unions. The check-off system helped in identifying representative union for each cadre of employees which enabled focused discussions on various issues relating to specific class of employees.

Altogether, the association with the unions has been very positive and healthy.

E. STAFF WELFARE SCHEMES:

The welfare schemes for employees include Housing Loan, Staff Mediclaim policy, Group Savings Linked Insurance Scheme, Group Term Scheme, Group Personal Accident Policy, Baggage Policy, Benefits to employees meeting with accident whilst on duty, Ex-gratia Relief for uncovered medical expenses, Lumpsum benefit for domiciliary medical treatment, Incentives for family planning, Assistance to Employees for undergoing Post Graduate Management Courses and Employees Deposit Linked Insurance Scheme (EDLI).

F. GENDER ISSUES AND EMPOWERMENT OF WOMEN:

New India provides a congenial work atmosphere for its women employees. Gender discrimination has always been discouraged by the management, which is well evidenced by the presence of female staff in all cadres, including top management. The Company has always recognized capability, irrespective of the gender.

Complying with the Supreme Court guidelines, the Company has formed a Women's Complaint Committee (WCC) to tackle the problems of harassment of its women employees at the work place. This measure is expected to ensure fair treatment of female staff throughout the corporate ladder.

A few instances of women harassment were reported to the WCC during the year. While most issues could be sorted out through discussions, the Committee had to recommend suitable disciplinary action in three of the cases.

In addition to the WCC at Head Office, separate Complaint Committees for the purpose have been established in every Regional Office. The Regional Committees handle the complaints coming under the jurisdiction of the respective Regional Office and send report to WCC at the Head Office.

In March 2006, the Insurance Institute of India organized a two days' conference on 'GENDER JUSTICE—NEW PERSPECTIVE, NEW VISION' wherein the problems faced by women at workplaces and the mechanisms put in place for protection of women were discussed. 31 WCC members from New India attended the Conference.

As in earlier years, this year also, 'Women's Day' was celebrated on 8th March with great enthusiasm at various offices of the Company all over India.

G. SPORTS ACTIVITIES:

The Company has always encouraged sports activities of its employees through the aegis of New India Sports Club. The Company has professional teams for football, table tennis, cricket, kabaddi and caroms. The teams won laurels in several of the sporting events during the year.

XIX. OFFICIAL LANGUAGE IMPLEMENTATION:

New India has been consistently supporting the official language implementation initiatives of the Central Government. The employees are encouraged to take conscious efforts to transact official business in the national language only, to the extent possible. A separate Hindi Cell is active in all of the Company's Regional Offices to facilitate use of official language in everyday office work. The principal activities of the Cell during the year are mentioned below:



1. Hindi Workshops:

314 workshops were organized in different offices all over India, in which 5,481 employees were trained in various aspects of official language implementation.

2. Training in Hindi:

All training programmes of Region A (Delhi, Jaipur, Patna, Bhopal and Kanpur) & Region B (Mumbai, Ahmedabad, Baroda, Surat, Chandigarh, Ludhiana, Pune and Nagpur) are conducted in Hindi.

3. Hindi Stenography Training:

23 stenographers were given a yearlong training in Hindi stenography at Head Office. Out of those, 21 passed the examination conducted by Government of India in January 2006. Two increments in salary for twelve months were given to the successful candidates as an incentive.

4. Insurance Publication in Hindi:

For the last three years, the Company publishes a magazine in Hindi titled 'Arjan' once in every quarter. The magazine contains technical articles related to insurance and is the first of its kind in India.

5. Prize for Hindi Books:

A prize scheme has been devised to encourage employees to write books on insurance in Hindi. Cash award of Rs.5,000/- was given to one of the employees in Kanpur Regional Office for authoring a book on Motor Insurance in Hindi.

6. Inspections:

Regular inspections are conducted throughout the country to make sure that the executive machinery for official language implementation is effective. 417 offices were inspected during the year.

Efforts are on to bring out a glossary of insurance terms in Hindi so that the technical operations like underwriting and claims processing can be done in Hindi.

The All India Hindi Officers' Conference was held at Puri in Orissa in February 2006. The conference reviewed the position and progress of official language in all Regional Offices. The regional representatives were encouraged for better performance and were directed to integrate Hindi implementation efforts with the Company's mainstream operations. Hindi Officers have been recruited during the year at Head Office, Mumbai Regional Office-I, Vishakapatnam, Ernakulam and Patna. During the year, Hyderabad, Pune and Jaipur Regional Offices won the award for outstanding performance in respect of official language implementation. An incentive scheme to employees who do the official dealings in Hindi is already in prevalence and was modified during the year so as to cover all the employees. The cash prize given under the scheme was also increased.

Apart from the above, the Company also encourages use of other regional languages to make the customer dealings smoother. Regional Offices at Bangalore, Hyderabad, Chandigarh, Pune and Mumbai have made appreciable progress in this regard. As a first step in this direction, the Company's offices have started issuing policy documents in Kannada, Urdu, Marathi, Bangla etc. in their respective areas.

Consistent endeavours are being made to improvise the role of the Hindi Cells and strengthen their activities so as to make the constitutional provisions of official language implementation effective in the real sense.

XX. RIGHT TO INFORMATION ACT, 2005:

As required by the provisions of the Right to Information Act, 2005, the Company has designated a Central Public Information Officer who is in the rank of Deputy General Manager at the Head Office. Public Information Officers have also been nominated at all the Regional Offices to promptly respond to the requests for information received under the Act from citizens. Above and beyond, an Appellate Authority has also been designated at the Head Office to entertain and dispose off appeals against the decision of the CPIO or PIO. Contact details of Central Public Information Officer and Appellate Authority are given in the Company's website, www.newindia.co.in. The Company has set up a separate Right to Information Cell which processes the information requests quickly and efficiently.



XXI. DONATIONS AND CERTAIN EXPENSES OF MANAGEMENT:

During the year, the Company **donated** Rs. 40 lakhs to the Chief Minister's Relief Fund of the State of Gujarat and Rs. 10 lakhs to that of the State of Maharashtra for flood relief operations in the States. Further, the Company made a contribution of Rs. 30 lakhs to Prime Minister's National Relief Fund for relief work post earthquake in the State of Jammu & Kashmir and the Himalayan Range.

Expenses of Management of the Company also include:

- (a) Entertainment (Indian & Foreign) :Rs.1.28 Crores
- (b) Foreign Tours undertaken by the Executives :Rs.1.32 Crores
- (c) Publicity and Advertisement :Rs.21.23 Crores

XXII. FOREIGN EXCHANGE EARNINGS & OUTGO:

During the year, the Company's net earnings and outgo of foreign exchange was Rs. 284.70 crores and Rs. 370.69 crores respectively.

XXIII. FINANCIAL RATING:

New India is the only general insurer in India to be rated 'A' Excellent for seven years in a row by M/s. A M Best Europe Ltd., one of the premier financial rating agencies of the world. The rating reflects the Company's leading business profile in the Indian insurance business and the expected improvement in its underwriting performance. An offsetting factor is the pressure on risk adjusted capitalization arising from a high proportion of equities in the Company's investment portfolio.

A M Best expects the Company's prospective level of capital and surplus to be sufficient to support its projected growth in premium income on a risk-adjusted basis. It believes that New India is likely to maintain its leading business position as the largest direct insurer in India despite increased competition from private companies.

XXIV. BOARD OF DIRECTORS:

The composition of the Board of Directors of the Company is as follows:

Sl. No.	Name & Category of Directors	Designation
1.	Mr. B Chakrabarti Chairman-cum-Managing Director	Chairman-cum-Managing Director, New India.
2.	Mr. G. C. Chaturvedi Government Director	Joint Secretary (Banking & Insurance), Ministry of Finance, Government of India.
3.	Mr. R K Joshi Non-executive Director	Chairman-cum-Managing Director, General Insurance Corporation of India.
4.	Dr. A K Khandelwal Non-executive Director	Chairman & Managing Director, Bank of Baroda.
5.	Mr. A V Muralidharan, Whole-time Director	General Manager, New India.

The following **changes** took place in the constitution of Board since the date of last Directors' Report, i.e., 10.09.2005:

- a. Mr. B Chakrabarti was appointed as the Chairman-cum-Managing Director of the Company with effect from 31.10.2005 replacing Mr. R Beri who retired that day on attaining the age of superannuation.
- b. General Managers, Mr. A V Muralidharan and Mr. J K Gupta became directors of the Company with effect from 03.08.2005 and 24.08.2005 respectively. However, Mr. J K Gupta ceased to be director on 13.02.2006 as his services were transferred to India International Insurance Pte Limited, Singapore.



The Board places on record its deep gratitude for the valuable contributions made by Mr. Beri and Mr. Gupta during their term as Directors.

Board of Directors met six times during the year. The attendance of directors during the meetings is given below:

Name of the Director	No. of Meetings held during the Director's Tenure	No. of Meetings attended by the Director
Mr. R Beri	4	4
Mr. B Chakrabarti	2	2
Mr. G C Chaturvedi	6	6
Mr. R K Joshi	6	6
Dr. A K Khandelwal	6	5
Mr. A V Purushothaman*	1	1
Mr. Kumar Bakhru*	2	1
Mr. A V Muralidharan	4	3
Mr. J K Gupta	4	4

* Ceased to be directors with effect from 31.05.2005 and 30.06.2005 respectively.

XXV. AUDIT COMMITTEE:

The audit committee of the Company is a sub-committee of the Board of Directors. The Committee is headed by Mr. G C Chaturvedi, Director. The other members of the Committee are Mr. R K Joshi, Dr. A K Khandelwal and Mr. A V Muralidharan. Financial Advisor & Company Secretary, Mr. A R Sekar is the Convenor of the Committee. Mr. A R Prabhu, Appointed Actuary and Mr. S P Nanda, Chief Manager (Internal Audit) also attend the meetings of the Committee as special invitees.

The audit committee was reconstituted just once since the date of the previous year's Directors' Report (i.e., 10.09.2005), by inducting Director, Mr. A V Muralidharan into the Committee as its member and appointing Financial Advisor, Mr. A R Sekar as its Convenor, with effect from 10.09.2005.

The Audit Committee reviews the audit of all the offices of the Company conducted throughout the year. It gives suggestions for audit and directions for correcting irregularities. The Annual Accounts of the Company for the year 2005-06 were considered by the Audit Committee and after discussion with the statutory auditors, were recommended to the Board of Directors for adoption.

XXVI. INVESTMENT COMMITTEE:

The Investment Committee of the Company is headed by Chairman-cum-Managing Director, Mr. B Chakrabarti. The other members of the Committee are Directors, Mr. G C Chaturvedi, Mr. R K Joshi, Dr. A K Khandelwal and Mr. A V Muralidharan, Appointed Actuary, Mr. A R Prabhu and Financial Advisor & Company Secretary, Mr. A R Sekar.

Mr. R Beri ceased to be a member of the Committee on 31.10.2005 upon his retirement from the services of the Company. Mr. B Chakrabarti, Chairman-cum-Managing Director became the Chairman of the Committee effective from 31.10.2005 when he took over charge as the Company's Chairman-cum-Managing Director. Director, Mr. R K Joshi and Financial Advisor & Company Secretary, Mr. A R Sekar were appointed as members of the Committee with effect from 10.09.2005.

Investment Committee vets the investment proposals and recommends them to the Board of Directors wherever Board approval is necessary.



Six meetings of the Committee were held during the year. The number of meetings attended by the Committee members is given below:

Name of the Member	No. of Meetings held during the Member's Tenure	No. of Meetings attended by the Member
Mr. R Beri	4	4
Mr. B Chakrabarti	2	2
Mr. G C Chaturvedi	6	6
Mr. R K Joshi	3	3
Dr. A K Khandelwal	6	5
Mr. A V Muralidharan	6	5
Mr. A R Prabhu	6	5
Mr. V K Gupta *	2	2
Mr. A R Sekar	3	3

*Ceased to be member effective from 01.08.2005.

XXVII. AUDITORS:

The Comptroller and Auditor General of India, under Section 619 of the Companies Act, 1956 appointed M/s. Khandelwal Jain & Co., M/s. Sharp & Tannan and M/s. B K Khare & Co. as the central statutory auditors for the year 2005-06. Branch auditors for the various regional offices and divisional offices in India and for the foreign branch offices were also appointed for the year. The Board of Directors expresses its gratitude to all the statutory auditors for their valuable guidance and assistance.

XXVIII. SUBSIDIARY COMPANIES:

The New India Assurance Company (Sierra Leone) Limited:

Pursuant to Section 212 of the Companies Act, 1956, the Report and Accounts of The New India Assurance Company (Sierra Leone) Limited for the year ended 31st December, 2005 are appended hereto.

The subsidiary has not declared any dividend for the year 2005. The business operations of the Company had to be closed down with effect from 1st January 2003, due to severe civil disturbances existing in the country.

The New India Assurance Company (Trinidad & Tobago) Limited:

Pursuant to Section 212 of the Companies Act, 1956, the Report and Accounts of The New India Assurance Company (Trinidad & Tobago) Limited for the year ended 31st December 2005 are appended hereto.

83.9% of the capital of The New India Assurance Company (Trinidad & Tobago) Limited is held by the Company. The Authorised Capital of The New India Assurance Company (Trinidad & Tobago) Ltd. consists of 2,20,00,000 shares of no par value. The Issued and fully Paid-up Capital of the subsidiary consists of 1,74,18,945 shares of no par value i.e. TT\$ 1,74,18,000. The subsidiary follows calendar year of accounting.

During the year the Company has an underwriting profit of TT\$ 8,56,000 as against a profit of TT\$ 30,77,000 last year. Investment Income is TT\$ 36,09,000 while Other Losses are TT\$ 6,000. The Company has a Net Income of TT\$ 46,54,000 before taxation. It has transferred an amount of TT\$ 2,00,000 to a special Catastrophe Reserve Fund. The subsidiary paid a dividend of TT\$ 12,97,000 during 2005.

XXIX. SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT:

The Ministry of Finance, Insurance Division confirms that the Annual Report of the Company for the year 2004-2005 along with the Directors' Report were placed before Rajya Sabha and Lok Sabha on 13th December 2005 under Section 619(A) read with 619(B) of the Companies Act, 1956.



XXX. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) the Directors have selected 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 financial year and of the profit of the Company for the year under review.
- c) 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 the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have arranged preparation of the accounts for the financial year ended 31st March, 2006 on 'going concern' basis.

XXXI. ADDITIONAL INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

The Company is not engaged in any manufacturing activity and as such no particulars are required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as regards Conservation of Energy or Technology Absorption.

XXXII. ACKNOWLEDGEMENT:

Board of Directors sincerely thanks the large body of insuring public for their encouragement and support all these years. The loyalty shown by the customers and the patronage extended by them have been the foundations on which the Company has been built upon.

Heartfelt thanks are also due to all the agents (individuals and corporate), surveyors, intermediaries, reinsurance brokers and to all the employees of New India within the country as well as abroad, for their diligent efforts in helping the Company to provide insurance services of the finest quality.

Directors are also grateful to the Ministry of Finance (Insurance Division), Insurance Regulatory and Development Authority (IRDA), General Insurers' (Public Sector) Association of India (GIPSA), and the Principal Director of Commercial Audit & Ex-officio Member, Audit Board - I, Mumbai, for the timely directions, guidance and support.

B. Chakrabarti	<i>Chairman-cum-Managing Director</i>
G.C. Chaturvedi	<i>Director</i>
R.K. Joshi	<i>Director</i>
Dr. Anil K. Khandelwal	<i>Director</i>
A.V. Muralidharan	<i>Director</i>

Place : Mumbai
Dated : 9th August, 2006



PERFORMANCE OF SOCIALLY RELEVANT SCHEMES DURING LAST FIVE YEARS

Policy Details	Year	No. of Policies issued	No. of Persons/ Animals Covered	Amount of Premium	No. of Claims Reported	No. of Claims Settled	Amount of Claims Settled	Claim Ratio%
Cattle Insurance	2001-02	272192	526636	2841.21	33898	28519	2134.93	75.14
	2002-03	142562	447675	2603.21	31900	28802	2396.95	92.08
	2003-04	131158	378909	2435.78	30940	29230	2120.87	87.07
	2004-05	141039	442977	3018.08	30138	25332	2003.72	66.39
	2005-06	175612	594380	3842.76	35158	31397	2483.22	53.29
Livestock Insurance	2001-02	69520	205656	697.33	8474	5377	261.10	37.44
	2002-03	67951	193862	560.03	7975	7201	599.24	107.00
	2003-04	65492	179293	495.70	7736	7308	530.22	106.96
	2004-05	65982	180168	499.58	6838	4653	148.55	29.73
	2005-06	71520	245306	676.73	7520	5737	183.19	50.34
Agricultural Pumpset Insurance	2001-02	35691	51472	193.62	1848	2619	60.08	31.03
	2002-03	33525	40885	146.35	3615	2062	54.09	36.96
	2003-04	55242	77311	131.47	3112	1941	96.25	73.21
	2004-05	34565	41688	146.34	3069	1817	51.62	35.27
	2005-06	36525	57320	163.58	3025	2555	56.20	43.54
Janata Personal Accident Scheme	2001-02	189257	18712370	3183.01	11139	6074	4515.08	141.85
	2002-03	196140	16934769	668.96	10258	4349	4188	626.05
	2003-04	849239	18674579	1846.04	8248	6907	400.00	21.67
	2004-05	762963	7167246	1462.39	7942	5343	2482.00	169.72
	2005-06	6820250	6542400	1308.48	7592	5250	2260.00	156.90
Gramin Personal Accident Scheme	2001-02	11250	480243	53.5	66	200	132.38	247.44
	2002-03	9850	203567	14.88	330	225	140.50	944.22
	2003-04	9385	144241	46.08	252	50	19.10	41.45
	2004-05	9401	161627	61.95	215	125	6.20	10.01
	2005-06	4250	117895	33.33	315	195	17.73	163.13
Jan Arogya Insurance Scheme	2001-02	41347	86461	70.88	6500	10437	134.58	189.87
	2002-03	26176	55791	47.64	3977	13412	90.63	190.24
	2003-04	16985	75966	51.56	2225	1930	57.18	110.90
	2004-05	15542	67391	74.83	1940	1767	102.99	137.63
	2005-06	20061	83631	62.56	3461	3447	90.48	136.80



PERFORMANCE OF SOCIALLY RELEVANT SCHEMES DURING LAST FIVE YEARS

Policy Details	Year	No. of Policies issued	No. of Persons/ Animals Covered	Amount of Premium	No. of Claims Reported	No. of Claims Settled	Amount of Claims Settled	Claim Ratio%
Mediclaim Insurance	2001-02	822534	2794510	26996.00	165368	116819	18853.00	69.84
	2002-03	937012	3086763	35443.00	201108	196300	31053.00	87.61
	2003-04	949648	2856675	36641.73	167898	161959	30068.12	82.06
	2004-05	1060028	3617132	45539.48	232712	237053	48980.00	107.56
	2005-06	1221880	5711438	59083.40	977121	757391	70376.26	119.11
Bhagyashree Child Welfare Policy	2001-02	7716	24816	4.26	39	29	0.75	17.61
	2002-03	478	6970	1.95	59	32	8.00	410.26
	2003-04	756	4965	1.48	1	1	0.25	16.89
	2004-05	176	1893	1.04	3	0	0.00	0
	2005-06	409	1184	1.84	0	1	0.25	29.76
Rajrajeshwari Mahila Kalyan Yojana	2001-02	26055	731351	60.40	893	937	19.64	32.52
	2002-03	1619	142191	34.71	322	215	31.52	90.81
	2003-04	978	305370	63.21	229	189	35.51	56.18
	2004-05	1598	9239	4.87	164	162	12.79	262.63
	2005-06	1432	18503	4.37	219	209	20.83	476.66
Personal Accident Insurance Scheme for Kissan Credit Card Holders	2001-02	2895	650356	135.91	20	1	0.50	0.37
	2002-03	3986	1169856	223.4	381	137	65.94	29.52
	2003-04	4579	1792263	275.53	425	290	102.99	37.38
	2004-05	4683	2087971	374.53	881	520	134.87	36.01
	2005-06	3120	720635	174.55	225	79	28.44	14.71
Universal Health Insurance Scheme	2003-04	66290	236490	365.07	185	54	2.18	0.60
	2004-05	5311	15641	21.82	74	58	2.50	11.46
	2005-06	2150	4884	5.07	150	88	4.16	82.05





COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956, ON THE ACCOUNTS OF THE NEW INDIA ASSURANCE COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31ST MARCH, 2006

I am to state that the Company has revised its accounts to increase the rate of dividend as detailed in Notes No. 18 of Notes forming part of accounts and the Comptroller and Auditor General of India has no comments upon or supplement to the Revised Auditors' report under Section 619(4) of the Companies Act, 1956, on the accounts of The New India Assurance Company Limited, Mumbai for the year ended 31st March, 2006.

(Sushama V. Dabak)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai
Dated : 25th August, 2006



ADDENDUM TO DIRECTORS' REPORT DATED 9TH AUGUST 2006 AS PER SECTION 217(3) OF THE COMPANIES ACT, 1956-EXPLANATION FOR THE QUALIFICATIONS IN THE AUDITORS' REPORT DATED 9TH AUGUST 2006.

The Management's explanation for the qualifications mentioned in the above report, which are not explained by way of notes are as follows:

1. Para 1 of Auditors Report- Regarding non-compliance of IRDA regulations

Note 8(a)

- i) Returns Prescribed by Regulation 6 with respect to Compliance report for Exposure of investment, and delay in submission of returns:

The exposure is calculated manually by the department in the absence of an integrated software system. We have, however, submitted the compliance report for exposure, compiled manually, to IRDA for 2005-06 on 26th June 2006

Since the details required by IRDA are prepared manually, it results in delay in submission of returns but we have improved the timings of submission of quarterly and yearly returns to IRDA. In fact the yearly returns for 2005-06 have been submitted on 11th July 2006 to IRDA within the prescribed time limit.

- ii) Necessary care has been taken to keep our investments within the limits of exposure set by IRDA and at no point of time we have exceeded the prescribed limits.
- iii) We have been submitting the Custodian Certificate to IRDA every quarter. Further reconciliation of investments as per books and as per Custodian Certificate is carried out regularly and corrective action taken.

Note 8 (b)

- i) In view of the difficulties encountered in modifying the software we could not furnish these details. Necessary steps are being taken to obtain these details as part of accounting software.
- ii) Provisions against investments/loans/sundry debtors: The formats prescribed by IRDA are in conformity with our practice. We have, by way of footnotes in the respective schedules, given the full details of amount considered as NPA/doubtful.
- iii) The company has a large network of offices and collating of data regarding cash/bank transactions is a difficult task. We are trying to overcome the difficulties for preparation of receipts and payments account on direct method basis. Substantial progress has been achieved in this regard.

2. Para 2

- (a) of Auditors Report- Non-reconciliation of inter office accounts:

Note no 9

Inter office reconciliations were fully carried out as at 31st March 2006 and pending entries identified. We are in the process of clearing these items in the current year.

It has been our practice to send the demand notice to respective State Governments for outstanding dues on half yearly basis. In our demand notice we state clearly the balances outstanding on account of principal as well as overdues of interest which has not been disputed by the respective State Governments.



As regards Term Loan Accounts which are restructured reconciliation of balances as per our records and borrowers' records is carried out and accounts are suitably modified already.

- (b) of Auditors' Report - Regarding historical/weighted average cost of listed equity/equity related instruments, the value of which were impaired on or before 31.03.2000.

The company has prepared accounts as per IRDA Regulations for the first time for the year 2001-02. IRDA Regulations on Preparation of Financial Statements require insurers to assess at each Balance Sheet whether any impairment in value of specified assets has occurred and to recognise the same in Revenue. Further the regulations also require to incorporate any reversal of impairment loss recognized in earlier years.

The company as per its own internal guidelines as also guidelines issued by GIC has been working out impairment in value in respect of equity/preference shares. This exercise has been carried out for more than 25 years even before notification of the same by IRDA in 2000-01. Further, over the years the historical cost has undergone changes on account of subscription to rights shares, allotment of bonus, conversion of other securities in to equity etc. Moreover, the company did not have the practice of working out reversal of impairment loss recognised in earlier years and hence the details of amount impaired prior to 31-03-2000 is not available. This has been clearly stated in our Accounting Policy .

- (c) of Auditors' Report- non-reconciliation of reinsurers balances

The task force set up for this purpose has substantially completed the reconciliation of balances under treaty cessions. This work will be completed within a short time. Reconciliation of facultative reinsurance balances and accepted treaty balances will be taken up shortly.

- (d) of Auditors Report- non-provision of tax liability on income in foreign countries

It has not been possible to ascertain with reasonable accuracy the tax liability in foreign countries before filing of the returns and therefore it has been our practice to account the same on payment basis.

3. Para '3' of the Auditors' Report- Substantial strengthening in the areas of internal audit coverage and compliance

Internal Audit Department is seized of the need for modification in the audit programmes to take care of the system audit and reinsurance audit. Second time audit of all operating offices have been carried out with special focus on banking, prevention of frauds, underwriting of large risks etc.

The company has in place required systems and procedures for compliance of observations of Internal Audit. The company has been conducting audit workshops to ensure compliance and resolving of audit queries. Special task force from Head Office of the company visited twelve Regional Offices and in a planned way conducted Audit Compliance Work Shops and resolved a major portion of old pending queries.

4. Para '4' of the Auditors' Report- Regarding amortisation of expenses under Special Voluntary Retirement Scheme

The expenses were amortized as per IRDA circular F & A/ CIR/010/MAR-04 dated 23rd March 2004.

B. Chakrabarti	<i>Chairman-cum-Managing Director</i>
G.C. Chaturvedi	<i>Director</i>
R.K. Joshi	<i>Director</i>
Dr. Anil K. Khandelwal	<i>Director</i>
Mr. A.V. Muralidharan	<i>Director</i>

Place : Mumbai
Dated : 9th August, 2006



MANAGEMENT REPORT

1. We confirm that the registration granted by the Insurance Regulatory & Development Authority is valid during the year. The same is renewed for the year 2006-2007.
2. We confirm that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares during the year are in accordance with the statutory or regulatory requirements.
4. We confirm that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the required solvency margins have been maintained.
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and in the best of our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings- "Loans", "Investments", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Account".
7. The overall risk exposure for the risks accepted by us is limited to Rs. 100 crores PML per risk except in respect of certain risks in which case there is an exposure of Rs. 200 crores PML per risk. The same has been approved by the Board. We have made adequate reinsurance arrangements to mitigate the loss arising out of any major claim.
8. We have overseas operations in 24 countries. The foreign branches have their own reinsurance arrangements to protect their exposure. Over and above, there is an excess of loss protection available which takes care of the exposure risk of the company as a whole, including domestic and foreign branches. The foreign branches/agencies generate enough revenue in local currencies to meet their liabilities arising out of their operations. Hence there is no major currency risk in the countries we operate.

As regards the country risk, by and large all the countries in which we operate are politically stable. We also have well defined acceptance limits for foreign operations, which limits our exposure in these countries.
9. The average claim settlement time during the preceding five years is as under:

Year	No. of days
2005-2006	134
2004-2005	136
2003-2004	116
2002-2003	99
2001-2002	118
10. We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and shown in the balance sheet.
11. All investment assets are reviewed periodically and assets are classified into performing and non-performing based on RBI Prudential norms.



12. It is hereby confirmed:
- (i) That in preparation of financial statements, the applicable accounting standards, principles and policies have been followed, except
 - a) The accounting of Tax Liability in Foreign Countries is made on cash basis which is not in conformity with AS – 22 on Accounting for Taxes on Income.
 - b) Amortisation of additional actuarial liability for Pension, Gratuity and Leave Encashment on account of Special Voluntary Retirement Scheme as per guidelines given by I.R.D.A.
 - (ii) That the management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit of the company for the year except as mentioned in para 12(i) above.
 - (iii) That the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938 (4 of 1938) and Companies Act 1956 (1 of 1956) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
 - (iv) That the management has prepared the financial statements on a going concern basis.
 - (v) That the management has ensured that the internal audit system commensurate with the size and nature of business exists and is operating effectively.
13. There are no payments made to individuals, firms, companies and organizations in which directors of the company are interested.

B. CHAKRABARTI

Chairman-cum-Managing Director

R. K. JOSHI

Director

A.V. MURALIDHARAN

Director

Mumbai,
Dated: 9th August, 2006



AUDITORS' REPORT

To the Members,
The New India Assurance Company Limited

We have audited the attached Balance Sheet of The New India Assurance Company Limited as at 31st March, 2006 and the annexed Fire, Marine & Miscellaneous Insurance Revenue Accounts, Profit and Loss Account and Receipts & Payments Account of the Company for the year ended on that date, in which are incorporated (a) Returns from twenty-six Regional Offices, three hundred and ninety four Divisional Offices and nine Foreign Branches audited by other firms of Auditors appointed by the Central Government; (b) Returns from eight foreign agencies audited by local auditors appointed by the Company; and (c) Returns of four unaudited run-off foreign agencies.

The original statement of Accounts which were duly audited by us & reported vide our Auditors' Report dated June 12, 2006 have been revised due to increase in the dividend proposed by the Board of Directors as detailed in Note No. 18. This report is in substitution of our aforesaid report.

We report that:

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments in the aforesaid paragraphs, we report that:

1. *Attention is invited to Note number 8(a)(i) to (iii) & 8 (b) (i) to (iii) regarding non-compliance of Insurance Regulatory and Development Authority (IRDA) Regulations during the year. However, these non-compliances do not have any impact on the working results of the Company.*
2.
 - a. *In view of Non-reconciliation of some inter-office balances and non-availability of balance confirmations (Refer Note number 9), we are unable to comment on the impact of adjustments arising out of reconciliation/ confirmation of such balances on the financial statements.*
 - b. *The historical/weighted average cost of listed and unlisted equity/equity related instruments/preference shares, the value of which were impaired on or before 31.03.2000 is not available with the Company. As a result, the reversal of impairment losses recognized in Profit and Loss/Revenue account prior to 01.04.2000 has not been accounted for. The impact of the same is not ascertainable. (Refer accounting policy number XII – 11 & 12B).*
 - c. *In absence of reconciliation of reinsurers' balances and non availability of balance confirmations as stated in Note number 3 (a), we are unable to comment on the impact of adjustments arising out of confirmation/reconciliation of such balances, on the financial statements.*
 - d. *The accounting of Tax Liability in Foreign Countries, is not in accordance with the Accounting Standard 22 on Accounting for Taxes on Income in as much as the current tax is accounted for on cash basis instead of the amount payable on the taxable income for the period and the deferred tax is not recognized, impact of which is not ascertained. [Refer accounting policy number XIII-(b)]*



3. *Internal Audit System requires substantial strengthening in the areas of audit coverage and compliance.*
4. *The Amortisation of expenses on account of Pension, Gratuity and Leave Encashment under Special Voluntary Retirement Scheme during 2003-04 is not in accordance with Accounting Standard 15 "Accounting for Retirement Benefits". As a result Profits for the year and Miscellaneous Expenditure is over stated by Rs. 2531.40 lakhs (Refer Note number-16)*

SUBJECT TO ABOVE

- a. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit and found them satisfactory.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in agreement with the books of account and returns.
- d. In our opinion and to the best of our information, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable to the Company and are also in conformity with the accounting principles as prescribed in the IRDA Regulations.
- e. The reports of the Regional Auditors consolidating Divisional Auditors' report, reports of the Foreign Branches and Foreign Agencies Auditors have been forwarded to us and considered by us and were adequate for the purposes of our audit.
- f. The Actuarial valuation of the liabilities as at 31st March 2006, has been certified by the Appointed Actuary. We have relied upon the Appointed Actuary's certificate for forming our opinion on the financial statements of the company.
- g. As per Circular Number 8/2002 dated 22.03.2002 of the Department of Company Affairs the directors of the Government Companies are exempted from applicability of the provisions of section 274 (1)(g) of the Companies Act, 1956.
- h. We have reviewed the Management Report and there is no apparent mistake or material inconsistency with the financial statements.
- i. The Company has complied with the terms and conditions of the registration stipulated by the Insurance Regulatory and Development Authority.
- j. In our opinion, the investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the applicable IRDA Regulations.
- k. In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards and with the accounting principles, as prescribed in the IRDA Regulations.
- l. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956, to the extent applicable and in the manner



so required and the financial statements read with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies

- (i) of the state of affairs of the Company in so far it relates to the Balance Sheet as at 31st March, 2006;
- (ii) of the surplus in so far it relates to the Revenue Accounts of Fire and Marine Business and Deficit for Miscellaneous Business for the financial year ended on that date;
- (iii) of the profit in so far it relates to the Profit and Loss Account for the financial year ended on that date and
- (iv) For the receipts and payments in so far it relates to the Receipts and Payments Account for the financial year ended on that date.

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain
Partner

Membership No. 48850

Mumbai, 9th August 2006

For Sharp & Tannan
Chartered Accountants

Milind Phadke
Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 47942



CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2006 AS REQUIRED BY SCHEDULE 'C' OF INSURANCE REGULATORY & DEVELOPMENT AUTHORITY REGULATIONS, 2002 FOR PREPARATION OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT OF INSURANCE COMPANIES.

We certify that:

- 1 (a) We have verified Cash and Bank balance, Investment and Securities relating to loans, subject to paragraph (b) herein mentioned below, on following basis:

<u>Sr. No.</u>	<u>Asset</u>	<u>Nature of Verification</u>
1.	Cash	Management Certificate and Branch Auditor's Reports.
2.	Bank Balance	Bank Certificate and Branch Auditor's Report.
3.	Investments	Custodians' Certificate (RBI & SHCIL) and Management's Certificate.
4.	Securities relating to loan	Management's Certificate.

- (b) i) No confirmation was available from custodian in respect of following:
- Investment purchases amounting to Rs. 100.54 lacs are pending for transfer in Company's favour;
 - Investments in equity shares having an average book value of Rs. 1.49 lacs are under objection;
 - Equity shares and Debentures/ Bonds amounting to Rs. 3.69 lacs and Rs. 120.39 lacs respectively for which no evidence of ownership was available.
 - The number of equity shares and Debentures/Bonds actually held by Stock Holding Corporation of India Ltd. (Custodian) on behalf of the company are in excess of the number of equity shares and Debentures/Bonds held as per the books of the Company. The book value of such excess is Rs. 5.48 lacs and Rs. 87.06 lacs respectively.
- ii) Investment in term loans, loans to state government for the purpose of Housing & Fire Fighting Equipments, Investments in Pass Through Certificates (PTC) and balances on account of restructuring/rescheduling of debts are subject to confirmation/reconciliation.
- iii) No confirmation was available in respect of foreign investments amounting to Rs. 27.79 lacs.

2. To the best of our information and explanations given to us, the company has not undertaken any trust as trustee.
3. No part of the assets of Policyholders' funds has been directly or indirectly applied in contravention of the provision of the Insurance Act, 1938 relating to the applications & investments of the Policy Holders' funds.

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain
Partner

Membership No. 48850

Mumbai, 9th August 2006

For Sharp & Tannan
Chartered Accountants

Milind Phadke
Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 47942



FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1 Premium Earned (Net)	1	830,87,92	798,84,19
2. Profit on Sale or Redemption of Investments (Policyholders)		95,65,79	51,65,36
Loss on Sale or Redemption of Investments (Policyholders)		- 1,38	- 48,38
3. Interest Dividend and Rent (Gross)		79,35,22	73,27,50
Total (A)		1005,87,55	923,28,67
1 Claims Incurred (Net)	2	601,50,80	327,02,14
2. Commission	3	71,78,36	71,18,90
3. Operating Expenses related to Insurance Business	4	305,56,15	290,58,19
4. Others: Foreign Taxes		1,38,94	17,95
Amortisation, Writeoff, Provisions - Investments		6,06,12	3,48,51
Total (B)		986,30,37	692,45,69
Operating Profit/Loss(-)		Total (C)=(A-B) 19,57,18	230,82,98
Appropriations			
Transfer to Shareholders Account (Profit and Loss Account)		19,57,18	230,82,98
Transfer to Catastrophic Reserves		-	-
Transfer to Other Reserves		-	-
Total		19,57,18	230,82,98

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

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

A. R. Sekar
Company Secretary

R. K. Joshi
Director

A. V. Muralidharan
Director

B. Chakrabarti
Chairman-Cum-Managing Director

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain
Partner

Membership No. 48850

For Sharp & Tannan
Chartered Accountants

Milind Phadke
Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 47942

Mumbai, 9th August 2006



SCHEDULES TO FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from Direct Business - In India	839,62,91	788,87,85
- Outside India	263,85,79	274,82,60
- Total	1103,48,70	1063,70,45
Add: Premium on Reinsurance Accepted	280,33,80	241,51,74
Less: Premium on Reinsurance Ceded	553,06,52	474,22,33
Net Premium	830,75,98	830,99,86
Adjustment for Change in Reserve for Un-Expired Risks	- 11,94	32,15,67
Total Premium Earned (Net)	830,87,92	798,84,19
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid Direct	605,20,39	347,57,43
Add: Claims on Reinsurance Accepted	118,96,83	78,74,97
Less: Claims on Reinsurance Ceded	383,56,47	154,76,35
Net Claims Paid	340,60,75	271,56,05
Add: Claims Outstanding at End (Net)	785,76,05	524,86,00
Less: Claims Outstanding at Beginning (Net)	524,86,00	469,39,91
Total Incurred Claims (Net)	601,50,80	327,02,14
SCHEDULE 3		
COMMISSION (NET)		
Commission Direct	112,66,23	99,52,00
Add: Commission on Reinsurance Accepted	46,02,87	48,54,93
Less: Commission on Reinsurance Ceded	86,90,74	76,88,03
Commission (Net)	71,78,36	71,18,90
Break-up of Commission Direct		
Direct Commission	92,31,25	87,06,22
Direct Brokerage	10,34,30	4,07,51
Corporate Agency Commission	10,00,68	8,38,27
Referrals	-	-
Total Commission	112,66,23	99,52,00



MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium Earned (Net)	1	168,59,73	172,97,01
2. Profit on Sale or Redemption of Investments (Policyholders)		36,26,26	21,45,03
Loss on Sale or Redemption of Investments (Policyholders)		- 52	- 20,09
3. Interest Dividend and Rent (Gross)		30,08,13	30,42,91
Total (A)		234,93,60	224,64,86
1. Claims Incurred (Net)	2	115,25,07	98,50,18
2. Commission	3	8,22,06	15,79,49
3. Operating Expenses related to Insurance Business	4	58,99,06	53,89,31
4. Others - Foreign Taxes		1,66	78
Amortisation, Writeoff, Provisions - Investments		2,29,77	1,44,73
Total (B)		184,77,62	169,64,49
Operating Profit/Loss(-)		50,15,98	55,00,37
Appropriations			
Transfer to Shareholders Account (Profit and Loss Account)		50,15,98	55,00,37
Transfer to Catastrophic Reserves		-	-
Transfer to Other Reserves		-	-
Total		50,15,98	55,00,37

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

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

A. R. Sekar
Company Secretary

R. K. Joshi
Director

A. V. Muralidharan
Director

B. Chakrabarti
Chairman-Cum-Managing Director

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain
Partner

Membership No. 48850

For Sharp & Tannan
Chartered Accountants

Milind Phadke
Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 47942

Mumbai, 9th August 2006



SCHEDULES TO MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from Direct Business - In India	299,78,47	252,49,00
- Outside India	49,54,66	48,73,16
- Total	349,33,13	301,22,16
Add: Premium on Reinsurance Accepted	6,87,70	21,54,46
Less: Premium on Reinsurance Ceded	191,83,26	154,16,89
Net Premium	164,37,57	168,59,73
Adjustment for Change in Reserve for Un-Expired Risks	- 4,22,16	- 4,37,28
Total Premium Earned (Net)	168,59,73	172,97,01
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid Direct	252,01,90	152,15,74
Add: Claims on Reinsurance Accepted	5,44,52	18,04,47
Less: Claims on Reinsurance Ceded	160,92,65	78,43,07
Net Claims Paid	96,53,77	91,77,14
Add: Claims Outstanding at End (Net)	206,59,30	187,88,00
Less: Claims Outstanding at Beginning (Net)	187,88,00	181,14,97
Total Incurred Claims (Net)	115,25,07	98,50,17
SCHEDULE 3		
COMMISSION (NET)		
Commission		
Direct	291,002	28,07,29
Add: Commission on Reinsurance Accepted	17,948	6,98,56
Less: Commission on Reinsurance Ceded	190,848	19,26,36
Commission (Net)	82,206	15,79,49
Break-up of Commission Direct		
Direct Commission	24,94,03	25,00,75
Direct Brokerage	3,91,20	2,92,24
Corporate Agency Commission	24,79	14,30
Referrals	-	-
Total Commission	29,10,02	28,07,29



MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium Earned (Net)	1	3121,51,21	2795,35,61
2. Profit on Sale or Redemption of Investments (Policyholders)		567,58,32	307,53,26
Loss on Sale or Redemption of Investments (Policyholders)		- 8,18	- 2,88,07
3. Interest Dividend and Rent (Gross)		470,83,37	436,26,07
Total (A)		4159,84,72	3536,26,87
1 Claims Incurred (Net)	2	2915,24,77	2479,45,64
2 Commission	3	296,27,79	244,89,53
3. Operating Expenses related to Insurance Business	4	942,33,51	843,71,46
4. Others - Foreign Taxes		3,73,48	50,64
Amortisation, Writeoff, Provisions - Investments		35,96,42	20,74,92
Total (B)		4193,55,97	3589,32,19
Operating Profit/Loss(-)		Total (C)=(A-B) -33,71,25	-53,05,32
Appropriations			
Transfer to Shareholders Account (Profit and Loss Account)		- 33,71,25	- 53,05,32
Transfer to Catastrophic Reserves		-	-
Transfer to Other Reserves		-	-
Total		- 33,71,25	- 53,05,32

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

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

A. R. Sekar
Company Secretary

R. K. Joshi
Director

A. V. Muralidharan
Director

B. Chakrabarti
Chairman-Cum-Managing Director

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain
Partner

Membership No. 48850

For Sharp & Tannan
Chartered Accountants

Milind Phadke
Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 47942

Mumbai, 9th August 2006



SCHEDULES TO MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from Direct Business - In India	3652,08,30	3169,44,65
- Outside India	570,64,29	568,79,10
- Total	4222,72,59	3738,23,75
Add: Premium on Reinsurance Accepted	44,91,45	51,51,90
Less: Premium on Reinsurance Ceded	920,12,47	894,24,79
Net Premium	3347,51,57	2895,50,86
Adjustment for Change in Reserve for Un-Expired Risks	226,00,36	100,15,25
Total Premium Earned (Net)	3121,51,21	2795,35,61
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid Direct	3050,86,28	2595,76,72
Add: Claims on Reinsurance Accepted	21,20,85	21,92,05
Less: Claims on Reinsurance Ceded	538,02,73	540,66,42
Net Claims Paid	2534,04,40	2077,02,35
Add: Claims Outstanding at End (Net)	4513,04,19	4131,83,82
Less: Claims Outstanding at Beginning (Net)	4131,83,82	3729,40,54
Total Incurred Claims (Net)	2915,24,77	2479,45,63
SCHEDULE 3		
COMMISSION (NET)		
Commission		
Direct	468,86,64	402,04,86
Add: Commission on Reinsurance Accepted	7,36,67	10,07,69
Less: Commission on Reinsurance Ceded	179,95,52	167,23,02
Commission (Net)	296,27,79	244,89,53
Break-up of Commission Direct		
Direct Commission	398,15,10	364,05,47
Direct Brokerage	43,70,24	12,82,51
Corporate Agency Commission	27,01,30	25,16,88
Referrals	-	-
Total Commission	468,86,64	402,04,86



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
1. Operating Profit/Loss (-)		
a) Fire Insurance	19,57,18	230,82,98
b) Marine Insurance	50,15,98	55,00,37
c) Miscellaneous Insurance	- 33,71,25	- 53,05,32
2. Income from Investments		
a. Interest Dividend and Rent (Gross) - Shareholders	364,24,05	338,85,99
b. Profit on Sale of Investment - Shareholders	439,08,65	238,87,19
Less: Loss on Sale of Investment - Shareholders	- 6,33	- 2,23,75
3. Other Income Misc. Receipts - Credit Balances Written Back	38,64,44	13,01,36
Total (A)=1+2+3	877,92,72	821,28,82
4. Provisions (Other than Taxation)		
a. For Diminution in Value of Investments (Shareholders)	1,08,16	8,24,87
b. For Doubtful Debts - Investments (Shareholders)	1,72,12	5,06,58
c. Others - Amortisation, Provision for Thinly Traded Shares - Shareholders	25,01,94	2,80,22
5. Other Expenses (other than those related to Insurance Business)		
a. Bad Debts Written Off	-	-
b. Others - Interest on Income/Service Tax	- 5,34,86	7,39,46
c. Profit/loss (-) on Sale of Assets	- 12,96	- 5,47
d. Penalty for Breach of Tariff	1,55	- 4,96
Total (B)=4+5	22,35,95	23,40,70
Profit Before Tax (A-B)	855,56,77	797,88,12
Provision for Taxation:		
Current Tax	11,24,71	293,57,40
Fringe Benefit Tax	95,00,00	-
Deferred Tax	22,31,79	- 48,81,80
Earlier Years Tax	10,27,54	150,54,33
Wealth Tax	35,00	35,00
Profit After Tax	716,37,73	402,23,19
Appropriations		
a. Interim Dividend paid during the year	-	20,00,00
b. Proposed Final Dividend	130,00,00	60,00,00
c. Dividend Distribution Tax	18,23,25	11,02,87
d. Transfer to Reserves or Other Accounts.	-	-
e. Transfer to General Reserves	568,14,48	311,20,32
Balance brought forward from the previous year	-	-
Profit/Loss (-) carried forward to the Balance Sheet	-	-
Basic and diluted earnings per share (Rs.) {Refer Note 11(B)}	35.82	20.11

Significant Accounting Policies and Notes to Accounts form integral part of the Profit and Loss Account

A. R. Sekar
Company Secretary

R. K. Joshi
Director

A. V. Muralidharan
Director

B. Chakrabarti
Chairman-Cum-Managing Director

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain
Partner

Membership No. 48850

Mumbai, 9th August 2006

For Sharp & Tannan
Chartered Accountants

Milind Phadke
Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 47942



BALANCE SHEET AS AT 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
A. Sources of Funds			
1. Share Capital	5 & 5A	200,00,00	150,00,00
2. Reserves and Surplus	6	4608,03,08	4166,41,40
3. Fair Value Change Account	—	12211,27,32	6846,96,61
4. Borrowings	7	—	—
Total (A)		17019,30,40	11163,38,01
B. Application of funds			
1. Investments	8	20665,25,67	14575,22,60
2. Loans	9	786,51,86	874,13,20
3. Fixed assets	10	121,06,18	114,40,77
4. Deferred Tax Assets		61,75,33	84,07,12
5. Current Assets			
a. Cash and Bank Balances	11	3059,70,85	2286,08,74
b. Advances and Other Assets	12	2230,12,18	1738,55,97
Sub Total (a+b)		5289,83,03	4024,64,71
c. Current Liabilities	13	7134,74,24	6085,25,32
d. Provisions	14	2871,53,83	2578,57,17
Sub Total (c+d)		10006,28,07	8663,82,49
Net Current Assets (a+b-c-d)		— 4716,45,04	— 4639,17,78
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	15	101,16,40	154,72,10
7. Debit Balance in Profit and Loss Account		—	—
Total (B)		17019,30,40	11163,38,01

Significant Accounting Policies and Notes to Accounts form integral part of the Balance Sheet

A. R. Sekar <i>Company Secretary</i>	R. K. Joshi <i>Director</i>	A. V. Muralidharan <i>Director</i>	B. Chakrabarti <i>Chairman-Cum-Managing Director</i>
As per our report of even date			
For Khandelwal Jain & Co. <i>Chartered Accountants</i>		For Sharp & Tannan <i>Chartered Accountants</i>	
Pankaj Jain <i>Partner</i>		Milind Phadke <i>Partner</i>	
Membership No. 48850 Mumbai, 9th August 2006		Membership No. 33013	
For B. K. Khare & Co. <i>Chartered Accountants</i>			
Santosh Parab <i>Partner</i>			
Membership No. 47942			



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1. Employees Remuneration and Welfare Benefits	1040,92,53	926,38,22
2. Travel Conveyance and Vehicle Running Expenses	32,15,75	29,16,53
3. Training Expenses	3,33,99	3,93,48
4. Rent Rates and Taxes	42,92,21	43,61,09
5. Repairs	35,87,40	32,30,59
6. Printing and Stationery	25,36,24	27,34,62
7. Communication Expenses	20,87,09	20,51,61
8. Legal and Professional Charges	66,86,59	54,61,85
9. Auditors Fees and Expenses etc. as Auditors	2,94,82	3,02,01
10. Advertisement and Publicity	21,22,61	14,70,02
11. Interest and Bank Charges	6,20,55	6,28,55
12. Others:		
Exchange Gain/Loss(-)	- 34,05,64	- 3,50,29
Provision for Bad and Doubtful Debts	15,42,30	88,61
IT Implementation	3,35,41	3,41,79
Input Service Tax Recovery	- 43,90,96	- 33,66,77
Donation to Prime Minister/Chief Minister Relief Fund	50,00	50,00
Donation to National Relief Fund	30,00	-
Others	40,89,57	35,93,34
13. Depreciation	25,68,26	22,73,71
Total	<u>1306,88,72</u>	<u>1188,18,96</u>
Apportioned to Fire Segment	305,56,15	290,58,19
Apportioned to Marine Segment	58,99,06	53,89,31
Apportioned to Miscellaneous Segment	942,33,51	843,71,46



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 5		
SHARE CAPITAL		
1. Authorised Capital 30,00,00,000 Equity shares of Rs 10 each	300,00,00	300,00,00
2. Issued Capital 20,00,00,000 Equity Shares of Rs 10 each	200,00,00	150,00,00
3. Subscribed Capital 20,00,00,000 Equity Shares of Rs 10 each	200,00,00	150,00,00
4. Called up Capital 20,00,00,000 Equity Shares of Rs 10 each	200,00,00	150,00,00
5. Less: Calls Unpaid	-	-
Add: Equity Shares Forfeited (Amount originally paid up)	-	-
Less: Preliminary Expenses (Expenses including Commission or Brokerage on underwriting or Subscription of Shares)	-	-
During the year 5,00,00,000 fully paid up equity shares of Rs. 10 each amounting to Rs. 50 crores were issued as Bonus Shares by Capitalisation of Reserves.		
Total	<u>200,00,00</u>	<u>150,00,00</u>

SCHEDULE 5A
PATTERN OF SHARE HOLDINGS AS CERTIFIED BY MANAGEMENT

Shareholder	Current year		Previous year	
	Numbers	% of holding	Numbers	% of holding
Promoters - Indian	20,00,00	100	15,00,00	100
- Foreign	-	-	-	-
Others	-	-	-	-
Total	<u>20,00,00</u>	<u>100</u>	<u>15,00,00</u>	<u>100</u>



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 6		
RESERVES AND SURPLUS		
1. Capital Reserve (Op. Balance)	5,75	5,75
Addition during the year	-	-
Deduction during the year	-	-
(Cl. Balance)	5,75	5,75
2. Capital Redemption Reserve	-	-
3. Share Premium	-	-
4. General Reserves (Op. Balance)	4103,53,23	3842,32,91
Addition during the year - Balance transferred from P & L Account.	568,14,48	311,20,32
Transfer from Investment Reserve	1,11,32	-
Deduction during the year - Issue of Bonus Shares	50,00,00	50,00,00
Less: debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-Back	-	-
Less: Amount utilised for issue of Bonus Shares	-	-
(Cl. Balance)	4622,79,03	4103,53,23
5. Catastrophe Reserve	-	-
6. Other Reserves	-	-
Investment Reserves (Op. Balance)	1,11,32	1,11,32
Addition during the year	-	-
Deduction during the year	1,11,32	-
(Cl. Balance)	-	1,11,32
Foreign Currency Translation Reserve		
Opening Balance	61,71,11	-
Addition During the year	-	61,71,11
Deduction During the year	76,52,81	-
Closing Balance	- 14,81,70	61,71,11
7. Balance of profit in Profit and Loss account	-	-
Total	4608,03,08	4166,41,41

SCHEDULE 7
BORROWINGS

1. Debentures/Bonds	-	-
2. Banks	-	-
3. Financial institutions	-	-
6. Others	-	-
Total	Nil	Nil



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 8		
INVESTMENTS		
Long Term Investments		
1. Government Securities	-	-
Central Govt Securities	2670,98,37	2300,09,11
State Government Securities	1213,71,95	1145,01,44
British Government Dominion Securities	15,72,26	41,83,32
Foreign Government Securities	188,58,92	159,14,01
2. Other Approved Securities - Govt. Guaranteed Securities	125,08,02	176,67,44
3. Other Investments	-	-
a. Shares		
aa. Equity	13267,22,79	8042,24,36
Equity Share Odd Lots	-	-
bb. Preference		
Preference Shares	1,20	45,20
Preference Shares of Railways in India	-	-
b. Mutual Funds	-	-
c. Derivative Instrument	-	-
d. Debenture/Bonds/PTCs	-	-
Debentures in India	797,20,90	764,31,20
Other Debentures - Foreign	75,37,18	101,20,46
e. Other Securities (to be specified)		
Bhavishya Arogya Investments	-	-
Foreign Shares	16,38,21	15,21,04
Foreign Preference Shares	14	13
Foreign Securities	-	-
Special Deposit with Govt. of India	-	-
f. Subsidiaries	9,09,44	9,22,97
g. Investment in Properties (real estate)	-	-
4. Investment in Infrastructure and Social Sector	749,60,22	554,54,64
5. Investment in Housing Bonds	308,83,25	134,04,29
6. Other than Approved Investments	836,24,14	751,57,50
Total	<u>20274,06,99</u>	<u>14195,57,11</u>



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 8 (Cont.)		
INVESTMENTS		
Short Term Investments		
1. Government Securities		
Central Govt. Securities	144,19,12	87,57,44
State Govt. Securities	61,56,11	49,65,97
Govt. Guaranteed Securities	-	-
British Government Dominion Securities	9,10,75	8,52,23
Foreign Government Securities	5,90,82	1,54,55
2. Other Approved Securities - Govt. Guaranteed Securities	24,94,51	19,10,91
3. Other Investments		
a. Shares		
aa. Equity	-	-
Equity Share Odd Lots	-	-
bb. Preference	-	5,00,00
b. Mutual Funds	-	-
c. Derivative Instrument	-	-
d. Debenture/Bonds/PTCs		
Debentures in India	84,97,37	144,99,39
Other Debentures Foreign	-	-
e. Other Securities	-	-
Special Deposit with Govt. of India	-	-
f. Subsidiaries	-	-
g. Investment in Properties (real estate)	-	-
4. Investment in Infrastructure and Social Sector	12,50,00	10,50,00
5. Investment in Housing Bonds	-	-
6. Other than Approved Investments	48,00,00	52,75,00
Total	391,18,68	379,65,49
Grand Total	20665,25,67	14575,22,60
Investments		
1. India	20344,89,67	14238,35,61
2. Outside India	320,36,00	336,86,99

[Debentures include Rs (000) 4,22,07 (P.Y. 2,79,68) towards std. provision, shown under Sch 14.5]

[Housing sector bonds include Rs (000) 1,23,53 (P.Y. 33,51) towards std. provision, shown under Sch 14.5]

[Investment in France Agency Rs (000) 18,38 (P.Y. 18,38) provided as doubtful, shown under sch 14.5]

[Investment in infrastructure includes Rs (000) 3,04,84 (P.Y. 1,41,26) towards std. provision, shown under sch 14.5]

[Investment in OAS includes Rs (000) 60,01 (P.Y. 48,95) towards std. provision, shown under sch 14.5]

[Other than approved investments include Rs (000) 91,85,54 (P.Y. 96,96,78) considered doubtful, shown under Sch 14.5]

[Investment in associates amounting to Rs (000) 12,09,50 (P.Y. 12,09,50) are included in equity shares stated above]

[The aggregate amount of company's investments other than Listed Equity Secs. is Rs (000) 6475,82,32 (P.Y. 5615,61,45) and Market value thereof is Rs (000) 6404,34,05 (P.Y. 6024,20,43) as on 31.03.2006]

Equity shares/foreign shares include provision for diminution in the value of thinly traded/unlisted shares amounting to Rs (000) 7,05,79 (P.Y. 17,19,89) shown under Schedule 14.5]



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 9		
LOANS		
1. Security-wise Classification		
Secured		
a. On Mortgage of Property		
aa. In India		
Loan against Mortgage of Property		
Housing, Vehicle and Computer Loans to Employees	278,90,77	281,02,58
Term Loans Direct, Term Loans PFPS and Loan to HUDCO	268,54,95	328,58,13
bb. Outside India Housing Loan to Employees	85,13	96,03
b. On Shares, Bonds, Government Securities	-	-
c. Others	-	-
Loans Guaranteed by Banks/Governments		
Term Loans Direct, Loans to State Govt. Housing, Loans to State Govt. FF	218,09,04	244,65,53
Unsecured (Term Loans, Bridge Loans, Short-Term Loans)	<u>20,11,97</u>	<u>18,90,93</u>
Total	<u>786,51,86</u>	<u>874,13,20</u>
2. Borrower-wise classification		
a. Central and State Governments (Term Loans, Housing and FFE)	215,52,97	244,34,46
b. Banks and Financial Institutions	-	-
c. Subsidiaries	-	-
d. Industrial Undertakings (Term Loans, Bridge Loans, Short-Term Loans, Loans to PFPS)	177,42,66	212,74,13
e. Others - Housing Loans, Vehicle Loans, Computer Loans to Employees GIC Housing Finance, HUDCO, Term Loans to PFPS Others	279,75,90 - 113,80,33	281,98,61 - 135,06,00
Total	<u>786,51,86</u>	<u>874,13,20</u>
3. Performance-wise classification		
a. Loans classified as standard		
aa. In India Term Loans, Bridge Loans, State Govt. Housing and FF, Loans to HUDCO, PFPS	334,86,25	405,85,39
Housing, Vehicle and Computer Loans to Employees	278,90,77	281,02,58
bb. Outside India (Loans to Employees)	85,13	96,03
b. Non-performing Loans less Provisions		
aa. In India (Term Loans, Bridge Loans, Short-Term Loans, Loans PFPS)	171,89,71	186,29,20
bb. Outside India	-	-
Total	<u>786,51,86</u>	<u>874,13,20</u>
4. Maturity-wise classifications		
a. Short Term (Term Loans, Direct Bridge Loans, Short-Term Loans, Term Loans PFPS)	11,94,43	3,15,62
b. Long Term (Term Loans Direct, Loans State Govt. Housing and FF, Loans to HUDCO and Loans PFPS) Housing, Vehicle, and Computer Loans to Employees.	494,81,53 279,75,90	588,98,97 281,98,61
Total	<u>786,51,86</u>	<u>874,13,20</u>

[Direct term loans include Rs (000) 13,20,90 (P.Y. 6,66,25) provision for bad/doubtful debts (including std provision) shown under Sch 14.5]

[Bridge loans Include Rs (000) 4,00 (P.Y. 400) provision for bad and doubtful debts, shown under Sch 14.5]

[Term loans PFPS include Rs (000) 113,46,94 (P.Y. 115,08,91) provision for bad and doubtful debts, shown under Sch 14.5]

[Short term loans include Rs (000) 10,47,65 (P.Y. 10,62,57) provision for bad and doubtful debts, shown under Sch 14.5]

[Loans to Hudco include Rs (000) 36,97 (P.Y. 29,05) provision for bad and doubtful debts, shown under sch 14.5]



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration number: 190

Date of renewal with IRDA: 04.03.05

**SCHEDULE 10
FIXED ASSETS**

Rs. (000)

Particulars	GROSS BLOCK			DEPRECIATION			Net Block			
	Opening as on 1-4-05	Additions	Deletions	Closing as on 31-3-06	Opening as on 1-4-05	Additions	Deletions	Closing as on 31-3-06	Opening as on 1-4-05	Closing as on 31-3-06
Goodwill	0	0	0	0	0	0	0	0	0	0
Intangibles	0	0	0	0	0	0	0	0	0	0
Land Freehold	1,32,70	11,71	2	1,44,39	0	0	0	0	1,32,70	1,44,39
Leasehold Property	0	0	0	0	0	0	0	0	0	0
Buildings:	127,29,73	79,63	23,57	127,85,79	52,56,69	4,32,51	12,64	56,76,55	74,73,04	71,09,23
Furniture and Fittings	36,89,06	3,30,37	50,73	39,68,70	30,76,85	1,66,64	30,16	32,13,33	6,12,21	7,55,37
Information and Technology Equipment	113,52,58	19,25,63	4,21,13	128,57,07	106,13,98	12,23,77	4,52,67	113,85,08	7,38,60	14,71,99
Vehicles	35,40,50	9,77,81	3,56,48	41,61,84	15,87,14	6,37,26	1,08,32	21,16,09	19,53,36	20,45,75
Office Equipments	11,19,93	43,55	32,36	11,31,12	9,83,14	32,11	33,46	9,81,78	1,36,79	1,49,35
Others:										
Air Conditioners	6,68,40	42,79	17,46	6,93,73	5,04,17	31,48	17,07	5,18,56	1,64,23	1,75,17
Air Coolers	1,18,81	3,60	1,82	1,20,59	97,12	7,42	5,59	98,96	21,69	21,62
Water Coolers	1,87,41	7,18	2,86	1,91,74	1,48,22	5,84	1,18	1,52,88	39,19	38,86
Television	6,60	81	0	7,41	4,31	40	-1,67	6,39	2,29	1,03
Fans, Heaters & Other Electrical Equipment	9,66,63	28,51	13,85	9,81,29	8,23,78	23,86	5,45	8,42,19	1,42,85	1,39,10
Electrical Fittings at Company's Office Property	44,09	30,02	8	74,04	31,77	4,36	-1,16	37,29	12,32	36,74
Air Condition Plant at H.O	34,70	6,34	0	41,04	32,77	76	0	33,53	1,93	7,50
Lifts	2,42	0	0	2,42	2,42	0	0	2,42	0	0
Air Conditioner at Company's Property	36,51	2,14	0	38,65	34,63	60	0	35,24	1,88	3,41
Lifts at Company's Property	39,24	0	0	39,24	32,93	95	0	33,88	6,31	5,36
Electrical Installations at Company's Property	25,26	25	0	25,50	23,91	29	0	24,20	1,35	1,29
Total	346,94,57	34,90,33	9,20,35	372,64,55	232,53,83	25,68,25	6,63,72	251,58,37	114,40,74	121,06,18
Work in progress	0	0	0	0	0	0	0	0	0	0
Grand Total	346,94,57	34,90,33	9,20,35	372,64,55	232,53,83	25,68,25	6,63,72	251,58,37	114,40,74	121,06,18
Previous Year	316,43,55	39,16,99	8,65,97	346,94,57	212,25,24	28,90,16	8,61,57	232,53,83	104,18,31	114,40,74



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 11		
CASH AND BANK BALANCES		
1. Cash (including Cheques, Drafts and Stamps) <i>(includes Remittance in Transit Rs. (000) 2,46,68 (P.Y. Rs. 5,47,13)</i> <i>[Foreign Balances include Rs. (000) 2,30,45 (P.Y. 2,37,30)</i> <i>Provision for Bad and Doubtful Debts, shown under Sch 14.5]</i>	103,98,83	98,88,64
2. Bank Balances		
a. Deposit Accounts		
aa. Short Term (due within 12 months)	749,47,96	582,26,81
bb. Others	1444,75,08	1214,74,98
b. Current Accounts <i>(Foreign Balances include</i> <i>Rs (000) 72,71 (P.Y. 77,01) Provision for Bad and Doubtful Debts,</i> <i>shown under Sch. 14.5]</i>	428,57,55	296,09,40
c. Others	-	-
3. Money at Call and Short Notice		
With Banks	250,16,28	62,35,42
With Other Institutions	82,75,15	31,73,49
4. Others	-	-
Total	<u>3059,70,85</u>	<u>2286,08,74</u>
Cash and Bank Balances IN INDIA	1213,49,57	810,75,60
Cash and Bank Balances OUTSIDE INDIA	1846,21,28	1475,33,14
Total	<u>3059,70,85</u>	<u>2286,08,74</u>



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration Number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 12		
ADVANCES AND OTHER ASSETS		
Advances		
1. Reserve Deposits with Ceding Companies [include Rs. (000) 9,39,84 (RI) (P.Y. 9,39,84) Rs. (000) 1,00,05 (for) (P.Y. 1,07,00) Provision for Bad and Doubtful Debts, shown under Sch 14.5]	38,58,60	25,61,96
2. Application Money for Investments	-	-
3. Pre-Payments	43,22,92	34,38,93
4. Advances to Directors/Officers	-	-
5. Advance Tax paid and Taxes Deducted at Source (net of Provision for Taxation)	-	-
6. Others	14,23,02	15,09,33
Total (A)	96,04,54	75,10,22
Other assets		
1. Income Accrued on investments [includes Rs. (000) 1,65 (P.Y. 173) (for) Rs. (000) (INV) Rs. (000) 5 (P.Y. 5) Provision for Bad and Doubtful Debts, shown under Sch.14.5]	212,87,68	195,64,51
2. Outstanding Premiums	6,17,20	6,58,99
3. Agents Balances [Foreign Balances include Rs. (000) 1,51,94 (P.Y. 1,50,31) (for) Provision for Bad and Doubtful Debts, shown under Sch. 14.5]	58,43,11	91,59,38
4. Foreign Agencies Balances [Foreign Balances include Rs. (000) 98,75 (for) (P.Y. 1,01,64) Provision for Bad and Doubtful Debts, shown under Sch. 14.5]	71,49,90	78,10,27
5. Due from other Entities carrying Insurance Business (including reinsurers) RI Balances include Rs. (000) 90,21,08 (P.Y. 70,76,82) (RI) Rs. (000) 54,75 (P.Y. 27,49) (for) provision for Bad and Doubtful Debts, shown under Sch. 14.5]	1320,08,09	1011,85,95
6. Due from Subsidiaries/Holding Companies [includes Rs. (000) 4,96 (P.Y. 4,85) (for) provision for Bad and Doubtful Debts, shown under Sch. 14.5]	5,24	4,85
7. Deposit with RBI pursuant to section 7 of Insurance Act 1938	10,75,27	10,75,17
8. Others - Other Accrued Income Others including Sundry Debtors	3267,45 421,53,70	31,53,46 237,33,17
[Others including Sundry Debtors' include (INV) Rs. (000) 3,76,67 (P.Y. 3,11,85) Rs. (000) 17,76 (P.Y. 27,76) (for) Rs. (000) 4,94 (RI) Provision for Bad and Doubtful Debts, shown under Sch. 14.5]		
[Misc. Debtors include Rs. (000) 2,45,35 (P.Y. 2,32,24) include Provision for Bad and Doubtful Debts, shown under Sch.14.5]		
Total (B)	2134,07,64	1663,45,75
Total (A+B)	2230,12,18	1738,55,97



SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2006

Registration number: 190

Date of renewal with IRDA: 04.03.05

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 13		
CURRENT LIABILITIES		
1. Agents Balances	28,57,00	24,35,68
2. Balances due to Other Insurance Companies	725,60,16	525,85,08
3. Deposits held on Reinsurance ceded	2,66,04	7,17,06
4. Premium Received in Advance	132,00,32	132,30,83
5. Un-allocated Premium	-	-
6. Sundry Creditors -Other than Service Tax Payable	417,79,95	429,88,70
Service Tax Payable	4,90,48	2,99,99
7. Due to Subsidiaries/Holding Company	-	-
8. Claims Outstanding [includes Rs. (000) 11,23 (P.Y. 11,23) (RI) provision for bad and doubtful debts, shown under Sch 14.5]	5505,39,54	4844,57,82
9. Due to Officers/Directors	-	-
10. Others	317,80,75	118,10,16
Total	<u>7134,74,24</u>	<u>6085,25,32</u>

SCHEDULE 14

PROVISIONS

1. Reserve for Un-expired Risks	2253,51,34	2031,85,09
2. Provision for Taxation less Advance Tax paid and TDS	110,70,42	133,14,24
3. Provision for Proposed Dividend	130,00,00	60,00,00
4. Provision for Dividend Distribution Tax	18,23,25	8,41,50
5. Others - Reserve for Bad and Doubtful Debts	352,03,03	327,96,45
Provision for Diminution in Value of Thinly Traded/Unlisted Shares	7,05,79	17,19,89
Total	<u>2871,53,83</u>	<u>2578,57,17</u>

SCHEDULE 15

MISCELLANEOUS EXPENDITURE

1. Discount Allowed in issue of Shares and Debentures	-	-
2. Others - VRS Payments (Deferred Expenses to the extent not written off)	101,16,40	154,72,10
Total	<u>101,16,40</u>	<u>154,72,10</u>



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006

Rs. (000)

SEGMENT	Fire 2005	Fire 2006	Marine Cargo 2005	Marine Cargo 2006	Marine Hull 2005	Marine Hull 2006	MARINE TOTAL 2005	MARINE TOTAL 2006	Motor OD 2005	Motor OD 2006
Premium Direct	10637045	11034871	1864779	1874458	1147436	1618855	3012215	3493313	14636639	16962505
Premium Accepted	2415174	2803380	71820	39723	143626	29047	215446	68770	139492	127479
Premium Ceded	4742233	5530653	526873	517091	1014815	1401235	1541688	1918326	2673902	3082517
Net premium	8309986	8307598	1409726	1397090	276247	246667	1685973	1643757	12102229	14007467
Unexpired Risk Reserve Op	3833426	4154993	1483088	1409726	246613	276247	1729701	1685973	5635485	6051115
Unexpired Risk Reserve Cl	4154993	4153799	1409726	1397090	276247	246666	1685973	1643756	6051115	7003734
Net earned premium	7988419	8308792	1483088	1409726	246613	276248	1729701	1685974	11686599	13054848
Profit on Realisation of Investment	511698	956441	138643	241544	73851	121029	212494	362573	531455	1009759
Interest Dividend and Rent	732750	793522	198536	200400	105755	100413	304291	300813	761041	837759
Investment Provisions	34851	60612	9443	15308	5030	7670	14473	22978	36196	63992
Total investment income	1209597	1689351	327736	426636	174576	213772	502312	640408	1256300	1783526
Claims Paid Direct	3475743	6052039	1024156	1121964	497418	1398227	1521574	2520191	6965351	8089459
Claims Paid Accepted	787497	1189683	33081	29697	147366	24755	180447	54452	80185	93994
Claims Paid Ceded	1547634	3835647	322268	383060	482038	1226206	784306	1609266	1571288	790211
Paid claims	2715606	3406075	734969	768601	182746	196776	917715	965377	5474248	7393242
Cl O/S Claims Direct	8109467	12349504	2025546	2054082	1980778	3082893	4006324	5136915	4540785	4962373
Cl O/S Claims Accepted	1585173	3299256	63437	67513	264107	200695	327544	268108	96005	96220
Cl O/S Claims Ceded	4446040	7791155	1123882	991835	1331184	2347258	2455066	3339093	760089	1660611
O/S claims at end	5248600	7857605	965101	1129760	913701	936170	1878802	2065930	3876701	3397982
Op O/S Claims Direct	7458410	8109467	1549610	2025546	2001482	1980778	3551092	4006324	4415724	4540785
Op O/S Claims Accepted	1538272	1585173	60688	63437	437241	264107	497929	327544	75124	96005
Op O/S Claims Ceded	4302690	4446040	782913	1123882	1454611	1331184	2237524	2455066	1269672	760089
O/S claims at beginning	4693992	5248600	827385	965101	984112	913701	1811497	1878802	3221176	3876701
Incurred Claims Direct	4126800	10292076	1500092	1150500	476714	2500282	1976806	3650782	7090412	8511047
Incurred Claims Accepted	834399	2903766	35830	33773	-25769	-38757	10061	-4984	101066	94209
Incurred Claims Ceded	1690984	7180762	663238	251013	338612	2242280	1001850	2493293	1061705	1690733
Incurred claims	3270215	6015080	872684	933260	112333	219245	985017	1152505	6129773	6914523
Commission Direct	995200	1126623	255485	260802	25244	30200	280729	291002	1816330	2109323
Commission Accepted	485493	460287	33925	-15621	35931	-2326	69856	-17947	4233	3028
Commission Ceded	768803	869074	92415	87308	100221	103540	192636	190848	482772	577346
Commission/brokerage	711890	717836	196995	157873	-39046	-75666	157949	82207	1337791	1535005
Foreign Taxes	1795	13894	68	143	10	23	78	166	2552	20409
Operating Expenses Related to Insurance	2905819	3055615	323359	317002	215572	272904	538931	589906	3289614	3773629
Revenue Accounts Result	2308296	195718	417717	428084	132320	73514	550037	501598	2183169	2594808



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 (Contd.)

Rs. (000)

SEGMENT	Motor TP 2005	Motor TP 2006	Motor Total 2005	Motor Total 2006	WC 2005	WC 2006	PA 2005	PA 2006	Aviation 2005	Aviation 2006
Premium Direct	6413019	7801551	21049658	24764056	2119574	2012172	907267	1123954	1551587	1168473
Premium Accepted	-	-	139492	127479	1450	55	30760	28104	33375	31932
Premium Ceded	1282604	1560310	3956506	4642827	265338	277823	229348	295127	1439455	1108111
Net premium	5130415	6241241	17232644	20248708	1855686	1734404	708679	856931	145507	92294
Unexpired Risk Reserve Op	2361965	2565207	7997450	8616322	805600	927843	360258	354339	425432	72753
Unexpired Risk Reserve Cl	2565207	3120621	8616322	10124355	927843	867202	354339	428465	72753	46147
Net earned premium	4927173	5685827	16613772	18740675	1733443	1795045	714598	782805	498186	118900
Profit on Realisation of Investment	1712618	3193314	2244073	4203073	194324	408595	40905	66146	30331	30572
Interest Dividend and Rent	2452466	2649368	3213507	3487127	278272	338995	58575	54879	43434	25364
Investment Provisions	116643	202369	152839	266361	13235	25894	2786	4192	2066	1937
Total investment income	4048441	5640313	5304741	7423839	459361	721696	96694	116833	71699	53999
Claims Paid Direct	8737627	10177704	15702978	18267163	746266	852093	517460	556068	105097	422479
Claims Paid Accepted	-	-	80185	93994	-	162	22844	-3764	21788	12621
Claims Paid Ceded	1747526	2035541	3318814	2825752	25045	89912	124119	174966	50200	140957
Paid claims	6990101	8142163	12464349	15535405	721221	762343	416185	377338	76685	294143
Cl O/S Claims Direct	35527795	39535546	40068580	44497919	3457120	3203326	448101	630138	571650	1085404
Cl O/S Claims Accepted	-	-	96005	96220	886	-	14816	11837	62534	57172
Cl O/S Claims Ceded	6696795	6945489	7456884	8606100	368606	359412	166918	266837	406353	766529
O/S claims at end	28831000	32590057	32707701	35988039	3089400	2843914	295999	375138	227831	376047
Op O/S Claims Direct	32310035	35527795	36725759	40068580	2636710	3457120	465667	448101	313869	571650
Op O/S Claims Accepted	-	-	75124	96005	2132	886	14257	14816	73002	62534
Op O/S Claims Ceded	6131307	6696795	7400979	7456884	206037	368606	158508	166918	306839	406353
O/S claims at beginning	26178728	28831000	29399904	32707701	2432805	3089400	321416	295999	80032	227831
Incurred Claims Direct	11955386	14185455	19045798	22696502	1566676	598299	499895	738105	362877	936233
Incurred Claims Accepted	-	-	101066	94209	-1246	-724	23403	-6743	11320	7259
Incurred Claims Ceded	2313014	2284235	3374719	3974968	187613	80718	132529	274885	149715	501133
Incurred claims	9642372	11901220	15772145	18815743	1377817	516857	390769	456477	224482	442359
Commission Direct	311668	364197	2127998	2473520	435584	405240	120341	154979	102	424
Commission Accepted	-	-	4233	3028	300	21	12452	10930	5484	1964
Commission Ceded	256520	312062	739292	889408	15769	18209	47931	68212	82229	71113
Commission/brokerage	55148	52135	1392939	1587140	420115	387052	84862	97697	-76643	-68725
Foreign Taxes	-	-	2552	20409	1486	9846	167	1051	20	172
Operating Expenses Related to Insurance	1427733	1722656	4717347	5496285	472204	444319	208833	254385	352860	265061
Revenue Accounts Result	-2149639	-2349871	33530	244937	-78819	1158667	125660	90028	69165	-465968



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 (Contd.)

Rs. (000)

SEGMENT	Engineering 2005	Engineering 2006	Others 2005	Others 2006	MISC. TOTAL 2005	MISC. TOTAL 2006	Total 2005	Total 2006
Premium Direct	1615582	1620552	10138708	11538052	37382376	42227259	51031636	56755443
Premium Accepted	188117	153629	121996	107946	515190	449145	3145810	3321295
Premium Ceded	753617	517033	2298215	2360326	8942479	9201247	15226400	16650226
Net premium	1050082	1257148	7962489	9285672	28955087	33475157	38951046	43426512
Unexpired Risk Reserve Op	484074	525041	3403204	3981245	13476018	14477543	19039145	20318509
Unexpired Risk Reserve Cl	525041	628575	3981245	4642835	14477543	16737579	20318509	22535134
Net earned premium	1009115	1153614	7384448	8624082	27953562	31215121	37671682	41209887
Profit on Realisation of Investment	69001	134373	467885	832255	3046519	5675014	3770711	6994028
Interest Dividend and Rent	98810	111484	670010	690488	4362608	4708337	5399649	5802672
Investment Provisions	4700	8516	31867	52742	207493	359642	256817	443232
Total investment income	163111	237341	1106028	1470001	7201634	10023709	8913543	12353468
Claims Paid Direct	641372	752821	8244499	9658007	25957672	30508631	30954989	39080861
Claims Paid Accepted	78125	63452	16263	45619	219205	212084	1187149	1456219
Claims Paid Ceded	268437	228860	1620026	1919825	5406641	5380272	7738581	10825185
Paid claims	451060	587413	6640736	7783801	20770236	25340443	24403557	29711895
Cl O/S Claims Direct	1653975	1628446	5192275	5705750	51391701	56750983	63507492	74237402
Cl O/S Claims Accepted	166324	157184	164228	177165	504793	499578	2417510	4066942
Cl O/S Claims Ceded	1024199	1004436	1155151	1116830	1057811	12120144	17479217	23250392
O/S claims at end	796100	781194	4201352	4766085	41318383	45130417	48445785	55053952
Op O/S Claims Direct	1415207	1653975	5206424	5192275	46763636	51391701	57773138	63507492
Op O/S Claims Accepted	215135	166324	207528	164228	587178	504793	2623379	2417510
Op O/S Claims Ceded	964512	1024199	1019885	1155151	10056760	10578111	16596974	17479217
O/S claims at beginning	665830	796100	4394067	4201352	37294054	41318383	43799543	48445785
Incurred Claims Direct	880140	727292	8230349	10171482	30585735	35867913	36689341	49810771
Incurred Claims Accepted	29314	54312	-27037	58556	136820	206869	981280	3105651
Incurred Claims Ceded	328124	209097	1755292	1881504	5927992	6922305	8620826	16596360
Incurred claims	581330	572507	6448020	8348534	24794563	29152477	29049795	36320062
Commission Direct	99131	125284	1237330	1529217	4020486	4688664	5296415	6106289
Commission Accepted	47332	36150	30968	21575	100769	73668	656118	516008
Commission Ceded	256943	179912	530136	572699	1672300	1799553	2633739	2859475
Commission/brokerage	-110480	-18478	738162	978093	2448955	2962779	3318794	3762822
Foreign Taxes	138	1174	701	4696	5064	37348	6937	51408
Operating Expenses Related to Insurance	401558	391756	2284344	2571545	8437146	9423351	11881896	13068872
Revenue Accounts Result	299681	443996	-980751	-1808785	-530532	-337125	2327803	360191



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - INDIAN

Rs. (000)

SEGMENT	Fire 2005	Fire 2006	Marine Cargo 2005	Marine Cargo 2006	Marine Hull 2005	Marine Hull 2006	MARINE TOTAL 2005	MARINE TOTAL 2006
Premium Direct	7888785	8396292	1468314	1493376	1056585	1504471	2524899	2997847
Premium Accepted	628174	249339	1112	1431	110502	5856	111614	7287
Premium Ceded	3462361	4160341	404062	383995	939993	1308476	1344055	1692471
Net premium	5054598	4485290	1065364	110812	227094	201851	1292458	1312663
Unexpired Risk Reserve Op	2471962	2527299	1188137	1065364	201907	227095	1390044	1292459
Unexpired Risk Reserve Cl	2527299	2242645	1065364	1110813	227095	201850	1292459	1312663
Net earned premium	4999261	4769944	1188137	1065363	201906	227096	1390043	1292459
Profit on Realisation of Investment	509497	954488	138046	241051	73533	120782	211579	361833
Interest Dividend and Rent	686506	733255	186006	185180	99080	92787	285086	277967
Investment Provisions	33454	59924	9064	15134	4828	7583	13892	22717
Total investment income	1162549	1627819	314988	411097	167785	205986	482773	617083
Claims Paid Direct	2265216	5176779	899349	1017455	489438	1386940	1388787	2404395
Claims Paid Accepted	73443	109778	1113	195	116522	9173	117635	9368
Claims Paid Ceded	886380	3604525	269264	352308	460436	1221221	729700	1573529
Paid claims	1452279	1682032	631198	665342	145524	174892	776722	840234
Cl O/S Claims Direct	6519581	10540764	1817664	1858978	1842934	2885678	3660598	4744656
Cl O/S Claims Accepted	138787	256017	118	114	93935	79455	94053	79569
Cl O/S Claims Ceded	3650468	5965949	1045682	912411	1330269	2346669	2375951	3259080
O/S claims at end	3007900	4830832	772100	946681	606600	618464	1378700	1565145
Op O/S Claims Direct	5580420	6519581	1374989	1817664	1889238	1842934	3264227	3660598
Op O/S Claims Accepted	56277	138787	-	118	104101	93935	104101	94053
Op O/S Claims Ceded	3419884	3650468	703362	1045682	1454044	1330269	2157406	2375951
O/S claims at beginning	2216813	3007900	671627	772100	539295	606600	1210922	1378700
Incurred Claims Direct	3204377	9197962	1342024	1058769	443134	2429684	1785158	3488453
Incurred Claims Accepted	155953	227008	1231	191	106356	-5307	107587	-5116
Incurred Claims Ceded	1116965	5920006	611584	219037	336661	2237621	948245	2456658
Incurred claims	2243365	3504964	731671	839923	212829	186756	944500	1026679
Commission Direct	402447	521851	168080	178836	7391	10145	175471	188981
Commission Accepted	96483	55800	450	412	25479	2083	25929	2495
Commission Ceded	685607	790781	66256	65305	85240	86156	151496	151461
Commission/brokerage	-186677	-213130	102274	113943	-52370	-73928	49904	40015
Foreign Taxes	-	-	-	-	-	-	-	-
Operating Expenses Related to Insurance	2678055	2881494	298014	298938	198675	257353	496689	556291
Revenue Accounts Result	1427067	224435	371168	223656	10560	62901	381728	286557



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - INDIAN (Contd.)

Rs. (000)

SEGMENT	Motor OD 2005	Motor OD 2006	Motor TP 2005	Motor TP 2006	Motor Total 2005	Motor Total 2006	WC 2005	WC 2006	PA 2005	PA 2006
Premium Direct	11768982	13943464	6413019	7801551	18182001	21745015	389593	447770	733750	957793
Premium Accepted	90	-	-	-	90	-	-	-	12813	16938
Premium Ceded	2318940	2788693	1282604	1560310	3601544	4349003	77919	89554	211497	264709
Net premium	9450132	11154771	5130415	6241241	14580547	17396012	311674	358216	535066	710022
Unexpired Risk Reserve Op	4313238	4725067	2361965	2565207	6675203	7290274	138369	155837	267286	267533
Unexpired Risk Reserve Cl	4725067	5577386	2565207	3120621	7290274	8698007	155837	179108	267533	355011
Net earned premium	9038303	10302452	4927173	5685827	13965476	15988279	294206	334945	534819	622544
Profit on Realisation of Investment	529169	1007697	1705253	3186792	2234422	4194489	193489	407760	40729	66011
Interest Dividend and Rent	713012	774132	2297689	2448152	3010701	3222284	260710	313249	54879	50711
Investment Provisions	34745	63266	111968	200074	146713	263340	12705	25600	2674	4144
Total investment income	1207436	1718563	3890974	5434870	5098410	7153433	441494	695409	92934	112578
Claims Paid Direct	5296744	6386175	8737627	10177704	14034371	16563879	123409	133554	468189	500820
Claims Paid Accepted	-	-	-	-	-	-	-	-	9043	3246
Claims Paid Ceded	1518110	667317	1747525	2035541	3265635	2702858	24682	26711	122413	169084
Paid claims	3778634	5718858	6990102	8142163	10768736	13861021	98727	106843	354819	334982
Cl O/S Claims Direct	2849135	3191863	35527795	39535546	38376930	42727409	178896	198096	415513	596503
Cl O/S Claims Accepted	-	-	-	-	-	-	-	-	4144	4088
Cl O/S Claims Ceded	547734	1427083	6696796	6945489	7244530	8372572	31096	34459	166158	265798
O/S claims at end	2301401	1764780	28830999	32590057	31132400	34354837	147800	163637	253499	334793
Op O/S Claims Direct	2783498	2849135	32310036	35527795	35093534	38376930	157794	178896	423789	415513
Op O/S Claims Accepted	-	-	-	-	-	-	-	-	5528	4144
Op O/S Claims Ceded	1213777	547734	6131307	6696796	7345084	7244530	27959	31096	153347	166158
O/S claims at beginning	1569721	2301401	26178729	28830999	27748450	31132400	129835	147800	275970	253499
Incurred Claims Direct	5362381	6728903	11955386	14185455	17317767	20914358	144511	152754	459914	681810
Incurred Claims Accepted	-	-	-	-	-	-	-	-	7659	3190
Incurred Claims Ceded	852067	1546666	2313014	2284234	3165081	3830900	27819	30074	135224	268724
Incurred claims	4510314	5182237	9642372	11901221	14152686	17083458	116692	122680	332349	416276
Commission Direct	1191432	1440305	311668	364197	1503100	1804502	40647	47838	80851	115394
Commission Accepted	18	-	-	-	18	-	-	-	5035	6205
Commission Ceded	470893	557739	256520	312062	727413	869801	15584	17911	41317	57726
Commission/brokerage	720557	882566	55148	52135	775705	934701	25063	29927	44569	63873
Foreign Taxes	-	-	-	-	-	-	-	-	-	-
Operating Expenses Related to Insurance	3031767	3558593	1315823	1624492	4347590	5183085	435192	419000	192464	239889
Revenue Accounts Result	1983101	2397619	-2195198	-2457151	-212095	-59532	158753	458747	58370	15084



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - INDIAN (Contd.)

Rs. (000)

SEGMENT	Aviation 2005	Aviation 2006	Engi- neering 2005	Engi- neering 2006	Credit Gua- rantee 2005	Credit Gua- rantee 2006	Misc. Tradi- tional 2005	Misc. Tradi- tional 2006	RNTB 2005	RNTB 2006
Premium Direct	1551553	1168460	1438003	1447049	46139	-106	2226157	2317064	606335	887241
Premium Accepted	12254	7891	143431	105322	-	-	86797	66248	-	-
Premium Ceded	1439451	1108102	674337	459356	615	155	748075	437912	121268	177448
Net premium	124356	68249	907097	1093015	45524	-261	1564879	1945400	485067	709793
Unexpired Risk Reserve Op	424503	62178	434777	453548	-8975	22762	718614	782440	260027	242533
Unexpired Risk Reserve Cl	62178	34125	453548	546508	22762	-130	782440	972700	242533	354896
Net earned premium	486681	96302	888326	1000055	13787	22631	1501053	1755140	502561	597430
Profit on Realisation of Investment	30201	30510	68705	134099	599	5134	178559	290999	70285	102206
Interest Dividend and Rent	40693	23438	92574	103017	807	3944	240593	223552	94704	78517
Investment Provisions	1983	1915	4511	8419	39	322	11724	18269	4615	6417
Total investment income	68911	52033	156768	228697	1367	8756	407428	496282	160374	174306
Claims Paid Direct	101092	412046	614803	691203	5792	1407	940758	1131940	764748	668767
Claims Paid Accepted	13892	6021	44466	49948	-	-	8598	38931	-	-
Claims Paid Ceded	50141	140656	249226	199943	480	-124	219972	246386	152950	133753
Paid claims	64843	277411	410043	541208	5312	1531	729384	924485	611798	535014
Cl O/S Claims Direct	559198	874334	1493918	1467364	32104	33506	1612927	2017732	895566	885676
Cl O/S Claims Accepted	7248	2346	116906	111210	-	-	109963	109963	-	-
Cl O/S Claims Ceded	400569	760644	962424	952807	4282	4303	708690	652918	131166	129975
O/S claims at end	165877	116036	648400	625767	27822	29203	1014200	1474777	764400	755701
Op O/S Claims Direct	313869	559198	1348372	1493918	23748	32104	1621945	1612927	1075618	895566
Op O/S Claims Accepted	5441	7248	117701	116906	-	-	101631	109963	-	-
Op O/S Claims Ceded	301113	400569	932313	962424	4750	4282	592490	708690	159284	131166
O/S claims at beginning	18197	165877	533760	648400	18998	27822	1131086	1014200	916334	764400
Incurring Claims Direct	346421	727182	760349	664649	14148	2809	931740	1536745	584696	658877
Incurring Claims Accepted	15700	1119	43671	44252	-	-	16930	38931	-	-
Incurring Claims Ceded	149597	500731	279337	190326	12	-103	336172	190614	124832	132562
Incurring claims	212524	227570	524683	518575	14136	2912	612498	1385062	459864	526315
Commission Direct	101	424	68553	94686	2911	122	192819	215141	50938	82509
Commission Accepted	2202	1662	33948	23763	-	-	23537	11976	-	-
Commission Ceded	82229	71113	243387	172455	155	39	165448	131366	30317	44362
Commission/brokerage	-79926	-69027	-140886	-54006	2756	83	50908	95751	20621	38147
Foreign Taxes	-	-	-	-	-	-	-	-	-	-
Operating Expenses Related to Insurance	325202	249957	370083	369432	9467	-19	633155	668054	124407	184747
Revenue Accounts Result	97792	-260165	291213	394751	-11205	28411	611920	102555	58043	22527



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - INDIAN (Contd.)

Rs. (000)

SEGMENT	UNTB 2005	UNTB 2006	Public Liability 2005	Public Liability 2006	Credit Shield 2005	Credit Shield 2006	Misc. Total 2005	Misc. Total 2006	Total 2005	Total 2006
Premium Direct	6487955	7448517	15873	14780	17106	87248	31694465	36520831	42108149	47914970
Premium Accepted	1167	-	279	-	-	-	256831	196399	996619	453025
Premium Ceded	1330790	1513368	12699	11824	40033	51021	8258228	8462452	13064644	14315264
Net premium	5158332	5935149	3453	2956	-22927	36227	23693068	28254778	30040124	34052731
Unexpired Risk Reserve Op	2137633	2579165	2276	1727	-	-11463	11049713	11846534	14911719	15666292
Unexpired Risk Reserve Cl	2579165	2967574	1727	1478	-11463	18113	11846534	14127390	15666292	17682698
Net earned premium	4716800	5546740	4002	3205	-11464	6651	22896247	25973922	29285551	32036325
Profit on Realisation of Investment	216274	433991	155	291	-	-2067	3033418	5663423	3754494	6979744
Interest Dividend and Rent	291413	333400	208	223	-	-1588	4087282	4350747	5058874	5361969
Investment Provisions	14201	27246	10	18	-	-130	199175	355560	246521	438201
Total investment income	493486	740145	353	496	-	-3525	6921525	9658610	8566847	11903512
Claims Paid Direct	6176203	7664752	-	-	-	-	23229365	27768368	26883368	35349542
Claims Paid Accepted	-	-	-	-	-	-	75999	98146	267077	217292
Claims Paid Ceded	1236909	1534123	-	-	2637	968	5325045	5154358	6941125	10332412
Paid claims	4939294	6130629	-	-	-2637	-968	17980319	22712156	20209320	25234422
Cl O/S Claims Direct	1981877	2098540	5677	5677	-	4205	45552606	50909042	55732785	66194462
Cl O/S Claims Accepted	-	-	-	-	-	-	238261	227607	471101	563193
Cl O/S Claims Ceded	285377	308128	4542	4542	8905	8908	9947739	11495054	15974158	20720083
O/S claims at end	1696500	1790412	1135	1135	-8905	-4703	35843128	39641595	40229728	46037572
Op O/S Claims Direct	1731151	1981877	1557	5677	-	-	41791377	45552606	50636024	55732785
Op O/S Claims Accepted	-	-	-	-	-	-	230301	238261	390679	471101
Op O/S Claims Ceded	249009	285377	1246	4542	-	8905	9766595	9947739	15343885	15974158
O/S claims at beginning	1482142	1696500	311	1135	-	-8905	32255083	35843128	35682818	40229728
Incurred Claims Direct	6426929	7781415	4120	-	-	4205	26990595	33124804	31980130	45811219
Incurred Claims Accepted	-	-	-	-	-	-	83961	87492	347501	309384
Incurred Claims Ceded	1273277	1556874	3296	-	11542	971	5506189	6701673	7571399	15078337
Incurred claims	5153652	6224541	824	-	-11542	3234	21568367	26510623	24756232	31042266
Commission Direct	843468	1066915	893	1034	1053	13606	2785334	3442171	3363252	4153003
Commission Accepted	292	-	-	-	-	-	65032	43606	187444	101901
Commission Ceded	323240	371538	-	1626	21462	11704	1650552	1749641	2487655	2691883
Commission/brokerage	520520	695377	893	-592	-20409	1902	1199814	1736136	1063041	1563021
Foreign Taxes	-	-	-	-	-	-	-	-	-	-
Operating Expenses Related to Insurance	1331438	1550980	3314	3078	3510	18167	7775822	8886370	10950566	12324155
Revenue Accounts Result	-1795324	-2184013	-676	1215	16977	-20177	-726235	-1500597	1082559	-989605



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - FOREIGN

Rs. (000)

SEGMENT	Fire 2005	Fire 2006	Marine Cargo 2005	Marine Cargo 2006	Marine Hull 2005	Marine Hull 2006	MARINE TOTAL 2005	MARINE TOTAL 2006
Premium Direct	2748260	2638579	396465	381082	90851	114384	487316	495466
Premium Accepted	1787000	2554041	70708	38292	33124	23191	103832	61483
Premium Ceded	1279872	1370312	122811	133096	74823	92759	197634	225855
Net premium	3255388	3822308	344362	286278	49152	44816	393514	331094
Unexpired Risk Reserve Op	1361464	1627694	294951	344362	44706	49152	339657	393514
Unexpired Risk Reserve Cl	1627694	1911154	344362	286277	49152	44816	393514	331093
Net earned premium	2989158	3538848	294951	344363	44706	49152	339657	393515
Profit on Realisation of Investment	2201	1953	596	493	318	247	914	740
Interest Dividend and Rent	46244	60267	12530	15220	6674	7626	19204	22846
Investment Provisions	1397	688	378	174	202	87	580	261
Total investment income	47048	61532	12748	15539	6790	7786	19538	23325
Claims Paid Direct	1210527	875260	124807	104509	7979	11287	132786	115796
Claims Paid Accepted	714054	1079905	31969	29502	30844	15582	62813	45084
Claims Paid Ceded	661254	231122	53004	30752	1602	4985	54606	35737
Paid claims	1263327	1724043	103772	103259	37221	21884	140993	125143
Cl O/S Claims Direct	1589886	1808740	207882	195104	137844	197155	345726	392259
Cl O/S Claims Accepted	1446386	3043239	63319	67399	170171	121140	233490	188539
Cl O/S Claims Ceded	795572	1825206	78200	79424	915	589	79115	80013
O/S claims at end	2240700	3026773	193001	183079	307100	317706	500101	500785
Op O/S Claims Direct	1877990	1589886	174621	207882	112243	137844	286864	345726
Op O/S Claims Accepted	1481994	1446386	60688	63319	333140	170171	393828	233490
Op O/S Claims Ceded	882807	795572	79551	78200	567	915	80118	79115
O/S claims at beginning	2477177	2240700	155758	193001	444816	307100	600574	500101
Incurred Claims Direct	922423	1094114	158068	91731	33580	70598	191648	162329
Incurred Claims Accepted	678446	2676758	34599	33582	-132124	-33449	-97525	133
Incurred Claims Ceded	574020	1260756	51654	31976	1951	4659	53605	36635
Incurred claims	1026849	2510116	141013	93337	-100495	32490	40518	125827
Commission Direct	592753	604772	87405	81966	17853	20055	105258	102021
Commission Accepted	389010	404487	33475	-16033	10452	-4409	43927	-20442
Commission Ceded	83195	78293	26159	22003	14981	17384	41140	39387
Commission/brokerage	898568	930966	94721	43930	13324	-1738	108045	42192
Foreign Taxes	1795	13894	68	143	10	23	78	166
Operating Expenses Related to Insurance	227765	174121	25346	18064	16897	15551	42243	33615
Revenue Accounts Result	881229	-28717	46551	204428	121760	10612	168311	215040



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - FOREIGN (Contd.)

Rs. (000)

SEGMENT	Motor Total 2005	Motor Total 2006	WC 2005	WC 2006	PA 2005	PA 2006	Aviation 2005	Aviation 2006
Premium Direct	2867657	3019041	1729981	1564402	173517	166161	33	13
Premium Accepted	139402	127479	1450	55	17947	11166	21121	24041
Premium Ceded	354962	293824	187419	188269	17851	30418	5	9
Net premium	2652097	2852696	1544012	1376188	173613	146909	21149	24045
Unexpired Risk Reserve Op	1322247	1326048	667231	772006	92972	86807	930	10575
Unexpired Risk Reserve Cl	1326048	1426348	772006	688094	86807	73454	10575	12022
Net earned premium	2648296	2752396	1439237	1460100	179778	160262	11504	22598
Profit on Realisation of Investment	9651	8584	836	835	176	135	130	62
Interest Dividend and Rent	202805	264843	17562	25746	3697	4168	2741	1926
Investment Provisions	6126	3021	530	294	112	48	83	22
Total investment income	206330	270406	17868	26287	3761	4255	2788	1966
Claims Paid Direct	1668607	1703284	622857	718539	49271	55248	4005	10433
Claims Paid Accepted	80185	93994	-	162	13801	-7010	7896	6600
Claims Paid Ceded	53178	122894	363	63201	1706	5882	59	301
Paid claims	1695614	1674384	622494	655500	61366	42356	11842	16732
Cl O/S Claims Direct	1691650	1770510	3278224	3005230	32588	33635	12452	211070
Cl O/S Claims Accepted	96005	96220	886	-	10672	7749	55286	54826
Cl O/S Claims Ceded	212355	233528	337510	324953	760	1039	5785	5885
O/S claims at end	1575300	1633202	2941600	2680277	42500	40345	61953	260011
Op O/S Claims Direct	1632226	1691650	2478917	3278224	41878	32588	1	12452
Op O/S Claims Accepted	75124	96005	2132	886	8729	10672	67561	55286
Op O/S Claims Ceded	58895	212355	178079	337510	5161	760	5726	5785
O/S claims at beginning	1651455	1575300	2302970	2941600	45446	42500	61836	61953
Incurred Claims Direct	1728031	1782144	1422165	445545	39981	56295	16456	209051
Incurred Claims Accepted	101066	94209	-1246	-724	15744	-9933	-4380	6140
Incurred Claims Ceded	209638	144067	159794	50644	-2695	6161	118	401
Incurred claims	1619459	1732286	1261125	394177	58420	40201	11958	214790
Commission Direct	624898	669018	394937	357402	39490	39585	-	-
Commission Accepted	4214	3028	300	21	7417	4725	3283	302
Commission Ceded	11879	19607	186	298	6614	10486	-	-
Commission/brokerage	617233	652439	395051	357125	40293	33824	3283	302
Foreign Taxes	2552	20409	1486	9846	167	1051	20	172
Operating Expenses Related to Insurance	369756	313200	37012	25319	16369	14496	27658	15104
Revenue Accounts Result	245626	304468	-237569	699920	68290	74945	-28627	-205804



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2006 - FOREIGN (Contd.)

Rs. (000)

SEGMENT	Engi- neering 2005	Engi- neering 2006	Others 2005	Others 2006	Misc. Total 2005	Misc. Total 2006	Total 2005	Total 2006
Premium Direct	177579	173503	739143	783308	5687910	5706428	8923486	8840473
Premium Accepted	44686	48307	33753	41698	258359	252746	2149191	2868270
Premium Ceded	79280	57677	44735	168598	684252	738795	2161758	2334962
Net premium	142985	164133	728161	656408	5262017	5220379	8910919	9373781
Unexpired Risk Reserve Op	49296	71493	293630	364080	2426306	2631009	4127427	4652217
Unexpired Risk Reserve Cl	71493	82067	364080	328204	2631009	2610189	4652217	4852436
Net earned premium	120788	153559	657711	692284	5057314	5241199	8386129	9173562
Profit on Realisation of Investment	297	274	2012	1701	13102	11591	16217	14284
Interest Dividend and Rent	6236	8467	42285	52440	275326	357590	340774	440703
Investment Provisions	188	97	1277	600	8316	4082	10293	5031
Total investment income	6345	8644	43020	53541	280112	365099	346698	449956
Claims Paid Direct	26570	61618	356997	191141	2728307	2740263	4071620	3731319
Claims Paid Accepted	33659	13504	7665	6688	143206	113938	920073	1238927
Claims Paid Ceded	19211	28917	7078	4719	81595	225914	797455	492773
Paid claims	41018	46205	357584	193110	2789918	2628287	4194238	4477473
Cl O/S Claims Direct	160057	161082	664124	660414	5839095	5841941	7774707	8042940
Cl O/S Claims Accepted	49418	45974	54265	67202	266532	271971	1946408	3503749
Cl O/S Claims Ceded	61775	51629	12189	8056	630374	625090	1505061	2530309
O/S claims at end	147700	155427	706200	719560	5475253	5488822	8216054	9016380
Op O/S Claims Direct	66836	160057	752405	664124	4972263	5839095	7137117	7774707
Op O/S Claims Accepted	97433	49418	105898	54265	356877	266532	2232699	1946408
Op O/S Claims Ceded	32199	61775	13107	12189	290167	630374	1253092	1505061
O/S claims at beginning	132070	147700	845196	706200	5038973	5475253	8116724	8216054
Incurred Claims Direct	119791	62643	268716	187431	3595140	2743109	4709211	3999552
Incurred Claims Accepted	-14357	10060	-43967	19625	52860	119377	633781	2796268
Incurred Claims Ceded	48787	18771	6161	586	421803	220630	1049428	1518021
Incurred claims	56647	53932	218588	206470	3226197	2641856	4293564	5277799
Commission Direct	30578	30598	145248	149890	1235151	1246493	1933162	1953286
Commission Accepted	13384	12387	7139	9599	35737	30062	468674	414107
Commission Ceded	13557	7457	-10486	12064	21750	49912	146085	167592
Commission/brokerage	30405	35528	162873	147425	1249138	1226643	2255751	2199801
Foreign Taxes	138	1174	701	4696	5064	37348	6937	51408
Operating Expenses Related to Insurance	31475	22324	179052	146538	661322	536981	931330	744717
Revenue Accounts Result	8468	49245	139517	240696	195705	1163470	1245245	1349793



RECEIPTS & PAYMENTS ACCOUNT (CASH FLOW STATEMENT) FOR THE PERIOD 1-4-2005 TO 31-3-2006

Particulars	Rs (000)	Current year Rs (000)	Previous year Rs (000)
Operating Activities			
Profit as per Profit and Loss A/c	568,14,48		311,20,32
Add Items Considered Separately			
Dividend and Dividend Tax	148,23,25		68,41,50
Interim Dividend and Tax thereon	0		22,61,37
Income Tax Expenses for the Year	106,59,71		293,92,40
Income Tax Expenses for the Earlier Year	10,27,54		150,54,33
Less Items Considered Separately			
Adjustment of Deferred Tax/Earlier Year Tax	22,31,79		-48,81,80
Interest Dividend and Rents	-944,50,77		-878,82,46
Profit/Loss on Sale of Investments	-1138,42,62		-613,70,55
Interest on Income Tax	-5,34,86		6,59,61
Add/Less non Cash items write offs and Provisions			
Profit/Loss on Sale of Asset	-12,96		-5,47
Amortisation, Provision write off Investments, Loans	12,94,57		12,74,51
Provision of Investments	-10,53,46		18,97,09
Loans	4,85,68		2,81,50
Write off Investments	64,87,75		7,26,72
Balances Written Off/Written Back	-33,34,72		-11,12,38
Depreciation	25,68,26		22,73,69
Provision for Outstanding Claims	660,81,72		464,62,08
Provision for O/S Expenses	-19,21,71		92,09,81
Provision for Unexpired Risks - Reserves	221,66,25		127,93,64
Bad Debts Revenue	15,40,24		85,90
Bad Debts Foreign	2,06		2,71
Deferred Expenses Written Off	53,55,70		53,55,70
Total		-804,26,58	-206,80,10
Operating Profit Before Change in Operating Assets		-236,12,10	104,40,22
Net Change in Operating Assets and Liabilities		33,12,39	-146,75,19
Net Cash Flow from Operating Activities Before Income Tax		-202,99,71	-42,34,97
Less Income Tax Paid/Refund		-258,34,47	-254,48,07
Net Cash Flow from Operating Activities		-461,34,18	-296,83,04
Investing Activities			
Addition/Deletion to Assets		-32,20,71	-32,92,93
Increase/Decrease in Investments		321,83,55	-219,80,38
Increase/Decrease in Loans		87,61,34	66,76,02
Investment Income		926,13,61	867,93,42
Inflow/Outflow from Investing Activities		-1303,37,79	681,96,13
Financing Activities			
Interim Dividend and Tax thereon		0	-22,61,37
Dividend Paid - Earlier Years		-68,41,50	-50,76,56
Increase/Decrease in Bank/Cash Balance		773,62,11	311,75,16
Cash and Cash Equivalent at the Beginning of the Year		2286,08,74	1974,33,58
Cash and Cash Equivalent at the End of the Year		3059,70,85	2286,08,74

Significant Accounting Policies and Notes to Accounts form Integral part of the Receipts and Payments Account

A. R. Sekar

Company Secretary

R. K. Joshi

Director

A. V. Muralidharan

Director

B. Chakrabarti

Chairman-Cum-Managing Director

As per our report of even date

For Khandelwal Jain & Co.
Chartered Accountants

Pankaj Jain

Partner

Membership No. 48850

Mumbai, 9th August 2006

For Sharp & Tannan
Chartered Accountants

Milind Phadke

Partner

Membership No. 33013

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab

Partner

Membership No. 47942



SHAREHOLDERS' AND POLICY HOLDERS' FUNDS

(Amount in Rupees)

Shareholders Funds	Balances As on 31-3-2005	Percentage	Unexpired Risk Reserves As on 31-3-2005	Outstanding Claims As on 31-3-2005	Total As on 31-3-2005	Balances As on 31-3-2006	Percentage		
								Unexpired Risk Reserves As on 31-3-2006	Outstanding Claims As on 31-3-2006
Share Capital	1500000000					2000000000			
Capital Reserves	575088					575088			
General Reserves	41035322148					46227904354			
Investment Reserves	11132024					-			
Miscellaneous Reserves	617111169					(-148170194)			
Total	43164140429	38.56				48080309248	38.26		
Policyholders Funds		Percentage <td>Unexpired Risk Reserves As on 31-3-2005</td> <td>Outstanding Claims As on 31-3-2005</td> <td>Total As on 31-3-2005</td> <td>Unexpired Risk Reserves As on 31-3-2006</td> <td>Outstanding Claims As on 31-3-2006</td> <td>Total As on 31-3-2006</td> <td>Percentage</td>	Unexpired Risk Reserves As on 31-3-2005	Outstanding Claims As on 31-3-2005	Total As on 31-3-2005	Unexpired Risk Reserves As on 31-3-2006	Outstanding Claims As on 31-3-2006	Total As on 31-3-2006	Percentage
Fire	4154992718		4154992718	5248600000	9403592718	4153798841	7857604948	12011403789	
Marine	1685972573		1685972573	1878800000	3564772573	1643756163	2065929888	3709686051	
Misc.	14477543030		14477543030	41318382151	55795925181	16737578665	45130419383	61867998048	
Total	20318508321	61.44	20318508321	48445782151	68764290472	22535133669	55053954219	77589087888	61.74
Total Funds	111928430901	100.00				125669397136		125669397136	100.00

The balances as on 31-3-2005 are used as basis for apportionment of investment income of 2005-06 between Policyholders and Shareholders

Average Shareholders Funds (Rs. in crores)

(4316.41+4808.03)/2

4562.22

Average Policyholders Funds (Rs. in crores)

(6876.43+7758.91)/2

7317.67



SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON 31st MARCH, 2006

SIGNIFICANT ACCOUNTING POLICIES

I ACCOUNTING CONVENTION:

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

II BASIS OF INCORPORATION:

A Reinsurance Accepted: Reinsurance returns have been incorporated for the advices received up to the date of finalisation of accounts.

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

C Outstanding Claims:

1. Estimated liability for outstanding claims at the year end are based on survey reports, information provided by clients and other sources, past experience and applicable laws and includes:
 - i) in respect of direct business, claim intimations received upto the year end.
 - ii) in respect of Reinsurance accepted, advices received as of different dates of subsequent year and
 - iii) provision for Claims Incurred but not Reported (IBNR) and provision for Claims Incurred but not enough reported (IBNER), as certified by appointed Actuary.
2. All the outstanding claims for direct business are provided net of estimated salvage (if any).
3. In respect of Motor Third Party Claims where court summons have been served on the Company without adequate policy particulars to establish liability of the Company, provision is made as under:
 - i) 100% of the estimated liability, where such claims are outstanding for more than one year.
 - ii) 1/3rd of the estimated liability, for all such claims for which court summons have been served on the Company during the year.
4. Interest on MACT claims is provided based on the prevailing trends in the Motor Third Party Claim Awards.

III PREMIUM RECOGNITION

Premium income is recognized on assumption of risk.

IV RESERVE FOR UNEXPIRED RISK

Reserve for unexpired risk is made at 100% of net premium for Marine business and 50% of net premium for other classes of business.



V FOREIGN CURRENCY TRANSACTIONS:

- (i) Revenue transactions of Re-insurance in Foreign currencies are converted at the average of buying and selling rates of exchange of each quarter in which they are accounted.
- (ii) Foreign Operations
 - a) As per the Accounting Standard (AS) 11 "The Effects of changes in Foreign Exchange Rates" (revised 2003) foreign branches/agencies are classified as 'non-integral foreign operations'.
 - b) The assets and liabilities (including contingent liabilities), both monetary and non-monetary of the non integral foreign operations are translated at the closing rate;
 - c) Income and expense items of the non integral foreign operations are translated at the average exchange rate of the year
 - d) Provision for outstanding claims of non integral foreign operations are converted at the closing rate.
 - e) Depreciation on fixed assets held in foreign branches and agencies is provided on written down rupee value at the year end.
 - f) All resulting exchange difference is accumulated in a foreign currency translation reserve until the disposal of the net investment.
- (iii) Foreign Investments transactions during the year are converted at the exchange rates prevailing as on the last day of the month of purchase or sale.
- (iv) Other assets and liabilities in foreign currencies are converted at the average of buying and selling rates of exchange prevailing at the year end
- (v) The exchange gain/loss due to conversion of foreign currencies other than relating to non integral foreign operations is taken to revenue.

VI FIXED ASSETS

- a) Fixed Assets are stated at cost less depreciation.
- b) The fixed assets are assessed for any indication that an asset is impaired. In case the recoverable amount of the fixed assets is lower than its carrying amount a provision is made for the impairment loss.

VII INTANGIBLE ASSETS

Software Development/Acquisition cost is charged to revenue.

VIII EXPENSES OF MANAGEMENT

a) Depreciation:

- i) Depreciation on fixed assets is charged on written down value method at the rates prescribed in the schedule XIV of the Companies Act, 1956. However, where corresponding rates are higher under the Income Tax Rules, 1962, the same are adopted. In case of leasehold properties amortisation is made over the leased period.
- ii) Depreciation is provided at 50% of the applicable rates as above on additions made to fixed assets, which are put into use for less than six months. No Depreciation is provided on assets sold/ discarded/destroyed during the year.



b) Retirement benefit of employees:

- i) Liability for gratuity, pension and leave encashment at the year end is accounted for based on actuarial valuation.
- ii) Ex-gratia payable and additional actuarial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme during 2003-04 is being amortised over a period of five years .

c) Basis for apportionment of management expenses:

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

IX PREMIUM DEFICIENCY:

Premium deficiency ,if any, is provided for the three major segments viz., Fire, Marine and Miscellaneous as directed by IRDA vide circular no. F & A/CIR/017/MAY-04 dated 18th May 2004.

X BASIS FOR APPORTIONMENT OF INCOME FROM INVESTMENTS:

Investment Income (net of expenses) is apportioned between Shareholders' Fund and Policyholders' Fund in proportion to the opening balance of these funds at the beginning of the year. Investment income (net of expenses) belonging to Policyholders is further apportioned to Fire, Marine and Miscellaneous Departments in proportion to respective Technical Reserves balance at the beginning of the year. Shareholders' Funds for this purpose consist of Share Capital, General Reserves, Capital Reserves and Investment Reserves. Policyholders' Funds consist of Technical Reserves i.e. Unexpired Risk Reserve plus outstanding claims.

XI SALVAGE/CLAIM RECOVERIES:

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

XII LOANS AND INVESTMENTS

1. Short Term Money Market Instruments such as Commercial Papers and Certificate of Deposit, are shown at their discounted value and the difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as accrued income.
2. Contracts for purchase and sale of shares, bonds, debentures are accounted for as "Investments" as on date of Transaction.
3. The cost of investments includes premium on acquisition, expenses like brokerage, transfer stamps, transfer charges, etc., and is net of incentive/ fee if any, received thereon.
4.
 - a) Dividend is accounted for as income in the year of declaration. Dividend on shares/interest on debentures under objection/pending delivery is accounted for on realisation. Interim dividend is accounted where the warrants are dated 31st March or earlier.
 - b) Dividend on foreign investments is accounted for net of withholding tax.
5. Profit/Loss on realisation of investments is computed by taking weighted average book value as cost of investments except :
 - a) In respect of Govt. Securities/debentures/bonds under Trading Portfolio, the profit/loss is worked out on specific scrip wise.



- b) In respect of Govt. securities sold from Investment Portfolio, the profit/loss is worked out on First In First Out Basis (FIFO).
6. The company follows the prudential norms prescribed by the Reserve Bank of India as applicable to Term Lending Institutions as regards asset classification, recognition of income and provisioning pertaining to loans/advances.
7. Investment in Govt. Securities, debt securities and redeemable preference shares are considered as held till maturity and valued at cost. However, in terms of IRDA Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.
8. a) Investments in Mutual Fund/s/Venture Fund/s are valued at Net Asset Value (NAV) at the year-end and the difference between cost/book value and NAV is accounted in Fair Value Change Account. However, if there is impairment in value, the same is charged to Revenue and the book value of investment is reduced accordingly. Any reversal of impairment loss earlier recognised, is taken to revenue to the extent of reduction in impairment recognised earlier.
- b) In case of non-availability of NAV as at the Balance Sheet date, investment is shown at cost.
9. a) Investment Portfolio in respect of Equity/Equity related instruments is segregated into Actively Traded and Thinly Traded as prescribed by IRDA Regulations. The shares are treated as Thinly traded by taking into consideration transactions in the month of March on both NSE and BSE.
- b) Actively Traded Equity/Equity related instruments are valued at the lowest of the last quoted closing price in March at National Stock Exchange (NSE) or Bombay Stock Exchange (BSE). If the shares are traded / listed only on either of the stock exchanges then the quotation available on the respective stock exchange is considered. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account.
10. Investment in thinly traded Equity shares and unlisted Equity shares are shown at cost. However, difference between cost and break-up value is provided for as diminution in value. If the break-up value is negative then the provision is made for the entire cost. Further, if the published accounts of an unlisted company are not available for last three accounting years ending on or immediately preceding the date of working out diminution in value, then the provision is made for the entire cost.
11. In case of investment in listed and unlisted equity / equity related instruments / preference shares where the value has been impaired on or before 31.03.2000, the historical/weighted average costs are not available with the company. As a consequence, the carrying value of such investments as on 01.04.2000 is presumed to be the historical / weighted average cost.
12. A) Investment in Listed Equity/Equity related instruments/Preference shares made in those companies, which are making losses continuously for last 3 years and where capital is eroded, are considered to have Impairment in value. Further, if the published accounts of a company are not available for last three accounting years ending on or immediately preceding the date of working out impairment in value, it is presumed that the value of investment is fully impaired and is written off to a nominal value of Re.1/- per company.

Valuation of such investments is done as under:

- i) In respect of Actively Traded Equity shares: Least of Cost Price, Market Price or Break-up Value provided Break-up Value is positive. However, if the Break-up Value is negative the nominal value is taken at Re. 1/- per company.



- ii) In respect of Other Than Actively Traded Equity Shares: Lower of Cost Price or Break-up Value provided Break-up Value is positive. However, if Break-up Value is negative the nominal value is taken at Re. 1/- per company.
 - iii) In respect of preference shares, if the dividend is not received for the last three years: - The preference shares are written down to a value which will bear to its face value, the same proportion as value taken / which would have been taken for writing down equity shares bears to the face value of the equity shares. However, if the equity shares are written down to Re.1/- per company, Preference shares are also written down to a nominal value of Re. 1/- per company.
- B) Once the value of investment in listed Equity/Equity related instruments/Preference Share is impaired in accordance with the above mentioned policy, then the reversal of such impairment losses are recognised in Revenue/Profit & Loss Account only when the accumulated losses of such investee companies are completely wiped out and capital is fully restored as per the latest available published accounts on or immediately preceding the date of working out the reversal. However, in respect of investments where the historical or weighted average cost is not available as mentioned in Policy No.11, reversal of impairment loss is carried out and recognised only to the extent of impairment losses accounted after 31st March, 2000.
13. REVERSE REPO Transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between total consideration at the 1st and 2nd leg of the transaction is treated as interest income.
14. "Collateralised Borrowing and Lending Obligation" (CBLO), which is issued at Discount to the Face Value, is treated as Money Market Instrument as per RBI Notification. Discount earned at the time of lending through CBLO is shown as income, which is apportioned on time basis.
15. a) Unrealised gain, losses arising due to changes in the fair value of listed equity shares other than enumerated in Accounting Policy No 11 are taken under the head "Fair Value Change Account" and on realisation reported in Profit and Loss Account.
- b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

XIII TAX LIABILITY ON INCOME

a) Tax Liability in India

- i) Tax expense for the year, comprises current tax, deferred tax and fringe benefit tax. A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.
- ii) Deferred tax assets are recognized only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(b) Tax Liability in Foreign Countries

Tax liability in foreign countries is accounted for on actual payment basis.



NOTES FORMING PART OF FINANCIAL STATEMENTS

1. The accounts incorporate audited accounts of Branches in Fiji and Thailand on calendar year basis prepared as per local laws.
2. House Properties for which execution of legal documents is in progress amount to Rs. 155.65 Lakhs (Previous Year Rs. 533.68 Lakhs).

In case of "Carlisle Chambers" property, situated at Colaba, Mumbai, the original lease agreement for 99 years has expired on 30th July, 1997. The leaser M/s. BPT has not renewed the lease and has filed the suit for the eviction. Company has taken necessary steps in consultation with Advocate for renewal of the said agreement.

3. (a) Reinsurers balances are subject to confirmation/reconciliation and consequential adjustments.
(b) Reinsurance acceptance transactions pertaining to the year with Indian Companies have been booked for advices received upto 8th June 2006.
4. As certified by Custodian, Securities are held in the name of Company as on 31.03.2006. Variations and other differences are under reconciliation and are not expected to have a material impact on the state of affairs of the company.
5. Certificates of confirmation are awaited for earlier years' Foreign Investments amounting to Rs 27.79 lakhs (Previous Year Rs. 27.79 lakhs). However, the same are fully provided for.
6. a) Provision for standard assets @ 0.40% amounting to Rs. 959.62 Lakhs (Previous Year Rs. 543.78 Lakhs) has been made as per Reserve Bank of India guidelines on (i) Term Loan (PFPS/DTL/Bridge loans), (ii) Debentures, (iii) Short Term Loans, (iv) Infrastructure Investments, (v) Bonds/Debentures of HUDCO, (vi) Bonds/Debentures of Institutions accredited to NHB and (vii) Loans to HUDCO for Housing (viii) Govt. Guaranteed Bonds/securities.
b) During the year, the company has undertaken restructuring of corporate debt/loans etc. as under:

Sr. No.	Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
	Total amount of assets subjected to restructuring	98,18.94	243,81.29
	The break up of the same is given here under:		
i)	Total amount of standard assets subjected to restructuring	18,86.71	168,07.04
ii)	Total amount of sub-standard assets subjected to restructuring	1,88.47	—
iii)	Total amount of doubtful assets subjected to restructuring	43,93.26	31,60.10
iv)	Total amount of Loss assets subjected to restructuring	33,50.50	44,14.15
	Total	98,18.94	243,81.29



c) Details of Non-Performing Assets (NPA)/Provisions.

i) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
i)	Opening Balance	3,16,13.64	3,78,06.64
ii)	Additions During the year	11,23.77	16,35.17
iii)	Reductions During the year	55,27.83	78,28.17
iv)	Closing Balance	2,72,09.58	3,16,13.64
	Percentage of Net NPAs to Net Assets	3.03%	4.04%

ii) Details of Non Performing Assets (NPA)

i)	Opening Balance	2,32,32.58	2,21,60.34
ii)	Incremental Provision during the year	30.40	10,72.24
iii)	Closing Balance	2,32,62.98	2,32,32.58

7. Short-term investments (Schedule - 8) in debentures and other guaranteed securities include those, which are fully repayable in the next year. As regards those debentures and other guaranteed securities, which have fallen due and remain unpaid as on 31.03.2006, they have been shown under long-term investments, as their realisability is unascertainable. However, necessary provision, wherever required, has been made.

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

- i) Return prescribed by Regulation 6 with respect to Compliance Report for exposure of investment have not been submitted in the prescribed format and the Other Returns as prescribed by Regulation 6 have not been submitted within stipulated time limit as per notification Dt.1/1/2004.
- ii) As the existing system in the company is not enabling proper calculation of exposure limits as per the requirement of Regulation 5 the company is in the process of improving the system to ensure that the investment exposure at any point of time does not exceed the prescribed limits.
- iii) The quarterly reconciliation of investments shown in the books of account with the custodian/ other certificate has not been made as required by Notification dated January 1 2004. However, annual reconciliation of Investment shown in the Books of Accounts with the custodian/other certificates has been made.

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

- i) Segmental reporting in respect of Health Insurance and Public Product Liability is not disclosed separately;
- ii) The provisions against the investment of Rs. 10801.78 lakhs (P.Y. 1,19,38.44 lakhs), loans of Rs. 1,37,56.46 lakhs (P.Y. 1,32,70.78 lakhs) and Sundry Debtors of Rs. 3,76.72 lakhs (P.Y. 3,11.90 lakhs) have been shown in Schedule 14 "Provisions". Consequently, the "Investment", "Loans" and "Advance & Other Assets" shown in the Schedules 8, 9 and 12 respectively have not been reduced to the extent of provisions made against thereof, as required by Part V of Schedule B.



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

9. Investment in term loans, loans to state government for the purpose of Housing & Fire fighting equipments, investments in Pass Through Certificates (PTC) and balances on account of restructuring/rescheduling of debts are subject to confirmation and reconciliation. Further, reconciliation of some of the inter-office accounts is also pending. The impact of adjustments if any, arising out of confirmation/reconciliation of such balances on financial statements is unascertainable.
10. Prior period items have been included in the respective heads amounting to Rs. 18,50.72 lakhs (Credit) [P.Y. Rs. 7,17.37 lakhs (Debit)] consisting the following:-

Sr. No.	Particulars	Rs. (in lakhs)
1.	Direct Premium	1,95.00 CR
2.	Direct Commission	31.93 CR
3.	Direct Claims	0.49 DR
4.	Outstanding Claims	2,36.00 DR
5.	Management Expenses	41.39 DR
6.	Reinsurance transactions (net)	19,01.67 CR
	TOTAL (NET)	18,50.72 CR

11. Disclosures as required by Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI): -

A. Related party disclosures as per Accounting Standard 18

1. Company's Related Parties

a) Subsidiaries

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

b) Associates

- i) India International Insurance Pvt. Ltd.- Singapore
- ii) Prestige Assurance Plc. – Nigeria
- iii) Kenindia Assurance Co. Ltd. – Nairobi

c) Entities over which control exist

- i) The New India Assurance Company (Employees) Pension Fund
- ii) The New India Assurance Company Limited Employee Gratuity Fund

d) Key Management Personnel of the Company

- i) R. Beri upto 31.10.2005
- ii) B. Chakrabarti w.e.f. 31.10.2005
- iii) Kumar Bakhru upto 30.06.2005
- iv) A.V. Purushothaman upto 31.05.2005
- v) A.V. Muralidharan w.e.f. 03.08.2005
- vi) J.K. Gupta from 24-08-2005 to 31-02-2006



2. Transactions with related parties:

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
i)	Subsidiaries	Management Fees earned	48.38	46.80
		Premium on Reinsurance Accepted	1,41.60	1,11.10
		Commission on Reinsurance Accepted	38.52	27.19
		Purchase of Shares	1.82	Nil
		Dividend income received	70.63	45.55
ii)	Associates	Dividend income received	1,74.58	1,43.79
		Investment in shares on Rights basis	93.43	4,22.37
		Dividend Receivable	84.49	81.45
		Other Amount Due (From Prestige Assurance Plc-out of Rights Subscription)	1.35	1.30
iii)	Entity over which control exits	Other amount payable	NIL	15.25
iv)	Key Management Personnel	Salary and Allowances	19.84	17.04

B. Disclosure as per AS 20 "Earnings Per Share":

Sr. No.	Particulars	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
i)	Net profit attributable to shareholders	7,16,37.73	4,02,23.19
ii)	Weighted Average Number of Equity Shares issued	20,00,00,000	20,00,00,000
iii)	Basic earnings per share of Rs. 10/- each (Rs.)	35.82	20.11

- i) The company does not have any outstanding diluted potential equity shares. Consequently, the basic and diluted earning per share of the company remains the same.
- ii) During the year the company has issued 5,00,00,000 fully paid up equity shares of Rs 10 each as bonus shares amounting to Rs. 50,00,00,000. Accordingly the basic earnings per share is calculated including the bonus shares. The basic earnings per share for previous financial year has been revised after taking into account the bonus shares.

C. AS – 22 Deferred Tax Assets

The breakup of Deferred Tax Asset into the major components is as under:

Sr.	Particulars	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
i)	Depreciation	4,49.91	5,53.73
ii)	Exgratia on VRS	16,61.57	2,17.78
iii)	Leave Encashment	29,61.49	34,27.48
iv)	Wage arrears & Others	11,02.36	42,08.14
	Total	61,75.33	84,07.13



A sum of Rs 2231.80 lakhs (Previous year Rs. 4881.81 lakhs-income) has been charged to the Profit & Loss Account on account of reduction in deferred assets during the year.

No provision for Income Tax for the current year is made due to taxable losses. However as a matter of prudence deferred tax asset has not been recognized on such losses.

12. During the year, the company has reviewed its fixed assets for impairment of loss as required by Accounting Standard 28 on impairment of assets. In the opinion of the management no provision for impairment loss is considered necessary.
13. Pre-payment premium received in present value terms on account of restructuring/reduction of interest rates in respect of loans is spread over the remaining tenure of such loans. Accordingly Rs. 995.44 lakhs (P.Y. 1248.80 lakhs) has been considered as income received in advance and shown in Schedule – 13 Current Liabilities under the head “Others”.
14. During the year, the company has made provision of Rs. 1944.27 lakhs (P.Y. Rs. 51.28 lakhs) and charged the same to Profit & Loss A/c. towards doubtful debts in respect of long outstanding balances of reinsurers and parties which are liquidated or are in the process of liquidation.
15. Depreciation on Fixed Assets is charged on written down value method at the rate higher of Schedule XIV of the Companies Act, 1956 and rate specified in the Income Tax Act, 1961. During the year the rate as per Income Tax Act Rules 1962 on Plant and machinery have been amended from 25% to 15% and on electrical fittings from 15% to 10%. Consequently depreciation on Plant and Machinery was charged at 15% instead of 25% and electrical fitting was charged at 13.91% instead of 15%. As a result of this change Depreciation is lower by Rs. 55.25 lakhs and profit for the year, Fixed Assets are higher by the same amount.
16. Additional actuarial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme during 2003-04 is being amortised over a period of five years as per IRDA guidelines. Unamortised amount of Rs. 2531.40 lakhs is included in Schedule 15 under the head “Miscellaneous Expenditure”. Hence profit for the year and assets are higher by Rs. 2531.40 lakhs.
17. In addition to the write-off done as a result of impairment in the value of the investments as per the existing Accounting Policy No. 12(a) the company has, during the year, identified certain actively traded equity shares for impairment which are held for more than three years and where market value have substantially gone down as compared to their carrying costs in the books. As the market value of these equity shares so identified have not looked up inspite of the general improvement in the market, the company has written-off Rs. 4260.38 lakhs being the difference between the carrying cost and the market value as on March 31, 2006 as impairment in the value of the such equity shares. As a result of this the fair value change account is higher by Rs. 4260.38 lakhs, investment in equity shares and profits for the year are lower by the same amount
18. The Audited Accounts of the Company were approved by the Board of Directors at their meeting held on 12th June, 2006. Subsequently, the Board of Directors, in its meeting on 9th August, 2006, decided to increase the rate of proposed dividend from 40% to 65% of the paid up capital and accordingly, the accounts of the Company have been revised by increasing the provision for proposed dividend from Rs. 8,000/- lakhs to Rs. 13,000/- lakhs and for tax thereon from Rs. 1,122/- lakhs to Rs. 1,823.25 lakhs.
19. Previous year figures have been re-grouped wherever required, to make the figures comparable with current year figures.

A. R. Sekar <i>Company Secretary</i>	R. K. Joshi <i>Director</i>	A. V. Muralidharan <i>Director</i>	B. Chakrabarti <i>Chairman-Cum-Managing Director</i>
As per our report of even date			
For Khandelwal Jain & Co. <i>Chartered Accountants</i>		For Sharp & Tannan <i>Chartered Accountants</i>	For B. K. Khare & Co. <i>Chartered Accountants</i>
Pankaj Jain <i>Partner</i>		Milind Phadke <i>Partner</i>	Santosh Parab <i>Partner</i>
Membership No. 48850		Membership No. 33013	Membership No. 47942
Mumbai, 9th August 2006			



DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

Sr. No.	Particulars	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
1.	The details of Contingent Liabilities are as under:		
	(a) Partly-paid up investments	2535.20	137.07
	(b) Underwriting commitments outstanding	Nil	Nil
	(c) Claims, other than those under policies, not acknowledged as debts	758.08	753.90
	(d) Guarantees given by or on behalf of the company	4499.41	3894.80
	(e) Statutory demands/liabilities in dispute not provided for	8.58	4.00
	(f) Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
	(g) Others (matters under Litigation)	1663.98	1106.51
2.	The details of encumbrances to the assets of the company are as under:		
	(a) In India	2452.12	2183.75
	(b) Outside India	4317.45	4783.86
3.	Commitment made and outstanding for Loans, Investments and Fixed Assets	7699.47	8728.42
4.	Claims, less reinsurance, paid to claimants:		
	(a) In India	252344.18	202093.19
	(b) Outside India	44774.73	41942.36
5.	Claim liabilities where claim payment period exceeds four years.	Nil	Nil
6.	Amount of claims outstanding for more than six months (Gross Indian)	447104.30	395804.60
	No. of Claims	258554	250424
	Amount of claims outstanding for less than six months (Gross Indian)	214840.34	112101.52
	No. of Claims	118138	115309
	Total amount of claims outstanding (Gross Indian)	661944.64	507906.12
	Total No. of claims outstanding	376692	365733
7.	Premiums, less reinsurances, written from business		
	a) In India	340527.31	300401.25
	b) Outside India	93737.80	89109.19
8.	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	Nil	67.83
	b) Sales where payments are overdue	51.04	481.33
9.	Amount of Claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:	Nil	123.29
	No. of claims	Nil	5



Sr. No.	Particulars	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
10.	Investments made in accordance with statutory requirements are as under:		
	(a) In India- Under Sec.7 of Insurance Act 1938	1075.10	1075.00
	(b) Outside India- Statutory Deposits under local laws	10241.49	9491.26
11.	Segregation of investments into performing and non-performing investments where NPA Provision is required as per RBI Guidelines is as under:		
	Performing (Standard) Investments	239904.44	217510.00
	Non Performing Investments	27209.58	31613.64
	Total Book Value (Closing Value)	267114.05	249123.64

12. All significant accounting policies forming part of the financial statements are disclosed separately.
13. Premium is recognized as income on assumption of the risk. A reserve for unexpired risks is created @ 100% of net premium for marine business and @ 50% of net premium for other classes of business.
14. Operating expenses relating to insurance business are apportioned to the revenue account on the basis of gross direct premium plus reinsurance accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.
15. The historical/weighted average cost of investments in equity shares, mutual funds, venture funds, which are valued on fair value basis is Rs163632.50 lakhs(Previous year Rs. 162527.78 lakhs), Rs. Nil lakhs (P.Y. 500 lakhs) and Rs. 2940 lakhs (P.Y. 3124.57 lakhs) respectively. However, the historical/weighted average cost in respect of investment in listed equity/equity related instruments/preference shares, the value of which had impaired on or before 31st March, 2000 is not available with the company, and hence, the carrying value of the same as on 01.04.2000 is presumed to be the historical/weighted average cost.
16. Computation of managerial remuneration: Being Govt. Company, the company is exempted vide notification: GSR 235, dated 31st January 1978 u/s 620 of the Companies Act, 1956.
17. Amortisation of debt securities is done from the date of investment on the basis of actual number of days upto the date of Sale/ Redemption/ 31st March, 2006. While working out amortisation put/call option is not considered, however, partial redemption if any, is taken into account.
18. (a) Unrealised gain/losses arising due to change in the Fair Value of listed equity shares and equity related instruments have been taken to "Fair Value Change Account" and on realisation will be transferred to profit and loss account.
(b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.
19. The company does not have Real Estate Investment Property.
20. Sector-wise break-up of gross direct premium written in India (Details of number of policies sector wise issued not available) is as under:

Sector	Current Year		Previous Year	
	(Rs. in Crore)	Percentage	(Rs. in Crore)	Percentage
Rural	375.46	7.84	262.29	6.23
Social	136.69	2.85	114.71	2.72
Others	4278.35	89.31	3833.81	91.05
Total	4790.50	100.00	4210.81	100.00



21. Various Financial Ratios

1. **Gross Premium Growth Rate (Segment wise)**

Segment	2005-06	2004-05	Growth	(Rs. Crores)	
				2005-06 Growth %	2004-05 Growth %
Fire	1103.49	1063.70	39.78	3.74%	- 0.37%
Marine Cargo	187.44	186.48	0.97	0.52%	- 4.85%
Marine Hull	161.89	114.74	47.14	41.08%	4.64%
Marine Sub Total	349.33	301.22	48.11	15.97%	- 1.45%
Motor	2476.41	2104.97	371.44	17.65%	6.96%
WC	201.22	211.96	- 10.74	- 5.07%	11.61%
PA	112.40	90.73	21.67	23.88%	- 0.48%
Aviation	116.85	155.16	- 38.31	- 24.69%	- 40.24%
Engineering	162.06	161.56	0.50	0.31%	6.64%
Health	-	-	-	-	-
Liability	-	-	-	-	-
Others	1153.80	1013.87	139.93	13.80%	14.18%
Misc. Sub Total	4222.73	3738.24	484.49	12.96%	5.36%
Grand Total	5675.54	5103.16	572.38	11.22%	3.69%

2. **Gross Premium to Shareholders' Funds Ratio**

Gross Premium	5675.54	5103.16
Shareholders' Fund (beginning of year)	4161.69	3735.22
Ratio (times)	1.36	1.37

3. **Growth Rate of Shareholders' Funds**

Shareholders' Funds	4706.87	4161.69	545.18	13.10%	11.42%
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4. Net Retention ratio

Segment	Premium Gross	Premium Net	Retention Ratio	Retention Ratio P.Y.
Fire	1103.49	830.76	75.28%	78.12
Marine Cargo	187.44	139.71	74.53%	75.60%
Marine Hull	161.89	24.67	15.24%	24.07%
Marine Sub Total	349.33	164.38	47.05%	55.97%
Motor	2476.41	2024.87	81.77%	81.87%
WC	201.22	173.44	86.20%	87.55%
PA	112.40	85.69	76.24%	78.11%
Aviation	116.85	9.23	7.90%	9.38%
Engineering	162.06	125.71	77.58%	65.00%
Health	-	-	-	-
Liability	-	-	-	-
Others	1153.80	928.57	80.48%	78.54%
Misc. Sub Total	4222.73	3347.52	79.27%	77.46%
Grand Total	5675.54	4342.65	76.52%	76.33%

5. Net Commission ratio

Segment	Commission Net	Premium Net	Commission Ratio	Commission Ratio P.Y.
Fire	71.78	830.76	8.64%	8.57%
Marine Cargo	15.79	139.71	11.30%	13.97%
Marine Hull	-7.57	24.67	-30.68%	-14.14%
Marine Sub Total	8.22	164.38	5.00%	9.37%
Motor	158.71	2024.87	7.84%	8.08%
WC	38.71	173.44	22.32%	22.64%
PA	9.77	85.69	11.40%	11.97%
Aviation	-6.87	9.23	-74.46%	-52.68%
Engineering	-1.85	125.71	-1.47%	-10.52%
Health	-	-	-	-
Liability	-	-	-	-
Others	97.81	928.57	10.53%	9.27%
Misc. Sub Total	296.28	3347.52	8.85%	8.46%
Grand Total	376.28	4342.65	8.66%	8.52%



6. Expenses of Management to Gross premium Ratio	2005-06	2004-05		
Expenses	1306.89	1188.88		
Gross Premium	5675.54	5103.16		
Ratio	23.03%	23.30%		
7. Combined Ratio				
Claims	3632.01	2904.98		
Expenses	1306.89	1188.88		
Sub Total	4938.90	4093.86		
Gross Premium	5675.54	5103.16		
Ratio	87.02%	80.22%		
8. Technical Reserves (at end) to Net Premium Ratio				
Unexpired Risk reserves	2253.51	2031.85		
Reserves for Premium deficiency	0	0		
Outstanding Claims	5505.40	4844.58		
Total Technical Reserves	7758.91	6876.43		
Net Premium	4342.65	3895.10		
Ratio (No. of times)	1.79	1.77		
9. Underwriting Balance Ratio (after credit of Policyholders Investment Income)				
Segment	U/W Profit	Premium (Net)	Ratio	Ratio P.Y.
Fire	19.57	830.76	2.36%	27.78%
Marine Cargo	42.81	139.71	30.64%	29.63%
Marine Hull	7.35	24.67	29.80%	47.91%
Marine Sub Total	50.16	164.38	30.52%	32.63%
Motor	24.49	2024.87	1.21%	0.19%
WC	115.87	173.44	66.81%	-4.25%
PA	9.00	85.69	10.50%	17.87%
Aviation	-46.59	9.23	-504.80%	47.54%
Engineering	44.40	125.71	35.32%	28.54%
Health	—	—	—	—
Liability	—	—	—	—
Others	-180.87	928.57	-19.48%	-12.32%
Misc. Sub Total	-33.70	3347.52	-1.01%	-1.83%
Grand Total	36.03	4342.65	0.83%	5.98%



10. Operating Profit Ratio

Segment	2005-06	2004-05
Underwriting Result	-1199.32	-658.57
Investment Income	2010.79	1450.73
Others	44.10	5.72
Sub Total	855.57	797.88
Net Premium	4342.65	3895.10
Ratio	19.70%	20.48%

11. Liquid Assets to Liabilities Ratio

Liquid Assets	5289.83	3891.50
Policyholders' Liabilities	7758.91	6876.43
Ratio	68.18%	56.59%

12. Net earnings ratio

Profit After Tax	716.38	402.23
Net Premium	4706.87	3895.10
Ratio	15.22%	10.33%

13. Return on Net Worth

Profit after Tax	716.38	402.23
Net Worth	4763.88	4161.69
Ratio	15.04%	9.67%

14. Reinsurance ratio

Risk reinsured (Premium)	1662.03	1522.64
Gross Premium	5675.54	5103.16
Ratio	29.28%	29.84%

22. A summary of financial statements for 5 years is as under:

(Rs. In crores)

Sr. No.	Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
	OPERATING RESULTS					
1.	Gross Premium Written	5675.54	5103.16	4921.47	4812.79	4198.06
2.	Net Premium Income #	4342.65	3895.10	3634.95	3516.43	3068.23
3.	Income from Investments (Net) @	2010.79	1450.73	1249.66	762.14	752.02
4.	Other Income (Pl. specify)	44.10	5.72	76.54	40.94	Nil
5.	Total Income	6397.54	5351.55	4961.15	4319.51	3820.25
6.	Commissions	376.28	331.88	213.62	193.14	79.82
7.	Brokerage (Included in 6. Commission)	Nil	Nil	Nil	Nil	Nil
8.	Operating Expenses	1306.89	1188.88	1340.56	894.76	774.53



Sr. No.	Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
9.	Claims, increase in Unexpired Risk Reserve and Other outgo	3858.80	3032.92	2759.08	2918.79	2757.71
10.	Operating Profit/loss	855.57	797.88	647.89	312.82	208.19
11.	Total Income under shareholders' account	*	*	*	*	*
12.	Profit/(loss) before Tax	855.57	797.88	647.89	312.82	208.19
13.	Provision for Tax	139.19	395.65	66.53	57.01	66.19
14.	Net Profit/(loss) after tax	716.38	402.23	581.36	255.81	142.00
MISCELLANEOUS						
15.	Policyholders' Account:					
	Total Funds	6876.43	6283.87	5787.51	5023.54	4451.78
	Total Investments	*	*	*	*	*
	Yield on Investments	*	*	*	*	*
16.	Shareholders' Account:					
	Total Funds	4161.69	3735.22	3404.06	3189.45	3067.45
	Total Investments	9397.55	8403.56	7928.00	7348.00	6884.57
	Yield on Investments	*	*	*	*	*
17.	Paid up equity capital	200.00	150.00	100.00	100.00	100.00
18.	Net worth	4706.87	4161.69	3735.22	3404.00	3189.39
19.	Total Assets	27025.58	19827.20	17510.45	12984.75	12236.14
20.	Yield on total Investments	21.11	17.26	16.36	9.96	11.05
21.	Earnings per share (Rs.)	35.82	26.82	59.02	25.58	14.20
22.	Book Value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
23.	Total Dividend	130.00	80.00	45.00	40.00	20.00
24.	Dividend per share (Rs.)	6.50	5.33	4.50	4.00	2.00

Net of Re-insurance

@ Net of losses

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

23. Interest, Dividends and Rent is apportioned between Revenue Account and Profit and Loss Account in proportion to the Balance in Shareholders' Funds and Policyholders' Funds at the beginning of the year. The same is further apportioned to Fire, Marine and Miscellaneous Revenue Account in proportion to the technical reserve balance at the beginning of the year.

A. R. Sekar

Company Secretary

R. K. Joshi

Director

A. V. Muralidharan

Director

B. Chakrabarti

Chairman-Cum-Managing Director

As per our report of even date

For Khandelwal Jain & Co.

Chartered Accountants

Pankaj Jain

Partner

Membership No. 48850

Mumbai, 9th August 2006

For Sharp & Tannan

Chartered Accountants

Milind Phadke

Partner

Membership No. 33013

For B. K. Khare & Co.

Chartered Accountants

Santosh Parab

Partner

Membership No. 47942



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
The Companies Act (1 of 1956) Schedule VI - Part IV

I. Registration Details (Rs. in '000)

Registration No. State Code
Balance Sheet

II. Capital Raised during the year

Public Issue Rights Issue
Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Current Liabilities
Reserves Un-expired Risk Reserves and Provisions

Application of Funds

Net Fixed Assets Investment
Current Assets Loans
Accumulated Losses Deferred Expenditure
Deferred Tax Assets

IV. Performance of the Company

Turnover Premium Income Total Expenditure
Investment & Other Income
Profit Before Tax Profit After Tax
Earning per Share in Rs. Dividend @ %

V. Generic names of three principal products/services of the Company (as per Monetary Terms)

Item Code No.

ITC Code

Product

Item Code No.

ITC Code

Product

Item Code No.

ITC Code

Product



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

We have audited the balance sheet of the Company as at 31st December, 2005 and the statements of income, changes in shareholders' equity and cash flow for the year then ended, as set out on pages 91 to 107. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31st December, 2005 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

EARNEST & YOUNG,
Port of Spain,
TRINIDAD

20th April, 2006



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

BALANCE SHEET AT 31ST DECEMBER, 2005

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Fixed Assets	4	692	731
Investment Property	5	6,500	6,500
Deferred Tax Asset	6	2,326	3,549
Reinsurance Assets		21,599	20,645
Taxation Recoverable		—	140
Trade and Other Receivables	7	14,746	10,150
Investments	8	33,268	29,373
Term Deposits		13,535	15,203
Cash and Cash Equivalents	9	30,985	29,413
Total Assets		123,651	115,704
EQUITY & LIABILITIES			
EQUITY			
Stated Capital	10	17,617	17,617
Capital Reserve		7,491	7,071
Catastrophe Reserve Fund		800	600
Statutory Surplus Reserve		8,552	8,552
Accumulated Retained Earnings		10,463	9,891
Total Equity		44,923	43,731
LIABILITIES			
Insurance Contracts	11	62,794	57,730
Deferred Tax Liability	6	2,550	3,031
Provision for Taxation		1,234	1,426
Trade and Other Payables	12	12,137	9,786
Bank Overdraft		13	—
Total Liability		78,728	71,973
Total Equity & Liability		123,651	115,704

These financial statements were approved by the Board of Directors and authorized for issue on 20th April, 2006 and are signed on their behalf by:

Director

Director

The notes on pages 95 to 107 form part of these financial statements.



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2005

	Notes	2005 \$'000	2006 \$'000
Insurance Contracts Premium Revenue		49,938	37,852
Reinsurer's Share of Insurance Contracts Premium Revenue		(22,332)	(15,496)
Net Insurance Contracts Premium Revenue		27,606	22,356
Gross change in unearned Premium Provision and Unexpired Risks		(7,608)	(4,305)
Reinsurer's share of change in unearned premium provision and unexpired risks		4,338	1,786
Net change in unearned premium provision and unexpired risks		(3,270)	(2,519)
Net Insurance Revenue		24,336	19,837
Reinsurance Commissions		5,425	3,652
Investment and Other Income	13	3,603	3,495
Revaluation of Property		–	2,500
Total Revenue		33,364	29,484
Gross Claims Incurred		(13,868)	(8,732)
Reinsurer's Share of Gross Claims incurred		1,407	1,097
Net Insurance Claims Incurred		(12,461)	(7,635)
Agents and Brokers Commissions		(7,963)	(5,847)
Other Operating and Administrative Expenses		(8,481)	(6,930)
Total Claims incurred and Other Expenses		(28,905)	(20,412)
Profit Before Tax		4,459	9,072
Taxation	6	(2,381)	(1,761)
Net Profit for the year		2,078	7,311

The notes on pages 95 to 107 form part of these financial statements.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2005

	Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
Balance at 1st January, 2004 as previously stated	17,617	6,963	-	8,552	3,651	36,783
Impact of changes in accounting policies affecting periods preceding 1st January, 2004	-	-	-	-	-	-
Reversal of Catastrophe Reserve Liabilities not permitted under IFRS 4	-	-	400	-	400	-
Transfer to catastrophe reserve a component of equity	-	-	-	-	(400)	-
Balance as at 1st January, 2004 (restated)	17,617	6,963	400	8,552	3,651	37,183
Net income for the year as previously stated	-	-	-	-	7,111	7,111
Impact of changes in accounting policies:	-	-	-	-	-	-
Reversal of catastrophe reserve liability not permitted under IFRS 4	-	-	-	-	200	200
Transfer to catastrophe reserve as a component of equity	-	-	200	-	(200)	-
Net unrealised gains on revaluation of available-for-sale investments inclusive of deferred taxation	-	345	-	-	-	345
Realised gain on sale of investments transferred to income	-	(237)	-	-	-	(237)
Dividend 2003	-	-	-	-	(871)	(871)
Balance at 31st December, 2004 (restated)	17,617	7,071	600	8,552	9,891	43,731
Net income for the year	-	-	-	-	2,078	2,078
Transfer to catastrophe reserve	-	-	200	-	(200)	-
Net unrealised gains on revaluation of available-for-sale investments inclusive of deferred taxation	-	420	-	-	-	420
Dividend 2004	-	-	-	-	(1,306)	(1,306)
Balance at 31st December, 2005	17,617	7,491	800	8552	10,463	44,923

\$'000

The notes on pages 95 to 107 form part of these financial statements.





THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2005

	2005	2004
	\$'000	\$'000
Cash Flows from Operating Activities		
Net Income Before Taxation	4,459	9,072
Adjustments for:		
Loss/(gain) on sale of fixed assets	13	(50)
Depreciation	186	193
Foreign exchange gains on investments/fixed deposits	(4)	(40)
Impairment Expenses	(164)	-
Realized gain on sale of available-for-sale investments	-	(237)
Gain on revaluation of property	-	(2,500)
Operating Profit Before Working Capital Changes	4,490	6,438
Increase in other receivables and reinsurance assets	(5,550)	(840)
Increase in insurance contracts liabilities	5,064	768
Increase in other creditors	2,351	2,027
Corporation taxes paid	(1,071)	(334)
Net cash generated from operating activities	5,284	8,059
Cash Flows from investing Activities		
Purchase of investments and fixed deposits	(7,124)	(4,131)
Redemption of investments and fixed deposits	4,858	620
Proceeds on disposal of fixed assets	26	50
Additions to fixed assets	(188)	(103)
Net cash used in investing activities	(2,428)	(3,564)
Cash Flows from Financing Activities		
Dividends paid	(1,297)	(139)
Net cash used in financing activities	(1,297)	(139)
Net increase in cash and cash equivalents	1,559	4,356
Cash and Cash Equivalents at beginning of year	29,413	25,057
Cash and Cash Equivalents at end of year	30,972	29,413
Represented by:		
Cash in hand and at bank	26,919	24,701
Bank Overdraft	(13)	-
Short Term treasury bills	4,066	4,712
	30,972	29,413

The notes on pages 95 to 107 form part of these financial statements.



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2005

1. Incorporation and Principal Activity

The company is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India. The company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia and St. Maarten. The Company also maintains run-off portfolios in the islands of Antigua, Barbados and Grenada. The registered office and principal place of business is located at 22 St. Vincent Street, Port of Spain.

2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the changes resulting from new standards mandatory for financial years beginning on or after 1st January, 2005.

The main change in accounting policy relates to the accounting standard: IFRS 4, Insurance Contracts. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds, except for specified contracts covered by other IFRS standards.

These changes have been accounted for retrospectively in accordance with the provisions of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, and the effect of these changes may be seen in the statement of changes in shareholders' equity.

3. Statement of Accounting Policies

a) Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Trinidad and Tobago dollars.

These financial statements are prepared on a historical cost basis except for the measurement at fair value of available for sale investments and investment property. No account is taken of the effects of inflation.

b) Use of Estimates, Assumptions and Judgements

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's best knowledge and judgement of current facts as at the balance sheet date, the actual outcome may differ from these estimates.

c) Segmental Reporting

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.



d) Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives.

The rates and methods used are as follows:

Leasehold Improvements	20% on cost
Motor Vehicles	20 - 25% on cost
Office Equipment	10 - 25% on reducing balance

e) Investment Properties

Property held for capital appreciation is classified as investment property. Investment properties are valued annually either by way of Directors valuation or an external professional valuer. The property is externally valued at least once every three (3) years. Fair value is the estimated amount for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. Investment properties are derecognised when either its use change or it has been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Gains or losses arising from changes in the fair values are recognised in the income statement in the period in which they arise.

f) Taxation

Taxation is calculated using the liability method of deferred taxation. Deferred tax assets and liabilities are recognised for temporary differences arising between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, which result in taxable amount in future periods. These have been calculated using enacted tax rates.

Changes in deferred tax assets and liabilities are recognised as a tax expense in the statement of income.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

i) Business in Trinidad and Tobago

Corporation tax is charged at 30% of the chargeable profits for the year.

ii) Business outside Trinidad and Tobago

The basis of tax chargeable varies from country to country. Adequate provision for this is made in these financial statements.

Premium taxes in overseas territories are deducted from the relevant premium income recognized.

iii) Business levy

Business levy is charged on "world-wide" income at 0.20%.



g) Reinsurance Assets

The Company assumes and cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

h) Fair Values of Financial Assets and Liabilities

Fair value determinations for financial assets and financial liabilities are based on if readily available market prices at the close of business on the balance sheet date for listed instruments or by reference to current market values of another instrument which is substantially the same. If prices are not readily available; the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. The use of valuation models and assumptions could produce materially different estimates of fair values.

i) Financial Assets

The Company classifies its investments as either held to maturity financial assets or available for sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

All regular way purchase and sales of financial assets are recognised on the settlement date.

All investments are initially recognised at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the investment. A financial asset is derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

Held to maturity financial assets comprises fixed or determinable income securities that the Company has the positive intention and ability to hold until maturity. Premiums and discounts are amortised over the life of the instrument using the effective interest rate method. The amortisation of premiums and discounts is taken to the income statement.

Available for sale financial assets, after initial recognition, are measured at fair value. Unrealised gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the income statement.

Impairments

The carrying value of all financial assets not carried at fair value is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.



In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Company's long term investment strategy.

For held to maturity financial assets carried at amortised cost, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment loss is recorded in the income statement.

j) Insurance Receivables

Insurance receivables are recognised when due and measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

k) Cash and Cash Equivalent

Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value.

l) Product Classification

Insurance Contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependant on both the probability of an insured even and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Any contracts not considered insurance contracts under IFRS are classified as investment contracts.

All contracts held by the Company as at 31st December, 2005 have been classified as insurance contracts.

m) Insurance Contracts Liabilities

General Insurance Contracts Liabilities

General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the balance sheet date.

Provision for Unearned Premiums

The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the income statement in the order that revenue is recognised over the period of risk.



Provision for Unexpired Risks

Provision for unexpired risks represents the amount set aside at the end of the year in respect of subsequent risks to be borne by the company under contracts of insurance in force at the end of the year and are computed at a percentage of the provision for unearned premiums at the end of the year.

n) Provision for Other Insurance Financial Liabilities

A provision is recognized when the Company has a present legal or constructive obligation, as a result of past event, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

o) Employee Benefits

The directors have agreed to pay a gratuity to managerial employees on retirement after ten years or more of service. For non-managerial employees, a discretionary gratuity on retirement after ten years or more of service will be paid. The contingent liability arising is adequately provided for in these financial statements.

p) Revenue Recognition

Premium Income

Premiums written are recognised on policy inception and earned on a pro rate basis over the term of the related policy coverage.

Commission Income

The fee is recognised as revenue in the period in which it is received unless these relate to services to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognised in the income statement as the service is provided over the term of the contract. Initiation and other front end fees are also deferred and recognised over the term of the contract.

Investment Income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium. Investment income also includes dividends.

Realised Gains and Losses recorded in the Income Statement

Realised gains and losses on the sale of property and equipment and of available for sale financial assets are calculated as the difference between net sales proceeds and the original or amortised cost. Realised gains and losses are recognised in the income statement when the sale transaction occurs.

q) Expenses of Management

Expenses of management are apportioned to the various business segments on the basis of gross premium income written for each class of business with the exception of Barbados which are directly allocated.

r) Other Income and Expenditure

Other income and expenditure items are accounted for on the accrual basis.



s) Benefits and Claims

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the balance sheet date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported (IBNR's) until after the balance sheet date. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of income in the year the claims are settled.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

t) Foreign Currency Transactions

Foreign currency transactions during the year are translated at the exchange rates ruling at that date. Monetary assets and liabilities in foreign currencies at the year-end are translated at the closing exchange rates for the year. Profits and losses thus arising are dealt with in the statement of income.

u) Capital Reserve

All unrealised gains and losses arising from the revaluation of available-for-sale investments are recognised as part of shareholders equity in the capital reserve.

v) Statutory Surplus Reserve

As required by Section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the Company's profit from general insurance business, for the preceding year is to be appropriated towards a Statutory Surplus Reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

w) Catastrophe Reserve

On an annual basis, the Directors determine an amount that is transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is included as a separate component of equity.

x) Comparative Figures

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly. These changes have resulted in an increase in the prior year profit by \$200,000 arising from reversal of catastrophe reserve liabilities which is now not permitted under IFRS 4.



4. Fixed Assets

	Leasehold Improvements	Office Equipment & Motor Vehicles	Total 2005	Total 2004
	\$000	\$000	\$000	\$000
Cost				
At beginning of year	355	2,910	3,265	3,352
Additions	–	188	188	103
Disposals	–	(137)	(137)	(190)
At end of year	355	2,961	3,316	3,265
Depreciation				
At beginning of year	345	2,189	2,534	2,531
Current Year	9	177	186	193
Disposals	–	(96)	(96)	(190)
At end of year	354	2,270	2,624	2,534
Net written down value	1	691	692	731

5. Investment Property

Balance brought forward	6,500	4,000
Surplus on revaluation	–	2,500
Balance carried forward	6,500	6,500

6. Taxation

i) Tax charge for the year

The company has un-utilised tax losses and the tax charge is therefore based on business and green fund levy.

Business Levy	45	53
Green Fund	48	27
Provision for taxation in St. Maarten, Dominica and St. Lucia	1,014	650
Deferred Tax	1274	1031
	2,381	1,761

ii) Reconciliation between tax loss and accounting profit multiplied by the applicable tax rate

Accounting Profit	4,459	9,072
Tax at 30%	1,338	2,722
Expenses not deductible	117	86
Income exempt from tax	(294)	(307)
Change in tax rate	(592)	–
Other	1,064	(926)
Business Levy	45	53
Green Fund	48	27
Islands	1,014	650
Tax losses utilised/recognised	(359)	(544)
	2,381	1,761



	2005 \$000	2004 \$000
iii) Deferred Tax Asset/(Liability)		
<u>Deferred Tax Asset</u>		
Unutilised Tax Losses	<u>2,326</u>	<u>3,549</u>
<u>Deferred Tax Liability</u>		
Unrealised gains on revaluation of available-for-sale investments	(2,498)	(3,031)
Fixed Assets	(52)	-
	<u>(2,550)</u>	<u>(3,031)</u>

The company has un-utilised tax losses in Trinidad and Tobago of approximately \$9.3 million as at 31st December, 2005 (2004: \$11.8 million).

Deferred tax assets have been recognised in these financial statements for carried forward un-utilised tax losses. This position will be re-assessed at the next financial year-end.

7. Trade and Other Receivables

Insurance Receivables	10,077	7,110
Amounts due from reinsurers		
- New India, Mumbai	2,245	1,769
- Other Reinsurers	1,577	469
Other Receivables	847	802
	<u>14,746</u>	<u>10,150</u>

8. Investments

Available-for-sale

Bonds and Other Securities	14,388	11,850
Quoted Shares	12,256	11,672
	<u>26,644</u>	<u>23,522</u>

Held to Maturity

Bonds	6,624	5,851
Total Investments	<u>33,268</u>	<u>29,373</u>

Bonds, securities and deposits pledged with the Inspector of Financial Institutions amounts to \$20,995,842 at 31st December, 2005 (2004: \$20,382,952)

9. Cash and Cash Equivalents

Cash in hand and at bank	26,919	24,701
Short Term treasury bills	4,066	4,712
	<u>30,985</u>	<u>29,413</u>



	2005 \$000	2004 \$000
10. Stated Capital		
Authorised 22,000,000 shares of no par value	-	-
Issued and fully paid 17,418,945 shares of no par value	17,418	17,418
Share Premium	199	199
	<u>17,617</u>	<u>17,617</u>

11. Insurance Contracts Liabilities

Liabilities may be analysed as follow:

Notes	2005	Reinsurers' share of liabilities	Net	Insurance contracts liabilities	2004	Reinsurers' share of liabilities	Net
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Provision for claims reported by policyholders	30,547	8,664	21,883	31,252	10,796	20,456	
Provision for claims incurred but not reported (IBNR)	2,702	910	1,792	4,541	2,162	2,379	
Total claims reported and IBNR	11(a) 33,249	9,574	23,675	35,793	12,958	22,835	
Provision for unearned premiums	11(b) 26,859	10,932	15,927	19,943	6,988	12,955	
Provision for unexpired risk	11(c) 2,686	1,093	1,593	1,994	699	1,295	
Total insurance contracts liabilities	<u>62,794</u>	<u>21,599</u>	<u>41,195</u>	<u>57,730</u>	<u>20,645</u>	<u>37,085</u>	

a) The provision for claims reported by policyholders may be analysed as follows:

	2005	Reinsurers' share of liabilities	Net	Insurance contracts liabilities	2004	Reinsurers' share of liabilities	Net
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1st January	35,793	(12,958)	22,835	40,146	(15,288)	24,858	
Claims incurred	13,868	(1,407)	12,461	8,732	(1,097)	7,635	
Claims paid during the year	(16,412)	4,791	(11,621)	(13,085)	3,427	(9,658)	
At 31st December	<u>33,249</u>	<u>9,574</u>	<u>23,675</u>	<u>35,793</u>	<u>12,958</u>	<u>22,835</u>	

b) The provision for unearned premiums may be analysed as follows:

	2005	Reinsurers' share of liabilities	Net	Insurance contracts liabilities	2004	Reinsurers' share of liabilities	Net
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1st January	19,943	(6,988)	12,955	16,031	(5,364)	10,667	
Premiums written in the year	49,938	(22,332)	27,606	37,852	(5,496)	22,356	
Premiums earned during the year	(43,022)	18,388	(24,634)	(33,940)	13,872	(20,068)	
At 31st December	<u>26,859</u>	<u>10,932</u>	<u>15,927</u>	<u>19,943</u>	<u>6,988</u>	<u>12,955</u>	



c) The provision for unexpired risk may be analysed as follows:

	2005			2004		
	Insurance contracts liabilities \$000	Reinsurers' share of liabilities \$000	Net \$000	Insurance contracts liabilities \$000	Reinsurers' share of liabilities \$000	Net \$000
At 1st January	1,994	(699)	1,295	1,603	(537)	1,066
Net incurred and utilised during the year	692	(394)	298	391	(162)	229
At 31st December	<u>2,686</u>	<u>(1,093)</u>	<u>1,593</u>	<u>1,994</u>	<u>(699)</u>	<u>1,295</u>
				2005		2004
				\$000		\$000

12. Trade and Other Payables

Sundry Creditors and Accruals	3,293	4,853
Amounts due to reinsurers	8,844	4,933
	<u>12,137</u>	<u>9,786</u>

13. Investment and Other Income

Investment and Other Income include the following:

Interest Income	3348	3120
Dividend Income	261	585
Foreign Exchange Loss	(6)	(210)
	<u>3603</u>	<u>3495</u>

14. Profit Before Taxation

Profit before taxation is arrived at after charging:

Depreciation	186	193
Staff Costs	3162	2569
Directors' Fees	73	42
Interest Expense	39	49

15. Insurance Contracts Liabilities and Reinsurance Assets - Terms, Assumptions and Sensitivities

Terms and Conditions

The major classes of general insurance written by the Company include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

For these insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date.

The provisions are refined as part of a regular ongoing process, and as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.



Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumption like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the balance sheet date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent financial statements.

16. Financial Instruments

Fair Values

With the exception of insurance contracts which are specifically excluded under International Accounting Standard No. 32, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Company would realize in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

i) Short Term Financial Assets and Liabilities

The carrying amount of short term financial assets and liabilities comprising cash and short term funds, trade and other receivables and trade and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

ii) Investments

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value.

iii) Investment properties

Investment properties are carried at revalued amounts.



17. Risk Management Policies

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Reinsurance

Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each year end, management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

Investment Securities

The Company limits its exposure by setting maximum limits of portfolio securities with a single or group of issuers. The Company also only makes use of institutions with high creditworthiness.

Insurance Receivables

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

b) Liquidity Risk

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. The Company sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims at unexpected levels of demand.

c) Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payment exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long term claims.

The variability of risks is improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The majority of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurers is unable to meet its obligations assumed under such reinsurance agreements.



18. Segmental Reporting

The relevant segment information for the Company is as follows:

	2005			2004		
	Trinidad & Tobago	Other Islands	Total	Trinidad & Tobago	Other Islands	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Total Revenue	22,129	11,235	33,364	19,489	9,995	29,484
Profit before tax	3,583	876	4,459	6,826	2,246	9,072
Total Assets	92826	30,825	123,651	84,294	31,410	115,704
Total Liabilities	43,948	34,780	78,728	38,763	33,210	71,973
Purchase of fixed assets	188	—	188	103	—	103
Deprecation	168	18	186	175	18	193

19. Contingent Liabilities

a) 27th July, 1990

The company has denied liability for claims intimated arising from the events of 27th July, 1990. This is based on legal advice, which is reinforced by reinsurers' common stand that these losses are not covered under treaty wordings. Also, no provision has been made for legal costs, which may be incurred in respect of court actions arising out of these claims.

b) Claims in Litigation

The Company is defending various legal actions relating to claims in dispute. These arose during the normal course of business. After taking legal advice, management has established certain provisions that are reflected in these financial statements.

The actual outcome of these legal actions could result in payments that differ from the provisions established by management.

20. Related party transaction

Included in these financial statements are the following related party transactions with New India Mumbai:

	2005	2004
	\$000	\$000
Management Fees	750	750
Reinsurance Premiums	3,080	1,919
Reinsurance Recoverable	2,245	1,903



THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

DIRECTOR'S REPORT

The directors present their annual report together with the financial statement for the year ended 31st December, 2005.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act Cap 249. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of carrying on insurance business. However, the Company has ceased business operations with effect from 1st January, 2003.

The liabilities include 'Dues to Insurance Companies' which is due to New India in Mumbai as the reinsurer of the company's operations in certain areas.

There is a stay on the utilisation of funds in the bank account of the company due to which the funds could not be effectively deployed for investments which has resulted in reduced investment income.

DIRECTORS

The directors as at 31st December, 2005, and their interests in the Share Capital of the Company were as follows:

	Shares of Le2.00 each	
	End of year	Beginning of year
G. Srinivasan	—	—
K.G. Arora	—	—

AUDITORS

In accordance with Section 130 of the Companies Act Cap 249 of the Laws of Sierra Leone a resolution for the re-appointment of PKF, as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

TRADING RESULTS

The results for the year and other key indicators are set out in the attached financial statements. The Company made a loss for the financial year of Le (14,926), thus increasing the accumulated loss to (Le41,269)

The Directors do not therefore recommend the payment of dividend for the year.

By Order of the Board

Freetown 2006

Secretary



THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 110 to 114 which have been prepared under the accounting policies set out on page 112.

Respective responsibilities of Directors and Auditors

As described on page 108 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

We draw attention to note 10 which states that the Company has a deficiency of net assets amounting to Le57,202 and is dependent on the financial support of the directors for the continuance of normal operations.

Opinion

In our opinion the financial statements give a true and correct view of the state of the Company's affairs as at 31st December, 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act Cap 249, and the Insurance Act 2000.

PKF

Freetown 2006

Chartered Accountants



THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

PROFIT AND LOSS ACCOUNT - 31ST DECEMBER, 2005

	Notes	2005 Le 000	2004 Le 000
Investment Income		6,503	—
Other Income		—	—
		6,503	—
Operating Expenses		(21,429)	(7,500)
Taxation	3	—	—
(Loss) For the Financial Year	2	<u>(14,926)</u>	<u>(7,500)</u>

Movement on reserves is set out in note 9

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

BALANCE SHEET - 31ST DECEMBER, 2005

	Notes	2005		2004	
		Le000	Le000	Le 000	Le 000
Fixed Assets					
Tangible Assets	4		—		—
Investments	5		60,000		60,000
Current Assets					
Debtors	6	4,595		4,595	
Deposits, Bank and Cash Balances		241,046		261,972	
		<u>245,641</u>		<u>266,567</u>	
Creditors					
Amounts falling due within one year	7	(362,843)		(368,843)	
		<u>(362,843)</u>		<u>(368,843)</u>	
Net Current Liabilities			<u>(117,202)</u>		<u>(102,276)</u>
Total Assets Less Current Liabilities			<u>(57,202)</u>		<u>(42,276)</u>
Capital and Reserves					
Called up Share Capital	8		500		500
Profit and Loss Account	9		(41,269)		(26,343)
Exchange Equalisation Account			(28,647)		(28,647)
Contingency Reserve			12,214		12,214
			<u>(57,202)</u>		<u>(42,276)</u>

Approved by the Board on 2006

G. Srinivasan
Director

K.G. Arora
Director



THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

CASH FLOW STATEMENT YEAR ENDED 31ST DECEMBER, 2005

	2005		2004	
	Le000	Le000	Le 000	Le 000
OPERATING ACTIVITIES				
Operating (loss) before taxation	(14,926)		(7,500)	
(Decrease)/Increase in Creditors	<u>(6,000)</u>		<u>6,000</u>	
Net Cash Outflow from operating activities		(20,926)		(1,500)
RETRNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		—		—
INVESTING ACTIVITIES				
Proceeds from sale of Fixed Assets	<u>—</u>		<u>—</u>	
Net Cash Inflow from Investing Activities		—		—
Net Cash Outflow		(20,926)		(1,500)
Analysis of changes in cash and cash equivalents during the year:				
Beginning of year		261,972		263,472
Net Cash Outflow		(20,926)		(1,500)
End of year		241,046		261,972



THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER, 2005

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the Company's affairs:

- a) Accounting Convention

The financial statements set out on pages 110 to 114 are prepared under the historical cost convention.

2. LOSS FOR THE FINANCIAL YEAR

Loss for the financial year is stated after charging the following:

	2005	2004
	Le000	Le000
Auditor's Remuneration	5,000	5,000

3. TAXATION

No provision has been made for taxation as there was an adjusted loss for the year

4. TANGIBLE FIXED ASSETS

	Motor Vehicles	Office Fixtures and Fittings	Residential Equipment	Total
	Le 000	Le 000	Le 000	Le 000
COST				
Beginning and end of year	—	—	—	—
DEPRECIATION				
Beginning of year and end of year	—	—	—	—
Charge	—	—	—	—
Disposals	—	—	—	—
End of year	—	—	—	—
NET BOOK AMOUNT				
End of year and beginning of year	—	—	—	—



2005
Le000

2004
Le000

5. INVESTMENTS

Investments Comprised:

Deposit with the Bank of Sierra Leone

60,000	60,000
60,000	60,000

6. DEBTORS

Debtors Comprised:

Taxation

2,262	2,262
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Sundry Debtors

165	165
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Interest Receivables

2,168	2,168
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4,595	4,595
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7. CREDITORS

Amounts falling due within one year comprised:

Sundry Creditors

8,868	14,868
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Amounts due to Insurance Companies

353,975	353,975
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362,843	368,843
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8. CALLED UP SHARE CAPITAL

Called up share capital comprised allotted, called up and fully paid ordinary shares of Le2.00 each. The authorised share capital for the Company throughout the year was Le500,000 divided into 250,000 ordinary shares of Le2.00 each.

9. PROFIT AND LOSS ACCOUNT

The movement on this account during the year was as follows

Le000

Beginning of year

(26,343)

Loss for the year

(14,926)

End of year

(41,269)

10. GOING CONCERN

The balance sheet shows that liabilities exceed assets by Le57,202

The Directors have confirmed their intention to maintain financial support for the foreseeable future to enable the Company to continue normal operations. The financial statements are therefore drawn on a going concern basis.

11. LIBERIA BRANCH

In view of the current situation in Liberia, the financial statements for 2005 as in the case of 2004, 2003 and 2002 represent only the transactions of the Freetown Office.



12. CAPITAL COMMITMENTS

There were no capital commitments at 31st December, 2005 (2004 - Nil)

13. CONTINGENT LIABILITIES

The Company had denied liability for claims amounting to 8,679,769 United States Dollars and 7770556 Liberian Dollars on the Liberia Branch arising from the situation in Liberia. There is pending litigation for which the Company has obtained legal opinion that it will incur no liability on these claims.

SHORT TERM BUSINESS REVENUE ACCOUNT YEAR ENDED 31ST DECEMBER, 2005

	2005		2004	
	Le000	Le000	Le000	Le000
Premiums written less reinsurance		—		—
Less: Increase/Decrease in provision for unearned premiums		—		—
Premiums earned		—		—
Commission received from reinsurers		—		—
		—		—
Claims Incurred	—		—	
Commission Paid	—		—	
Expenses	21,429		7,500	
Contingency Reserve	—		—	
		21,429		7,500
Underwriting (Loss)		21,429		7,500
Underwriting (Loss) Comprised:				
Fire		—		—
Marine		—		—
Motor		—		—
Miscellaneous Accident		—		—
Expenses		21,429		7,500
		21,429		7,500



INFORMATION REGARDING EMPLOYEES IN FOREIGN BRANCHES DRAWING A REMUNERATION OF RS. 24,00,000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2006
Information as per Section 217(2A) of Companies Act 1950 for the year ended 31-03-2006

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE- RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOYMENT HELD	PLACE
ABE M.	27	SR MANAGER	3,788,981	B.COM.	13/2/79	50	N.A	TOKYO
AKIMOTO K.	21	BRANCH MANAGER	2,542,518	B.Com.	19/1984	45	N.A	HIROSHIMA
ELANKUMARAN	16	MANAGER FOR OSAKA BR.	3,511,932	B.Sc.,FIII, MBA	27/11/89	43	N.A.	OSAKA
GARDNER BROWN	41	BRANCH MANAGER	3,785,081	Chartered Insurer FCII	6/24/1905	60	Guardian Insurance	LONDON
A. GANESAN	21	MANAGER	2,820,909	M.Com. FIII,AICWA	6/6/1905	46	Office of CAG India	LONDON
M.A.KHARAT	26	C.E.O.	4,164,968	M.A,LLB,FIII	28/8/79	49	N.A.	TOKYO
A.OSHIUMI	20	SR.CLERK	2,445,124	B.Com	12/8/1985	44	-	TOKYO
K. ITO	2	DY.BM	2,716,927	-	16/4/2003	52	Saison	NAGOYA
KKISHIDA	34	SR.CLERK	2,433,675	-	13/9/71	58	-	GIFU
K.G. ARORA	30	C.E.O.	4,834,226	M.Com. CIP,FIII,ACI, FBMS, MBIM,CPCU	5/27/1905	51	Indian Investment Centre Govt. of India	LONDON
S.YAMAGUCHI	20	MANAGER	2,469,333	B.Com	1/4/1986	42	-	SAPPORO
IWAKIRI K.	15	DY.BM	2,654,675	B.Com.	25/6/90	58	N.A.	HIMEJI
IWATANI K.	21	FUKUYAMA SUB B.M.	2,601,682	B.COM.	1/4/1984	44	N.A.	HIROSHIMA
KATO S.	27	SR. CLERK	3,297,198	B.A.	1/4/1978	53	N.A.	SAPPORO
KOTERAZAWA. M.	30	BR.MANAGER	3,543,317	B.Com.	15/3/76	52	N.A.	HIMEJI
MASUI Y.	17	MANAGER	2,991,117	B.COM.	27/3/89	54	N.A.	HIROSHIMA
MEKAWA H	5	MANAGER	2,667,159	B.COM.	4/9/2000	46	Nititan Capital Group	TOKYO
M SAITO	4	MANAGER	2,564,454	B.Com	9/1/2001	50	-	TOKYO
N MACKENNEY	40	U/W MANAGER.	4,274,153	ACII	1999	60	SUN ALLIANCE	LONDON
NAMIKI K.	32	SECRETARY	3,309,088	B.A.	25/2/74	52	N.A.	TOKYO
NOMURA N.	39	SR. CLERK	2,754,557	B.Com.	3/1/1967	57	N.A.	TOKYO
OKUDA Y.	35	SUB MANAGER GIFU	3,214,075	B.A.	3/1/1971	53	N/A	GIFU
S. BANERJEA.	17	MANAGER	3,213,936	B.Com.,MBA,FIII	13/07/87	41	N.A.	TOKYO
S.DOI	32	CLERK	2,485,376	B.Com.	22/10/74	57	N.A.	TOKYO
SABA RATNASABAPATHY	28	ACCOUNTANT	3,299,842	FCEA	1995	53	HENLEY INDUSTRIES.	LONDON
SADHANA TREHAN	20	MANAGER FOR H.K.	3,072,938	BSc,MA,AIII	1/6/1983	44	N.A.	HONGKONG
SASAKA H.	26	SR..CLERK	2,839,481	GRADUATE	1/4/1979	47	N.A.	SAPPORO
SATO H.	32	Sr. MANAGER	4,179,417	B.COM	1/3/1974	54	N.A.	TOKYO
SHIMODA N.	16	MANAGER.	2,820,817	HIGH SCHOOL	10/4/1989	53	N.A.	HIROSHIMA
TAKASE O.	14	DEPUTY B.MANAGER	3,332,044	B.A.	1/10/1991	50	Lumberments	OSAKA
TERAMOTO K.	33	BR.MANAGER.	3,802,247	B.A.	3/1/1973	58	N.A.	HIROSHIMA
SUJAY BANARJI	24	MANAGER FOR AUSTRALIA	2,530,124	M.A., AIII	1/6/1982	48	N.A.	SYDNEY
YOSHIMARA S.	26	BR. MANAGER	2,863,265	B.Com.	1/8/1979	51	N.A.	OKAYAMA
RAJIV BHATIA	19	RESIDENT MANAGER	2,985,272	B.E. (Civil Engg.), AIII	2/7/1986	42	Akai Projects & Constructions Pvt.Ltd.	ARUBA
T. SHIRAKURA	1	Dy. CEO	3,785,313	B.Com	1/2/2005	56	Tokio Marine	TOKYO
T. KANAMORI	1	MANAGER	2,648,207	-	13/1/2005	49	General	NAGOYA
A. BORGHAIN	1	MANAGER	2,850,699	MVSc. AIII	30/4/1985	50	-	TOKYO