

## DIRECTORS' REPORT

To the Shareholders,

The Directors present the Third Annual Report together with the audited Accounts of the Company for the year ended March 31, 2010.

### FINANCIAL RESULTS

(INR '000)

	2009-10	2008-09
Gross written premium	19,433	Nil
Insurance Profit/ (Loss)	(156,604)	Nil
Investment Income on Shareholders Fund	99,944	53,950
Profit/(Loss) before Tax	(57,913)	(66,190)
Provision for Taxation	Nil	(405)
Provision for Deferred Tax	Nil	Nil
Profit/(Loss) after Tax	(57,913)	(66,595)

### OPERATIONS

During the year under review, the Company has booked gross written premium of INR 19,433 thousands as against INR Nil thousands in the previous year. The Minimum and Deposit premium on reinsurance treaties is higher than the gross written premium. Hence, the net earned premium stood negative at INR 33,111 thousands. The income from investment for the year under review is INR 100,274 thousands as against INR 53,950 thousands in the previous year. The loss before tax for the year 2009-10 was INR 57,913 thousands as against loss of INR 66,190 thousands for the year ended 2008-09. The net loss after tax stood at INR 57,913 thousands during the year under review as compared to net loss of INR 66,595 thousands during the previous year.

### OUTLOOK

The non-life insurance market remains very competitive. The aftermath of pricing de-control manifests in sustained inadequate risk premium. The customer expectations on pricing of insurance spend also remains unsustainable. The 'Combined Operating Ratios' (CORs) of all insurers is well above 100. In some cases even touching 140 plus.

In light of this, the brief to RQBE management team is to wait and watch, to protect the capital and focus on the QBE Specialty products. A significant number of liability products have been approved by the IRDA, many more are in the pipeline. Next to go would be Credit insurance, where QBE enjoys significant brand presence. RQBE is also seeking to build on the British Marine and QBE Specialty Marine areas. It expects to launch these by the last quarter of the calendar year.

With a lean team, controlled costs and a modest top-line, RQBE should be able to become the lowest cost insurer and

best 'Net Combined Operating Ratio' (NCOR) performer in the next couple of years.

### ALLOTMENT OF SHARES

During the year under review, the Company allotted on rights basis to the promoters, Prism Cement Limited and QBE Holdings (AAP) Pty Limited 7,000,000 equity shares of INR 10/- each aggregating to INR 70,000 thousands. With this, the paid-up share capital of the Company now stands at INR 2,070,000 thousands. Prism Cement Limited holds 74% and QBE Holdings (AAP) Pty Limited hold 26% of the share capital.

### INVESTMENTS

The investment portfolio of the Company as on March 31, 2010 is INR 1,818,618 thousands. The Company's investment portfolio is prudently invested to minimize the risk while seeking reasonable returns. The weighted average annualized yield on investment for the year 2009-10 is 5.61%.

### DIRECTORS

Ms. Ameeta A. Parpia was appointed as Additional Director by the Board on April 1, 2010. Ms. Parpia holds office upto the date of the forthcoming Annual General Meeting. In this connection, your attention is drawn to Item No. 6 of the accompanying Notice of the Annual General Meeting.

Mr. Praveen Gupta was appointed as Additional Director on the Board of the Company and as Chief Executive Officer and Managing Director, for a period of three years effective April 1, 2010. In this connection, your attention is drawn to Item No. 7 of the accompanying Notice of the Annual General Meeting.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Manoj Chhabra and Mr. Michael Goodwin retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

### CORPORATE GOVERNANCE

The Corporate Governance Guidelines for Insurance Companies introduced by the Insurance Regulatory Authority of India have been implemented by the Company.

### BOARD OF DIRECTORS

- i. The total strength of the Board is seven Directors comprising one executive Director and six non-executive Directors.
- ii. During the year ended March 31, 2010, four Board

Meetings were held on the following dates: (i) April 13, 2009, (ii) July 7, 2009 (iii) October 21, 2009 and (iv) February 1, 2010.

iii. The independent directors are not paid any remuneration.

iv. The following table gives details of the composition of the Board of Directors, qualification, field of specialization and status of Directorship held and attendance at Board Meetings:

Name	Qualification	Field of Specialization	Status Directorship	Attendance at Board Meetings
Mr. Akshay Raheja	B.Com, MBA	Industrialist	Non-executive	3
Mr. Manoj Chhabra	B. Com, FCA	Finance, General Management and Company matters	Non-executive	4
Mr. Rajesh Kapadia	B. Com, FCA	Chartered Accountant	Non-executive	4
Mr. Michael Goodwin	BVSc, FIAA, FAICD, FICP	Management and Actuarial Science	Non-executive	4
Mr. James Rudkin	B. Com	Finance, General Insurance	Non-executive	1
Ms. Ameeta Parpia *	B.A, LLB	Advocate & Solicitor	Non-executive	N. A.
Mr. Praveen Gupta *	FCIL, (UK), FII, M.A., IDM (UK)	General Insurance	Executive	N. A.

\* Appointed w.e.f. April 1, 2010

## COMMITTEES

In accordance with the requirements of the Corporate Governance Guidelines and the applicable provisions of the Companies Act, 1956, the Board of Directors has constituted the following Committees :

### (i) Audit Committee

The Audit Committee comprises of five non-executive Directors - Mr. Rajesh Kapadia, Mr. Akshay Raheja, Mr. Manoj Chhabra, Mr. Michael Goodwin and Mr. James Rudkin. Mr. Rajesh Kapadia, Chairman of the Committee, is a practicing Chartered Accountant.

The Audit Committee has met three times during the year ended March 31, 2010 on (i) April 13, 2009, (ii) October 21, 2009 and (iii) February 1, 2010 and the details of attendance by the Committee Members are as follows:

Name of Director	No. of Audit Committee Meetings attended
Mr. Rajesh Kapadia*	1
Mr. Akshay Raheja	2
Mr. Manoj Chhabra	3
Mr. Michael Goodwin	3
Mr. James Rudkin	1

\* Appointed w.e.f. October 21, 2009

### (ii) Investment Committee

The Investment Committee comprises Mr. Akshay Raheja, Mr. Manoj Chhabra, Mr. Michael Goodwin, Mr. James Rudkin, Directors, Mr. Praveen Gupta -Chief Executive Officer & Managing Director, Ms. Mini Nair - Chief Financial Officer and Mr. A. Peethambaran, Actuary and is chaired by Mr. Akshay Raheja.

The Committee has met two times during the year ended March 31, 2010 on (i) October 21, 2009 and (ii) February 1, 2010 and were attended by all the members.

### (iii) Risk Management Committee

The Risk Management Committee comprises of :

- Mr. Akshay Raheja - Chairman
- Mr. Rajesh Kapadia
- Mr. Michael Goodwin
- Mr. James Rudkin
- Mr. Praveen Gupta
- Mr. P. Rajaram

### (iv) Policyholder Protection Committee

The Policyholder Protection Committee comprises of:

- Mr. Michael Goodwin - Chairman
- Mr. Rajesh Kapadia
- Mr. Praveen Gupta
- Mr. Vivek Saxena

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, relating to Directors' Responsibility Statement, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that:

1. in preparation of the Annual Accounts for the year ended March 31, 2010, the applicable Accounting Standards have been followed and there has been no material departure;
2. they have selected such 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 as on March 31, 2010 and of the loss of the Company for the year ended on that date;
3. they have taken proper and sufficient care to the best of their knowledge 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;
4. they have prepared the accounts for the year ended March 31, 2010 on a going concern basis.

## PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of section 217 (2A) of the Companies Act, 1956 is annexed hereto marked Annexure I and forms part of this report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the

Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under :

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

- (2) Foreign exchange earnings and outgo :

Foreign exchange earnings : INR NIL

Foreign exchange expenditure : INR 30,098.95 thousands

## AUDITORS

M/s. Contractor, Nayak and Kishnadwala and M/s. Sudit K. Parekh & Co., Joint Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment. Confirmations from the Auditors have been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

## ACKNOWLEDGEMENTS

The Board takes this opportunity to express its sincere appreciation for the assistance and co-operation received from Prism Cement Limited and QBE Holdings (AAP) Pty Ltd, the promoter companies, the Insurance Regulatory & Development Authority, various Central and State Government departments/agencies, banks and other business associates connected with the Company.

For and on behalf of the Board

Akshay Raheja  
Director

Michael Goodwin  
Director

Place : Mumbai

Date : April 23, 2010

## MANAGEMENT REPORT

In accordance with the provisions of the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the following Management Report is submitted:

1. The registration certificate granted on 11th December, 2008 by Insurance Regulatory and Development Authority is valid. IRDA has renewed the registration for FY 2010-11.
2. We certify that all dues payable to 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 and regulatory requirements.
4. We confirm that the company did not directly or indirectly invest any policyholder's funds outside India.
5. We confirm that the required solvency margins under the Insurance Act, 1938 have been maintained.
6. We certify that the values of all the assets have been reviewed on the date of Balance Sheet and in management's 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 and Advances", "Investments", "Interest, Dividends, Sundry Debtors", "Cash" and the several items specified under "Other Accounts".
7. The Company has adopted a 'Risk Management Strategy' to mitigate the overall risk exposure.
8. We confirm that company does not have operations in any country outside India.
9. The average claims settlement time for FY 2009-10 and ageing analysis of claims registered and not settled (excluding provision for IBNR/IBNER, claims relating to inward re-insurance from terrorism pool, the Indian Motor Third Party Insurance Pool and reinsurance recovered) is given in - Annexure I
10. We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and are shown in the Balance Sheet. The market value of Debt securities is based on the procedure issued by Fixed

Income and Money Market and Derivate Dealers Association (FIMMDA).

11. The Company's investment portfolio is in line with the Insurance Regulatory and Development Authority (IRDA) regulations and circulars and the internal guidelines set by the Investment committee. We ensure that all the investments are made with the objective of the effective management of the funds available for Investment. As of the Balance Sheet date 32.53% of investments are made in Government Securities, 5.50% in Housing Bond & 13.85% in Infrastructure Bonds and 48.12% in approved investments.

We ensure all measures are in place to adhere to all investment regulatory norms.

12. We also confirm that :

- a) In preparation of financial statements, the applicable accounting standards, principles and policies have been followed and there has been no material departure;
- b) The management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the operating loss of the Company for the year;
- c) The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The management has prepared the financial statements on a going concern basis;
- e) The management has ensured that the internal audit system is commensurate with the size and the nature of business and is operating effectively.

13. The schedule of payments which have been made to individuals, firms, companies and organizations in which Directors of the insurer are interested is as below:

(INR '000)

Sr. No	Entity to whom the payment is made	Name of the interested Director	Nature of interest	Amount paid	Nature of Payment
1.	Prism Cement Limited	Mr. Rajesh Kapadia Mr. Akshay Raheja Mr. Manoj Chhabra	Chairman Director Managing Director	97	Claim payment
2.	QBE Insurance (International) Limited	Mr. Michael Goodwin	Director	1,483	Internet Charges/IT Support Charges
3.	QBE Re Services Pty Ltd.	Mr. Michael Goodwin	Director	110	Reimbursement of expense

For and on behalf of the Board of Directors

Akshay Raheja  
Director

Michael Goodwin  
Director

Praveen Gupta  
Chief Executive Officer &  
Managing Director

Mini Nair  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010

**ANNEXURE I - Average Claims Settlement Time and Ageing Analysis of Open Claims**

Average Claims Settlement Time - FY 2009-10		
Line of Business	No. of Claims	Average Settlement Time (days)
Motor OD	2	44
Motor TP	1	69
Group Personal Accident	3	53
Average	6	53

Ageing Analysis of Open Claims as on 31st March, 2010														
Line of Business	Fire		Marine		Engineering		Liability		Motor Own Damage		Group Personal Accident		Total	
Period	Nos.	Amt	Nos.	Amt	Nos.	Amt	Nos.	Amt	Nos.	Amt	Nos.	Amt	Nos.	Amt
0-30 days	-	-	-	-	-	-	-	-	1	39,000	10	273,267	11	312,267
31 days - 6 months	-	-	-	-	-	-	-	-	2	289,500	5	125,000	7	414,500

Note: The Company started underwriting insurance business in FY 2009-10. Hence, there is no previous data.

## AUDITORS' REPORT

TO

The Members of Raheja QBE General Insurance Company Limited

1. We have audited the attached Balance Sheet of RAHEJA QBE GENERAL INSURANCE COMPANY LIMITED ('the Company') as at March 31, 2010 and also the Revenue Accounts of Fire, Marine and Miscellaneous insurance (collectively known as the 'Revenue Accounts'), the Profit and Loss Account and the Receipts and Payments Account for the year ended on that date annexed thereto. 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.
2. 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 as to 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account have been drawn up in conformity with the Insurance Act, 1938, Insurance Regulatory and Development Authority ('IRDA') (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Accounting Standards referred to in Section 211 of the Companies Act, 1956 ('the Act'), to the extent applicable to the company.
4. As required by the Regulations, we set out in the Annexure a statement certifying the matters specified in paragraph 4 of schedule C to the Regulations.
5. We report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
  - b. In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;
  - c. As the company does not have any branches, the question of adequacy of the branch returns does not arise;
  - d. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in agreement with the books of account;
  - e. The actuarial valuation of liabilities in respect of claims Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') at 31 March 2010, has been duly certified by the Company's appointed actuary. The appointed actuary has also certified to the Company that the assumptions considered for such valuation are in accordance with the guidelines and norms issued by the IRDA and the Actuarial Society of India in concurrence with the IRDA. We have relied upon the appointed actuary's certificate in this regard;
  - f. On the basis of the written representations received from the directors, as on March 31, 2010 and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the information and explanations given to us, we further report that:
  - a. Investments of the Company have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders/directions issued by IRDA in this behalf;
  - b. The accounting policies selected by the Company are appropriate and in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act and with the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf.
  - c. The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by the IRDA;

d. The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956, to the extent applicable and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- ii. in the case of the Revenue Accounts, of the deficit for the year ended March 31, 2010;
- iii. in the case of the Profit and Loss Account, of the loss for the year ended March 31, 2010; and
- iv. in the case of the Receipts and Payments Account, of the receipts and payments of the Company for the year ended March 31, 2010.

7. Further, on the basis of our examination of books and records of the Company and according to the

information and explanations given to us and to the best of our knowledge and belief, we certify that:

- a. We have reviewed the management report attached to the financial statements for the year ended 31 March, 2010 and there are no apparent mistakes or material inconsistencies with the financial statements; and
- b. Based on the information and explanations received during the course of our audit, management representations by officers of the Company charged with compliance and compliance certificates noted by the audit committee, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration.

For Contractor,  
**Nayak & Kishnadwala**  
Chartered Accountants

(G. S. Nayak)  
Partner  
Membership No.: 38127  
Firm Reg. No: 101961W

Mumbai;  
dated: 23rd April, 2010

For **Sudit K. Parekh & Co.**  
Chartered Accountants

(Raman Jokhakar)  
Partner  
Membership No.: 103241  
Firm Reg. No.: 110512W

Mumbai;  
dated: 23rd April, 2010

### Auditors' Certificate

(Referred to in the Auditor's report to the members of Raheja QBE General Insurance Company Limited ('the Company') on the financial statements for the year ended 31 March, 2010)

Based on the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by the Company for the year ended 31 March, 2010, we certify that:

- We have verified the cash balances, to the extent considered necessary, securities relating to the Company's investments by actual inspection or on the basis of certificates / confirmations received from custodian and / or Depository Participants appointed by the Company, as the case may be;
- The Company is not the trustee of any trust; and
- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders' funds.

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

For Contractor,  
**Nayak & Kishnadwala**  
Chartered Accountants

(G. S. Nayak)  
Partner  
Membership No.: 38127  
Firm Reg. No: 101961W

Mumbai;  
dated: 23rd April, 2010

For **Sudit K. Parekh & Co.**  
Chartered Accountants

(Raman Jokhakar)  
Partner  
Membership No.: 103241  
Firm Reg. No.: 110512W

Mumbai;  
dated: 23rd April, 2010

## BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rs. '000)	
Particulars	Schedule	31.03.2010	31.03.2009
<b>SOURCES OF FUNDS</b>			
Share Capital	5	2,070,000	2,000,000
Share Application Money	-	-	70,000
Reserves and Surplus	6	-	-
Fair Value Change Account	-	344	-
Borrowings	7	-	-
<b>TOTAL</b>		<b>2,070,344</b>	<b>2,070,000</b>
<b>APPLICATION OF FUNDS</b>			
Investments	8	1,818,618	1,874,855
Loans	9	-	-
Fixed Assets	10		
Gross Block		52,811	52,680
Less: Accumulated Depreciation		17,448	5,552
Net Block		35,363	47,128
Current Assets			
Cash and Bank Balances	11	1,661	3,689
Advances and Other Assets	12	94,041	62,267
<b>SUB-TOTAL (A)</b>		<b>95,702</b>	<b>65,956</b>
Current Liabilities	13	23,321	8,847
Provisions	14	5,906	1,067
<b>SUB-TOTAL (B)</b>		<b>29,227</b>	<b>9,914</b>
<b>NET CURRENT ASSETS (C = A - B)</b>		<b>66,475</b>	<b>56,042</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in Profit and Loss Account		149,888	91,975
<b>TOTAL</b>		<b>2,070,344</b>	<b>2,070,000</b>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>			
	16		

The Schedules referred to above form an integral part of Financial Statements.

As per our Report of even date attached.

**For Contractor, Nayak & Kishnadwala**  
Chartered Accountants

**G. S. Nayak**  
Partner  
Membership No. 38127  
Mumbai,  
Dated: April 23, 2010

**For Sudit K. Parekh & Co.**  
Chartered Accountants

**Raman Jokhakar**  
Partner  
Membership No. 103241

For and on behalf of the Board of Directors

**Akshay Raheja**  
Director

**Michael Goodwin**  
Director

**Praveen Gupta**  
Chief Executive Officer  
& Managing Director

**Mini Nair**  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs.'000)  
2008-09

Particulars	Schedule	2009-10	2008-09
<b>1. Operating Profit / (Loss) transferred from Revenue Account</b>			
a. Fire Insurance		(17,113)	-
b. Marine Insurance		(1,539)	-
c. Miscellaneous Insurance		(137,951)	(156,603)
<b>2. Income from Investments</b>			
a) Interest, Dividend & Rent - Gross		99,182	50,702
b) Profit on sale/redemption of investments		1,042	3,248
Less: loss on sale of investments		(280)	-
Profit / (Loss) on Sale of Assets			
<b>3. Other Income</b>		860	464
<b>TOTAL (A)</b>		<b>(55,799)</b>	<b>54,414</b>
<b>4. Provisions (other than taxation)</b>			
a) For diminution in the value of investment		-	-
b) For doubtful debts		-	-
c) Others		-	-
<b>5. Other Expenses</b>			
a) Expenditure other than those related to Insurance Business	4A	2,114	120,604
b) Bad debts written off		-	-
c) Others		-	-
<b>TOTAL (B)</b>		<b>2,114</b>	<b>120,604</b>
<b>Profit/ (Loss) Before Tax</b>		<b>(57,913)</b>	<b>(66,190)</b>
<b>Provision for Taxation</b>			
Current Tax		-	-
Deferred Tax		-	-
Fringe Benefit Tax		-	400
Wealth Tax		-	5
<b>Net Profit/ (Loss) After Tax</b>		<b>(57,913)</b>	<b>(66,595)</b>
<b>Appropriations</b>			
a) Interim dividend paid during the year		-	-
b) Proposed final dividend		-	-
c) Dividend distribution tax		-	-
d) Transfer to any reserve or Other Accounts		-	-
Add: Balance brought forward from last year		(91,975)	(25,380)
<b>Balance carried forward to Balance Sheet</b>		<b>(149,888)</b>	<b>(91,975)</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	16		
<b>Basic &amp; Diluted Earning per Share (Face value per share Rs.10)</b>		<b>(0.28)</b>	<b>(0.87)</b>
Refer note no. 22 of Schedule 16			

The Schedules referred to above form an integral part of Financial Statements.

As per our Report of even date attached.

For Contractor, Nayak & Kishnadwala  
Chartered Accountants

G. S. Nayak  
Partner  
Membership No. 38127  
Mumbai,  
Dated: April 23, 2010

For Sudit K. Parekh & Co. For and on behalf of the Board of Directors  
Chartered Accountants

Raman Jokhakar  
Partner  
Membership No. 103241

Akshay Raheja  
Director

Michael Goodwin  
Director

Praveen Gupta  
Chief Executive Officer  
& Managing Director

Mini Nair  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs. '000)

Particulars	Schedule	2009-10				2008-09			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Premiums earned (Net)	1	(7,364)	(533)	(25,214)	(33,111)	-	-	-	-
Profit / Loss on sale/redemption of Investments		0	0	2	2	-	-	-	-
Others - Foreign Exchange Gain / (Loss)		-	-	197	197	-	-	-	-
Interest, Dividend & Rent - Gross		27	3	298	328	-	-	-	-
<b>TOTAL (A)</b>		<b>(7,337)</b>	<b>(530)</b>	<b>(24,717)</b>	<b>(32,584)</b>	-	-	-	-
Claims Incurred (Net)	2	110	55	4,374	4,539	-	-	-	-
Commission	3	(71)	12	60	1	-	-	-	-
Operating Expenses related to Insurance Business	4	9,737	942	108,800	119,479	-	-	-	-
<b>TOTAL (B)</b>		<b>9,776</b>	<b>1,009</b>	<b>113,234</b>	<b>124,019</b>	-	-	-	-
<b>Operating Profit/(Loss) from Fire/ Marine/ Miscellaneous Business C = (A - B)</b>		<b>(17,113)</b>	<b>(1,539)</b>	<b>(137,951)</b>	<b>(156,603)</b>	-	-	-	-
<b>Appropriations</b>									
Transfer to Shareholder's Account		-	-	-	-	-	-	-	-
Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves		-	-	-	-	-	-	-	-
<b>TOTAL (C)</b>		<b>(17,113)</b>	<b>(1,539)</b>	<b>(137,951)</b>	<b>(156,603)</b>	-	-	-	-

As required by Section 40C of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of General Insurance business transactions in India by the Company have been fully recognised in the revenue account as expenses

The Schedules referred to above form an integral part of Financial Statements.

As per our Report of even date attached.

For Contractor, Nayak & Kishnadwala  
Chartered Accountants

G. S. Nayak  
Partner  
Membership No. 38127  
Mumbai,  
Dated: April 23, 2010

For Sudit K. Parekh & Co.  
Chartered Accountants

Raman Jokhakar  
Partner  
Membership No. 103241

For and on behalf of the Board of Directors

Akshay Raheja  
Director

Michael Goodwin  
Director

Praveen Gupta  
Chief Executive Officer  
& Managing Director

Mini Nair  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

**SCHEDULE- 1**
**PREMIUM EARNED (NET)**

(Rs '000)

Particulars	Year	Premium from direct business written	Premium on reinsurance accepted	Premium on reinsurance ceded	Net Premium	Adjustment for change in reserve for unexpired risks	Net Premium Earned
1	2	3	4	5	6	7	8
Fire	2009-10	1,290	293	8,417	(6,834)	530	(7,364)
	2008-09	-	-	-	-	-	-
Marine Cargo	2009-10	153	-	636	(483)	50	(533)
	2008-09	-	-	-	-	-	-
Marine Hull	2009-10	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-
Marine Total	2009-10	153	-	636	(483)	50	(533)
	2008-09	-	-	-	-	-	-
Motor (OD)	2009-10	1,492	-	5,887	(4,395)	765	(5,160)
	2008-09	-	-	-	-	-	-
Motor (TP)	2009-10	250	-	250	-	-	-
	2008-09	-	-	-	-	-	-
Employer's Liability	2009-10	302	-	249	53	157	(104)
	2008-09	-	-	-	-	-	-
Public Liability	2009-10	434	-	43	391	199	192
	2008-09	-	-	-	-	-	-
Other Liability	2009-10	4,027	5,237	27,497	(18,233)	2,132	(20,365)
	2008-09	-	-	-	-	-	-
Engineering	2009-10	3,879	79	3,984	(26)	355	(381)
	2008-09	-	-	-	-	-	-
Aviation	2009-10	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-
Personal Accident	2009-10	1,212	622	675	1,159	579	580
	2008-09	-	-	-	-	-	-
Health	2009-10	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-
Other Misc.	2009-10	162	-	16	146	122	24
	2008-09	-	-	-	-	-	-
Misc Total	2009-10	11,758	5,938	38,601	(20,905)	4,309	(25,214)
	2008-09	-	-	-	-	-	-
Total	2009-10	13,201	6,231	47,654	(28,222)	4,889	(33,111)
	2008-09	-	-	-	-	-	-

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

**SCHEDULE - 2**
**CLAIMS INCURRED (NET)**

(Rs '000)

Particulars	Year	Claims Paid from direct business written	Claims Paid on reinsurance accepted	Claims Recovered on reinsurance ceded	Net Claims Paid	Out-standing Claims at the year end	IBNR/ IBNER	Out-standing Claims at the beginning of the year	Net Claims Incurred
1	2	3	4	5	6	7	8	9	10
Fire	2009-10	-	-	-	-	-	110	-	110
	2008-09	-	-	-	-	-	-	-	-
Marine Cargo	2009-10	-	-	-	-	-	55	-	55
	2008-09	-	-	-	-	-	-	-	-
Marine Hull	2009-10	-	-	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-	-	-
Marine Total	2009-10	-	-	-	-	-	55	-	55
	2008-09	-	-	-	-	-	-	-	-
Motor (OD)	2009-10	47	-	4	43	296	578	-	917
	2008-09	-	-	-	-	-	-	-	-
Motor (TP)	2009-10	-	-	-	-	505	-	-	505
	2008-09	-	-	-	-	-	-	-	-
Employer's Liability	2009-10	-	-	-	-	-	116	-	116
	2008-09	-	-	-	-	-	-	-	-
Public Liability	2009-10	-	-	-	-	-	191	-	191
	2008-09	-	-	-	-	-	-	-	-
Other Liability	2009-10	-	-	-	-	-	1,666	-	1,666
	2008-09	-	-	-	-	-	-	-	-
Engineering	2009-10	-	-	-	-	-	15	-	15
	2008-09	-	-	-	-	-	-	-	-
Aviation	2009-10	-	-	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-	-	-
Personal Accident	2009-10	49	-	41	8	293	639	-	940
	2008-09	-	-	-	-	-	-	-	-
Health	2009-10	-	-	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-	-	-
Other Misc.	2009-10	-	-	-	-	-	24	-	24
	2008-09	-	-	-	-	-	-	-	-
Misc Total	2009-10	97	-	46	51	1,094	3,229	-	4,374
	2008-09	-	-	-	-	-	-	-	-
Total	2009-10	97	-	46	51	1,094	3,395	-	4,540
	2008-09	-	-	-	-	-	-	-	-

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

**SCHEDULE - 3**
**COMMISSION (NET)**

(Rs '000)

Particulars	Year	Commission paid on direct business	Commission paid on reinsurance accepted	Commission received from reinsurance ceded	Net commission
1	2	3	4	5	6
Fire	2009-10	134	-	205	(71)
	2008-09	-	-	-	-
Marine Cargo	2009-10	23	-	11	12
	2008-09	-	-	-	-
Marine Hull	2009-10	-	-	-	-
	2008-09	-	-	-	-
Marine Total	2009-10	23	-	11	12
	2008-09	-	-	-	-
Motor (OD)	2009-10	146	-	30	116
	2008-09	-	-	-	-
Motor (TP)	2009-10	-	-	-	-
	2008-09	-	-	-	-
Employer's Liability	2009-10	24	-	6	18
	2008-09	-	-	-	-
Public Liability	2009-10	56	-	10	46
	2008-09	-	-	-	-
Other Liability	2009-10	677	864	1,335	206
	2008-09	-	-	-	-
Engineering	2009-10	435	-	743	(308)
	2008-09	-	-	-	-
Aviation	2009-10	-	-	-	-
	2008-09	-	-	-	-
Personal Accident	2009-10	13	124	163	(26)
	2008-09	-	-	-	-
Health	2009-10	-	-	-	-
	2008-09	-	-	-	-
Other Misc.	2009-10	11	-	3	8
	2008-09	-	-	-	-
Misc Total	2009-10	1,362	988	2,290	60
	2008-09	-	-	-	-
Total	2009-10	1,519	988	2,506	1
	2008-09	-	-	-	-

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

**SCHEDULE - 3A**
**COMMISSION PAID - DIRECT**

(Rs '000)

Particulars	Year	Agents	Brokers	Corporate Agency	Referral	Others	Total
1	2	3	4	5	6	7	8
<b>Fire</b>	<b>2009-10</b>	-	134	-	-	-	134
	<b>2008-09</b>	-	-	-	-	-	-
<b>Marine Cargo</b>	<b>2009-10</b>	-	23	-	-	-	23
	<b>2008-09</b>	-	-	-	-	-	-
<b>Marine Hull</b>	<b>2009-10</b>	-	-	-	-	-	-
	<b>2008-09</b>	-	-	-	-	-	-
<b>Marine Total</b>	<b>2009-10</b>	-	23	-	-	-	23
	<b>2008-09</b>	-	-	-	-	-	-
<b>Motor (OD)</b>	<b>2009-10</b>	-	146	-	-	-	146
	<b>2008-09</b>	-	-	-	-	-	-
<b>Motor (TP)</b>	<b>2009-10</b>	-	-	-	-	-	-
	<b>2008-09</b>	-	-	-	-	-	-
<b>Employer's Liability</b>	<b>2009-10</b>	-	24	-	-	-	24
	<b>2008-09</b>	-	-	-	-	-	-
<b>Public Liability</b>	<b>2009-10</b>	-	56	-	-	-	56
	<b>2008-09</b>	-	-	-	-	-	-
<b>Other Liability</b>	<b>2009-10</b>	-	677	-	-	-	677
	<b>2008-09</b>	-	-	-	-	-	-
<b>Engineering</b>	<b>2009-10</b>	-	435	-	-	-	435
	<b>2008-09</b>	-	-	-	-	-	-
<b>Aviation</b>	<b>2009-10</b>	-	-	-	-	-	-
	<b>2008-09</b>	-	-	-	-	-	-
<b>Personal Accident</b>	<b>2009-10</b>	-	13	-	-	-	13
	<b>2008-09</b>	-	-	-	-	-	-
<b>Health</b>	<b>2009-10</b>	-	-	-	-	-	-
	<b>2008-09</b>	-	-	-	-	-	-
<b>Other Misc.</b>	<b>2009-10</b>	-	11	-	-	-	11
	<b>2008-09</b>	-	-	-	-	-	-
<b>Misc Total</b>	<b>2009-10</b>	-	1,362	-	-	-	1,362
	<b>2008-09</b>	-	-	-	-	-	-
<b>Total</b>	<b>2009-10</b>	-	1,519	-	-	-	1,519
	<b>2008-09</b>	-	-	-	-	-	-

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

**SCHEDULE - 4**
**EXPENDITURE RELATED TO INSURANCE BUSINESS**

	2009-10			2008-09		
	Fire	Marine	Miscellaneous*	Fire	Marine	Miscellaneous
Employees' remuneration & welfare benefits	4,131	400	46,165	-	-	-
Travel, conveyance and vehicle running expenses	144	14	1,607	-	-	-
Training Expenses	5	0	50	-	-	-
Rents, rates & taxes	3,462	335	38,680	-	-	-
Repairs	125	12	1,391	-	-	-
Printing & Stationery	21	2	238	-	-	-
Communication	53	5	589	-	-	-
Legal & professional charges	314	30	3,512	-	-	-
Auditor's fees, expenses etc.						
a) As auditor	42	4	464	-	-	-
b) As adviser or in any other capacity, in respect of	-	-	-	-	-	-
i) Taxation matters	-	-	-	-	-	-
ii) Insurance matters	-	-	-	-	-	-
iii) Management Services and	-	-	-	-	-	-
c) in any other capacity	1	0	14	-	-	-
Advertisement and Publicity	14	1	158	-	-	-
Interest and Bank Charges	2	0	20	-	-	-
Others	-	-	-	-	-	-
a) Office maintenance expenses	295	29	3,301	-	-	-
b) Subscriptions and membership fees	106	10	1,186	-	-	-
c) Miscellaneous expenses	19	2	215	-	-	-
d) Entertainment Expenses	34	3	378	-	-	-
Depreciation	969	94	10,833	-	-	-
<b>TOTAL</b>	<b>9,737</b>	<b>941</b>	<b>108,800</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>119,479</b>			





## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

### SCHEDULE - 4A

#### EXPENDITURE OTHER THAN THOSE RELATED TO INSURANCE BUSINESS

(Rs '000)

	2009-10	2008-09
Employees' remuneration & welfare benefits	1,602	50,477
Travel, conveyance and vehicle running expenses	-	2,925
Training Expenses	-	-
Rents, rates & taxes	-	52,222
Repairs	-	310
Printing & Stationery	-	268
Communication	-	1,539
Legal & professional charges	195	3,603
Auditor's fees, expenses etc.	-	-
a) As auditor	-	273
b) As adviser or in any other capacity, in respect of	-	-
i) Taxation matters	-	-
ii) Insurance matters	-	-
iii) Management Services and	-	-
c) in any other capacity	-	-
Advertisement and Publicity	-	-
Interest and Bank Charges	317	1
Others	-	-
a) Office maintenance expenses	-	1,939
b) Recruitment & Training expenses	-	377
c) Subscriptions and membership fees	-	522
d) Miscellaneous expenses	-	595
e) Entertainment Expenses	-	-
Depreciation.	-	5,553
Coinsurance Expenses (net)	-	-
<b>TOTAL</b>	<b>2,114</b>	<b>120,604</b>

	As at 31.03.2010	(Rs '000) As at 31.03.2009
<b>SCHEDULE - 5</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
22,00,00,000 ( Previous year 22,00,00,000 ) Equity Shares of Rs10 each	2,200,000	2,200,000
<b>Issued Capital</b>		
20,70,00,000 ( Previous year 20,00,00,000 ) Equity Shares of Rs10 each fully paid up	2,070,000	2,000,000
<b>Subscribed Capital</b>		
20,70,00,000 ( Previous year 20,00,00,000 ) Equity Shares of Rs10 each fully paid up	2,070,000	2,000,000
<b>Called up Capital</b>		
20,70,00,000 (Previous year 20,00,00,000) Equity Shares of Rs10 each fully paid up	2,070,000	2,000,000
Less: Calls unpaid	-	-
Add: Equity shares forfeited (amount originally paid up)	-	-
Less: Par value of Equity Shares bought back	-	-
Less: Preliminary expenses to the extent not written off	-	-
Less: Expense including commission or brokerage on underwriting or subscription of Shares	-	-
<b>Total</b>	<b>2,070,000</b>	<b>2,000,000</b>

Note: Of the above 153,180,000 shares are held by the holding company Prism Cement Limited (previous year 148,000,000).

	As at 31.03.2010	(Rs. '000) As at 31.03.2009
<b>SCHEDULE - 5A</b>		
<b>PATTERN OF SHARE HOLDING</b>		
(As certified by the Management)		
<b>Shareholder</b>	<b>No. of Shares % of Holding</b>	<b>No. of Shares % of Holding</b>
Promoters		
-Indian	153,180,000 74%	148,000,000 74%
-Foreign	53,820,000 26%	52,000,000 26%
Others	-	-
<b>Total</b>	<b>207,000,000 100%</b>	<b>200,000,000 100%</b>

**SCHEDULE - 6**

**RESERVES AND SURPLUS**

Capital Reserve	-	-
Capital Redemption Reserve	-	-
Share Premium	-	-
General Reserve	-	-
Less: Debit balance in Profit & Loss Account	-	-
Less: Amount utilized for Buy-back	-	-
Catastrophe Reserve	-	-
Other Reserves	-	-
Balance of Profit and Loss Account	-	-
<b>Total</b>	-	-

As at  
31.03.2010

(Rs '000)  
As at  
31.03.2009

**SCHEDULE - 7**

**BORROWINGS**

Debentures / Bonds	-	-
Banks	-	-
Financial Institutions	-	-
Others	-	-
<b>Total</b>	-	-

As at  
31.03.2010

(Rs '000)  
As at  
31.03.2009

	As at 31.03.2010	(Rs.'000) As at 31.03.2009
<b>SCHEDULE - 8</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments</b>		
Government securities and Government guaranteed bonds including Treasury Bills	-	-
Other Approved Securities	-	-
Other Investments	-	-
a) Shares	-	-
aa) Equity	-	-
bb) Preference	-	-
b) Mutual Funds	-	-
c) Derivative Instruments	-	-
d) Debentures/ Bonds	102,805	-
e) Other Securities	-	-
f) Subsidiaries	-	-
g) Investment Properties - Real Estate	-	-
Investments in Infrastructure and Social Sector	-	301,502
Other than Approved Investments	-	-
<b>Total (A)</b>	<b>102,805</b>	<b>301,502</b>
<b>Short Term Investments</b>		
Government securities and Government guaranteed bonds including Treasury Bills	591,625	795,740
Other Approved Securities	-	-
Other Investments	-	-
a) Shares	-	-
aa) Equity	-	-
bb) Preference	-	-
b) Mutual Funds	18,693	-
c) Derivative Instruments	-	-
d) Debentures/ Bonds	151,078	-
e) Other Securities	-	-
i) Fixed Deposits	702,500	579,028
ii) Certificate of Deposits	-	198,585
f) Subsidiaries	-	-
g) Investment Properties - Real Estate	-	-
Investments in Infrastructure and Social Sector	251,917	-
Other than Approved Investments	-	-
<b>Total (B)</b>	<b>1,715,813</b>	<b>1,573,353</b>
<b>Total (A+B)</b>	<b>1,818,618</b>	<b>1,874,854</b>

**Notes:**

- Aggregate book value of investments other than listed equity shares is Rs. 1,818,618 thousands. (Previous year Rs. 1874,855 thousands)
- Aggregate market value of investments other than listed equity shares is Rs.1,822,539 thousands. (Previous year Rs. 1882,077 thousands)
- Government Securities include Rs. 21,300 thousands (previous year Rs. 20,900 thousand) as at 31st March, 2010, Deposit u/s 7 of the Insurance Act, 1938.
- Investments of Rs. 1,715,813 thousands (previous year Rs. 1,573,354 thousands ) maturing within 12 months from the Balance Sheet Insurance Act, 1938 date and investments made with the specific intention to dispose of within 12 months from the date of the Balance Sheet are classified as short term Investments.

	As at 31.03.2010	(Rs. '000) As at 31.03.2009
<b>SCHEDULE - 11</b>		
<b>CASH AND BANK BALANCES</b>		
Cash (including cheques, drafts and stamps)	1	3
<b>Bank Balances</b>		
a) Deposit Accounts		
aa) Short Term (due within 12 months)	-	-
bb) Others	-	-
b) Current Accounts	1,660	3,686
c) Others		
<b>Money at Call and Short Notice</b>		
a) with Banks	-	-
b) with other Institutions	-	-
Others		
<b>Total</b>	<b>1,661</b>	<b>3,689</b>
Balances with non scheduled banks included in above	-	-

**SCHEDULE - 10 : FIXED ASSETS**

(Rs. '000)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Up to 01.04.2009	For the Year	Deductions/ Adjustments	Up to 31.03.2010	As at 31.03.2010
Goodwill	-	-	-	-	-	-	-	-	-
Intangibles - Computer Software	3,169	120	-	3,289	300	1,092	-	1,392	2,869
Land - Freehold	-	-	-	-	-	-	-	-	-
Leasehold Improvements	24,984	-	-	24,984	2,904	4,997	-	7,901	22,080
Buildings	-	-	-	-	-	-	-	-	-
Furniture & Fittings	7,171	-	-	7,171	313	451	-	764	6,858
Information Technology Equipment	13,372	-	-	13,372	1,438	4,457	-	5,895	11,934
Vehicles	1,974	-	-	1,974	327	395	-	722	1,647
Office Equipment	2,010	11	-	2,021	270	504	-	774	1,740
Others	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>52,680</b>	<b>131</b>	<b>-</b>	<b>52,811</b>	<b>5,552</b>	<b>11,896</b>	<b>-</b>	<b>17,448</b>	<b>35,363</b>
Work-in-progress	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>52,680</b>	<b>131</b>	<b>-</b>	<b>52,811</b>	<b>5,552</b>	<b>11,896</b>	<b>-</b>	<b>17,448</b>	<b>35,363</b>
Previous Year	-	52,680	-	52,680	-	5,552	-	5,552	47,128

	As at 31.03.2010	(Rs. '000) As at 31.03.2009
<b>SCHEDULE - 12</b>		
<b>ADVANCES AND OTHER ASSETS</b>		
<b>Advances</b>		
Reserve deposits with ceding companies	-	-
Application Money for investments	-	-
Prepayments	2,320	1,983
Advance to Directors/Officers	-	-
Advance tax paid and taxes deducted at source (Net of provision for taxation)	221	71
Others		
a) Service Tax Input Credit (Net of Service Tax payable)	12,691	5,988
b) Other Advances	-	-
<b>Total (A)</b>	<b>15,232</b>	<b>8,042</b>
<b>Other Assets</b>		
Income accrued on investments	41,222	16,636
Outstanding Premiums	-	-
Agent's balances	-	-
Foreign agencies balances	-	-
Due from other entities carrying on insurance business (including reinsurers)	-	-
Due from Subsidiaries/holding	-	-
Deposit with Reserve Bank of India pursuant to section 7 of Insurance Act, 1938	-	-
Others - Rental Deposits	37,587	37,588
Other Deposits		1
<b>Total (B)</b>	<b>78,809</b>	<b>54,225</b>
<b>Total (A+B)</b>	<b>94,041</b>	<b>62,267</b>

	As at 31.03.2010	(Rs.'000) As at 31.03.2009
<b>SCHEDULE - 13</b>		
<b>CURRENT LIABILITIES</b>		
Agents' Balances	330	-
Balances due to other insurance companies	3,899	-
Deposits held on re-insurance ceded		-
Premium received in Advance	48	-
Unallocated Premium	-	-
Sundry creditors	14,556	8,847
Due to subsidiaries/holding company	-	-
Claims Outstanding	4,488	-
Due to Officers/Directors	-	-
Others	-	-
<b>Total</b>	<b>23,321</b>	<b>8,847</b>

	As at 31.03.2010	(Rs.'000) As at 31.03.2009
<b>SCHEDULE - 14</b>		
<b>PROVISIONS</b>		
Reserve for Unexpired Risk	4,890	-
For taxation (less advance tax paid and taxes deducted at source)	-	-
For Proposed Dividend	-	-
For Dividend distributions tax	-	-
Others - Provision for Employee Benefits	1,016	1,067
<b>Total</b>	<b>5,906</b>	<b>1,067</b>

	As at 31.03.2010	(Rs.'000) As at 31.03.2009
<b>SCHEDULE - 15</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Discount allowed in issue of shares/ debentures	-	-
Others	-	-
<b>Total</b>		



**SCHEDULE 16:**
**Significant Accounting policies and Notes forming part of financial statements for the year ended 31st March, 2010:**
**1. Background:**

Raheja QBE General Insurance Company Limited ('the Company') was incorporated on 14<sup>th</sup> August, 2007, as a Company registered under the Companies Act, 1956. The Company is a 74:26 Joint venture between Prism Cement Limited and QBE Holdings (AAP) Pty Ltd. The Company is registered with Insurance Regulatory and Development Authority ('IRDA') and obtained its license on 11<sup>th</sup> December, 2008.

**2. Significant Accounting Policies:**
**2.1 Basis of preparation of Financial Statements:**

The financial statements are prepared and presented in accordance with generally accepted accounting principles followed in India under the historical cost convention, on the accrual basis of accounting and in accordance with statutory requirements of the Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999, Insurance Regulatory and Development Authority (Preparation of financial statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('The Regulations') and order/directions prescribed by IRDA in this behalf, the Companies Act, 1956 ('The Act') to the extent applicable and comply with the notified accounting standards under The Companies Accounting Standards Rules, 2006, to the extent applicable and current practices prevailing in the Insurance Industry.

**2.2 Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, revenue and expense and disclosure of contingent liabilities. The estimates and assumptions used in the financial statements are based on the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Actual results may differ from these estimates. Any revision to accounting estimates is recognized prospectively.

**2.3 Revenue Recognition:**
Premium Income:

Premium (net of service tax), on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate. Any subsequent revision or cancellation is recognized in year in which they occur.

Commission on Reinsurance Ceded:

Commission received on reinsurance ceded is recognized in the period in which reinsurance premium is ceded.

Investment Income:

Interest income on fixed interest bearing debt securities and fixed deposits with scheduled banks is recognized on accrual basis.

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

Amortization of premium and accretion of discount relating to debt securities is recognized over the holding/maturity period of security on straight line basis.

The net realized gain or losses on the debt securities are the difference between the net sale consideration and the amortized cost, which is computed on a weighted average basis as on the date of sale. In case of mutual fund units, the profit or loss on actual sale of investment includes effects of accumulated fair value changes previously recognized and credited to Fair Value Change account.

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

**2.4 Reinsurance Ceded**

Reinsurance cost in respect of proportional reinsurance ceding is accrued at policy inception. Non Proportional reinsurance cost is recognized when incurred and due. Any subsequent revision to, refunds or cancellations of premiums are recognized in the year in which they occur.

**2.5 Reinsurance Accepted**

Reinsurance inward acceptances are accounted on the basis of returns/intimations to the extent received, from the insurers.

## 2.6 Premium Deficiency

Premium deficiency is recognized if the ultimate amount of expected net claim costs, related expenses and maintenance cost exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk.

## 2.7 Acquisition Cost

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

## 2.8 Premium Received In Advance

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

## 2.9 Reserved for Unexpired Risk

Reserve for unexpired risk represents that part of net premium (net of proportional reinsurance ceded) which is attributable to, and set aside for subsequent risk to be borne by the Company under contractual obligation on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of Marine Hull business and 50% in case of other businesses based on net premium written during the year as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938.

## 2.10 Claims Incurred

Claims are recognized as and when reported. Claims paid (net of reinsurance recoveries) are charged to the respective revenue account. Provision is made for estimated value of claims outstanding as at the balance sheet date net of reinsurance recoveries. Reserve is maintained for each claim which at all times reflects the likely outcome having regard to current information. Amounts received/receivable from the reinsurers/ coinsurers under the terms of the reinsurance and coinsurance arrangements respectively, are recognized together with the recognition of claim.

## 2.11 IBNR (Claims Incurred but not reported) and IBNER (Claims Incurred but not enough reported)

IBNR represents that amount of all claims that may have been incurred prior to the end of current accounting year but not have been reported or claimed. The IBNR provision also

includes provision if any required for claims incurred but not enough reported. The IBNR (including IBNER) is determined based on the actuarial principles by the Appointed Actuary. Being the first full year of operation, the company does not have past experience to look for patterns, trends etc., hence full Net Earned Premium (excluding Non proportional ceding) has been set as IBNR.

## 2.12 Contribution to The Indian Motor Third Party Insurance Pool (IMTPIP)

In accordance with the directions of IRDA, the company together with the other general insurance companies participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is administered by the General Insurance Corporation of India (GIC). The IMTPIP covers reinsurance of third party risks of specified commercial motor vehicles.

The company has ceded 100% of the third party premium collected to the pool. The Company has recorded its estimated share of losses from the pool based on the management's estimate of which Rs. 505 thousand recorded under net claims incurred.

## 2.13 Contribution to the Terrorism Pool

The Company in accordance with the IRDA requirements participates in the Terrorism Pool. Terrorism pool is managed by the General Insurance Corporation of India (GIC). Amounts collected as terrorism premium in accordance with the requirement of Tariff Advisory Committee (TAC) are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retro cedes to the company to the extent of the share agreed to be borne by the company in the risk. Amount so retro ceded by GIC is recorded as reinsurance accepted. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only up to 31st December 2009. The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses, up to the above date, has been carried forward to the subsequent accounting period as 'Unexpired Risk Reserve' for subsequent risks, if any, to be borne by the Company.

## 2.14 Contribution to Funds

The Company provides for contribution to Solatium and Environment Relief funds as per

the requirement of regulations/circulars.

## 2.15 Management Expenses:

Operating expenses related to the Insurance Business are allocated to specific business segment on the basis of Gross Written Premium.

Expenses related to Investment activities of share holders fund are charged to the profit and loss account.

## 2.16 Income from Investments

Income earned from investments is allocated to the revenue account and the profit & loss account on the basis of fund available from insurance operation and share holders fund and are further allocated to the lines of business in proportion of the respective gross written premium.

## 2.17 Fixed Assets, Depreciation/Amortization and Impairment:

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price plus any expense directly attributable to bringing the asset to its working condition for its intended use.

Intangible assets comprising computer softwares are stated at cost less amortization.

Assets costing up to Rs. 5,000/- are depreciated fully in the year of acquisition.

Depreciation on fixed assets is provided on Straight Line Basis using higher of the rates based on economic useful lives of assets as estimated by the management and the rates specified under Schedule XIV to the Companies Act, 1956. The rates of depreciation followed by the Company are as follows:

Particulars	Depreciation rates as per books (SLM)
Vehicles	20.00%
Leasehold Improvements	20.00%
Office Equipments	25.00%
Furniture & Fixtures	6.33%
Air Conditioners	10.00%
Electrical fittings	33.33%
Information Technology Equipments	33.33%
Software (Intangible Assets)	33.33%

Depreciation is charged on assets from the date

the asset is capitalized on a pro-rata basis.

## Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognized in profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss on longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## 2.18 Foreign Currency Transactions:

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. All exchange differences arising on settlements/ conversion are recognized in the revenue accounts or profit and loss account as applicable. Monetary items denominated in foreign currencies at the year-end are reinstated at the exchange rate prevailing at balance sheet date.

## 2.19 Investments:

Investments are made in accordance with the Insurance Act, 1938, The IRDA (Investment) Regulation, 2000, The IRDA (Investment) (Amendment) Regulation, 2008 and various circulars/ notifications issued by IRDA in this context from time to time.

Investments are recorded on trade date at cost. Cost includes brokerage; transfer charges etc. but exclude accrued interest up to the date of purchase.

## Classification:

Investments maturing within a period of twelve months from the date of balance sheet are classified as "Short term Investments" and other investments are classified as "Long term Investments".

## Valuation of Debt Securities:

Debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortization of premium or accretion of discount on straight line basis over the period of maturity/holding.

## Valuation of Mutual Fund:

Mutual fund units are stated at their 'Net Asset Value' (NAV) as at balance sheet date and any

unrealized profit or loss (i.e difference between cost and NAV) is debited/ credited to fair value change account.

**Fair Value Change Account:**

Fair value change account represents unrealized gains or losses in respect of investments in equity securities, derivative instruments and mutual fund units outstanding at the close of the year. The profit or loss on sale of investment includes accumulated changes in fair value previously recognized in respect of that particular investment. This balance of fair change account is not available for distribution, pending realization.

**Impairment of Investments:**

The Company at each balance sheet date assesses whether any impairment has occurred to the investments. An impairment loss is recognized as an expense in revenue / profit and loss account to the extent of the difference between re-measured fair value of the security/ investment and its acquisition cost as reduced by any previous impairment loss recognized as expense in revenue / profit and loss account. Any reversal of impairment loss previously recognized as expense in revenue / profit and loss account is credited to revenue / profit and loss account.

**2.20 Employee Benefits:**

**2.20.1 Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Undiscounted value of benefits such as salaries and bonus are recognized in the period in which the employee renders the related service.

**2.20.2 Post Employment benefits:**

**2.20.2.1 Defined Contribution Plans:**

The Company contributes to approve Employees Provident Fund Scheme and the Employees Superannuation Fund maintained with Life Insurance Corporation of India (LIC). The Company's contribution paid/payable under the scheme is recognized as an expense in the revenue accounts/ profit and loss account during the period in which the employee renders the related service.

**2.20.2.2 Defined Benefit Plans:**

The Company contributes to an approved gratuity fund maintained with the Life Insurance Corporation of India. Company's contributions paid/payable under the scheme are recognized as an expense in the revenue accounts/ profit and loss account during the period in which the employee renders the related service. Accumulating compensated leave entitlements are provided for on the basis of actuarial valuation on the balance sheet date.

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the future obligation under the defined benefit plan is based on the market yields on government securities at the balance sheet date. Actuarial gains or losses are recognized immediately in the revenue/ profit & loss account.

**2.21 Segment Reporting:**

The Company's primary reportable segments are business segments, which have been identified in accordance with the regulations. Segment revenue and results have been disclosed in the financial statements. Due to inherent complexities segment assets and liabilities have been identified to the extent possible in the statement annexed hereto. There are no reportable geographical segments since the Company provides services only to customers in the Indian market or to Indian interests overseas and does not distinguish any reportable regions within India.

**2.22 Leases:**

Lease payments for assets taken on operating lease are recognized as an expense in the revenue / profit and loss account over the lease term.

**2.23 Earning Per Share:**

The basic earnings per share is computed by dividing the net profit in the Profit and Loss

account attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed, by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the reporting period after adjusting for the effects of all dilutive potential equity shares.

#### 2.24 Taxation:

Income Tax Expense comprises current tax (i.e. amount of tax determined in accordance with the income tax law) and Deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred

tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realized.

#### 2.25 Provisions and Contingencies:

A provision is recognized when an enterprise has present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow is remote, no provision or disclosure is made.

## NOTES TO ACCOUNTS

Statutory disclosures as required by IRDA:

#### 3. Contingent Liabilities:

(Rs. '000)

Particulars	As at March 31, 2010	As at March 31, 2009
Partly paid up investments	NIL	NIL
Under writing commitments outstanding	NIL	NIL
Claims, other than those under policies not acknowledged as debt	NIL	NIL
Guarantees given by or on behalf of the Company	NIL	NIL
Statutory demands/liabilities in dispute, not provided for	NIL	NIL
Reinsurance obligations to the extent not provided in the accounts	NIL	NIL
Others	NIL	NIL

#### 4. Encumbrances:

The assets of the Company are free from all encumbrances.

#### 5. Commitments:

Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets is Rs. NIL (previous year NIL).

There are no commitments made and outstanding for investments and loans.

**6. Claims**

Claims, less reinsurance paid to claimant –

(Rs. '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
In India	51	N.A.
Outside India	NIL	N.A.

The Company does not have any liability relating to claims where the claim payment period exceeds four years.

Ageing of claims less reinsurance is set out in the table below –

(Rs. '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
More than six months	NIL	N.A.
Others	589	N.A.

Claims settled and remaining unpaid for more than six months is Rs. NIL (Previous year Rs. N.A.).

7. Extent of premium income recognized based on varying risk pattern is Rs. NIL (previous year Rs. N.A.).

**8. Value of contracts in relation to investment, for:**

There are no contracts outstanding in relation to purchases where deliveries are pending and sales where payments are outstanding/ overdue at the end of the year.

Investments made are in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2000.

The Company has no non-performing assets for the purpose of income recognition as per the directions of IRDA.

The historical cost of investments in mutual funds which have been valued on a fair value basis is Rs. 18,349 thousands (Previous year Rs. NIL).

Investments under Section 7 of the Insurance Act, 1938 are as follows:

(Rs. '000)

Name of Security	As at March 31, 2010	As at March 31, 2009
91 Days Treasury Bills 15.05.09	-	20,900
6.57% Government stock 2011	21,300	-

The Company does not have any investment in property as at 31<sup>st</sup> March, 2010. (Previous year Rs. NIL)

**9. Managerial Remuneration:**

(Rs. '000)

Particulars	As at March 31, 2010	As at March 31, 2009
Salaries and Allowances	8,615	8,554
Perquisites	1,770	900
Bonus	2,100	2,963
Contribution to Provident Fund	484	360
Contribution to Superannuation Fund	409	400
<b>Total</b>	<b>13,378</b>	<b>13,177</b>

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

The managerial remuneration is in accordance with the approval accorded by a resolution of the Board of Directors and which has been approved by IRDA as required under Section 34A of the Insurance Act, 1938.

10. Extent of risk written and reinsured based on the gross written premium /net written premium (excluding excess of loss and catastrophe reinsurance).

Particulars	Year	Risk Retained	Risk Reinsured
		% of business written	% of business written
Fire	2009-10	27.04%	72.96%
	2008-09	-	-
Marine	2009-10	65.36%	34.64%
	2008-09	-	-
Miscellaneous	2009-10	41.99%	58.01%
	2008-09	-	-
Total	2009-10	57.71%	42.29%
	2008-09	-	-

11. Percentage of Business Sector wise ( Based on the gross written premium)

Business Sector	For the year ended March 31, 2010			For the year ended March 31, 2009		
	GWP (Rs.'000)	No. of Lives	% of GWP	GWP	No. of Lives	% of GWP
Rural	1,102	9,510	5.67%	-	-	-
Social	517	575,504	2.67%	-	-	-
Urban	17,814	-	91.66%	-	-	-
Total	19,433	-	100.00	-	-	-

12. Contribution to the Environment Relief fund

The Company has collected an amount of Rs. 154 thousands (previous year - N.A.) towards Environment Relief Fund from Public Liability policies. The company has paid all the amounts collected towards Environment Relief Fund up to 31<sup>st</sup> March, 2010, to the United India Insurance Company.

13. Contribution to the Solatium Fund

In accordance with the IRDA requirements, the Company has provided 0.10% of gross written premium on all motor policies (excluding reinsurance premium accepted on motor third party for commercial vehicles) towards contribution to the Solatium Fund.

14. Reinsurance Regulations

As per Insurance Regulatory and Development Authority (General Insurance - reinsurance) regulation, 2000, surplus over and above domestic reinsurance arrangements class-wise can be placed by the insurer independently complying with the sub regulation (7) subject to a limit of 10% of the total reinsurance premium ceded outside India being placed with any one reinsurer. Where it is necessary in respect of specialized reinsurer to cede a share exceeding such limit to any particular reinsurer, the insurer may seek the specific approval of the authority giving reasons for such cession.

In term of IRDA Reinsurance Regulations, the Company has submitted details in respect of its reinsurance program for the year 2009-10 to the Authority and also communicated all the facultative placements placed during the financial year.

15. Micro and Small scale business entities:

There are no dues to Micro and Small Enterprises which are outstanding at the balance sheet date. This information regarding Micro and Small Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

16. Appointment of Company Secretary

The financial statement have not been authenticated by a Company Secretary as required by the provisions of Section 215 of the Companies Act, 1956, as the Company is still in the process of appointing a whole time Company Secretary as required by the provisions of Section 383A of the Companies Act, 1956.

**17. Prior period adjustments:**

Operating expenses includes prior period income/ (expenses) as under -

(Rs. '000)

SR. No.	Particulars	2009-10	2008-09
1	Rent, Rates & Taxes	1,767	NIL
2	Reversal of excess provision for bonus	735	NIL
3	Reversal of excess provision for IT Support & Internet charges	785	NIL
4	Subscription & Membership fees	(200)	NIL
5	Employees Remuneration & Welfare Benefits	(310)	NIL

**18. Employee benefits:**

Disclosures as per AS-15 (revised) "Employee Benefits" are as follows:

(Rs. '000)

	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
<b>I</b>	<b>Change in Defined Benefit Obligation</b>				
	Liability at the beginning of the year	961	50	682	-
	Interest cost	111	25	89	23
	Current service cost	624	886	592	658
	Past Service cost (Non vested benefit)		-		-
	Past Service cost (Vested benefit)		-		-
	Benefits Paid		-	36	-
	Net actuarial (gain)/loss on obligation	(634)	-	423	-
	Liability at the end of the year	1,061	961	975	682
<b>II</b>	<b>Fair value of plan assets</b>				
	Fair value of plan assets as at the beginning of the year	961	-		-
	Expected return on the plan assets	61	-		-
	Contributions by employer		-		-
	Benefit Paid		-		-
	Actuarial gain/(loss) on plan assets	(20)	-		-
	Fair value of plan assets as at the end of the year	1,002	-		-
	Total actuarial Gain/(Loss) to be recognized	614	-	(423)	-
<b>III</b>	<b>Actual Return on Plan Assets</b>				
	Expected return on plan assets	61	-		-
	Actuarial Gain/(loss) on Plan Assets	(20)	-		-
	Actual Return on Plan Assets	41	-		-
<b>IV</b>	<b>Amount recognized in the Balance Sheet</b>				
	Liability at the end of the year	1061	961	975	682
	Fair value of plan assets as at the end of the year	1002	-	-	-
	Difference	59	961	975	682
	Unrecognized Past service cost				-
	Net asset or liability recognized in the B/S	59	961	975	682



	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
<b>V</b>	<b>Expense recognized in Profit and Loss Account</b>				
	Current service cost	624	886	591	658
	Interest cost on benefit obligation	111	25	89	23
	Expected return on plan assets	(61)	-		-
	Net actuarial gain/(loss) to be recognized	(614)	-	(423)	-
	Past service cost (Non vested benefit recognized)		-		-
	Past service cost (vested benefit recognized)		-		-
	Expense recognized in the Profit and Loss account	59	911	258	682
<b>VI</b>	<b>Balance Sheet Reconciliation</b>				
	Opening net Liability	961	50	682	23
	Expenses as above	59	911	258	682
	Contribution by employers/ Benefit paid	-	961	36	-
<b>VII</b>	<b>Actuarial Assumption for the year</b>				
	Discount Rate	7%	8%	7%	8%
	Escalation Rate	5%	5%	5%	5%
	Rate of Return on Plan Assets	6.20%			
	Valuation Method	Projected Unit Credit Method	Projected Unit Credit Method	Projected Unit Credit Method	Projected Unit Credit Method

The Company has recognized Rs. 3,770 thousands (previous year Rs. 2,557 thousands) as an expense in respect of defined contribution plan.

#### 19. Segmental Reporting :

Segment revenue and segment results have been incorporated in the financial statements. However, assets and liabilities, given the nature of business, have been allocated among the various segments to the extent possible.

(Rs.'000)

Segment	Year	Claims Outstanding	Advance Premium	Reserve for unexpired risk
Fire	2009-10	110	-	530
Marine Cargo	2009-10	55	-	50
Marine Hull	2009-10	-	-	-
Motor OD	2009-10	1,379	-	765
Motor TP	2009-10	-	48	-
Workmen Compensation	2009-10	116	-	157
Engineering	2009-10	15	-	355
Public Liability	2009-10	191	-	199
Other Liability	2009-10	1,666	-	2132
Personal Accident	2009-10	932	-	579
Other Misc.	2009-10	24	-	122
Total		4,488	48	4,889

**Note:** Previous year figures have not been given since the company has not issued any policy during the previous year.

**21. Lease:**

During the year Company has taken office premises on lease.

**a. Lease rent debited Profit and Loss Accounts:**

(Rs. '000)

Particulars	As at March 31, 2010	As at March 31, 2009
Leave and License Expenses	40,129	32,421

**b. The minimum lease payments to be made in future towards non cancelable operating lease agreements are as follows:**

(Rs. '000)

Particulars	As at March 31, 2010	As at March 31, 2009
Not later than one year	40,377	41,673
Later than one year and not later than five years	9,197	44,938
Later than five years	NIL	NIL

**22. Earnings per Share:**

Particulars	As at March 31, 2010	As at March 31, 2009
Net Loss for the period	57,913	66,191
(Rs in '000)		
Total no of share outstanding at end of year	207,000,000	200,000,000
Weighted average no of equity share	206,156,164	76,438,356
Nominal value per share	Rs. 10	Rs. 10
Basic Earning per share	(0.28)	Rs.(0.87)
Diluted Earning per share	(0.28)	Rs.(0.87)

**Note:** As there were no dilutive or potential equity shares issued, no reconciliation between the denominator used for computation of basic and diluted earnings per share is necessary.

**23. Deferred taxes:**

Accounting Standard 22 - 'Accounting for Taxes on Income' requires the Company to accrue taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income is different from the reported income due to timing differences, there arises a potential deferred tax asset or deferred tax liability, as the case may be. The components of the Company's deferred tax liabilities and assets are tabulated below. In view of the existence of unabsorbed depreciation and carried forward business loss as at the year end, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.

(Rs. '000)

Particulars	As at March 31, 2010	As at March 31, 2009
<b>Deferred Tax Liability:</b>		
Depreciation	242	1,591
<b>Total</b>	<b>NIL</b>	<b>1,591</b>
<b>Deferred Tax Assets:</b>		
Unexpired risk reserve	-	-
Leave Encashment	-	211
Sec 43 B Expenses	-	936
Preliminary Expenditure	-	175
Unabsorbed Depreciation	242	269
<b>Total</b>	<b>242</b>	<b>1,591</b>
<b>Net Deferred Tax Liability</b>	<b>NIL</b>	<b>NIL</b>

**24. Previous years figures have been regrouped / reclassified wherever necessary to confirm to current year classifications.**

**20. Related Party disclosures:**

a. Following is the list of related parties:

Nature of Relationship	Name of the Related Party
Holding Company	Prism Cement Limited
Joint Venture Partner	QBE Holdings (AAP) Pty Limited
Holding Company of Joint Venture Partner	QBE Insurance Group Limited
Fellow Subsidiary of Joint Venture Partner	QBE Insurance (international) Limited QBE Insurance (Europe) Limited QBE Management Services Pty Limited QBE Re Services Pty Limited
Key Management personnel and relative of such personnel	Mr. Praveen Gupta - Chief Executive Officer Mrs. Medha Gupta

b. Details of transactions with related parties:

(Rs. '000)

Particulars	Nature of Transactions	2009-10		2008-09	
		Rupees	Receivable / (Payable)	Rupees	Receivable / (Payable)
Prism Cement Limited	Share Allotment	51,800	-	1,406,000	-
	Share Application Money	-	-	51,800	(51,800)
	Re-imbursement of Expenses	-	-	5,070	-
	Premium received**	2,959	-	-	-
	Premium deposit**	36	-	-	-
	Claims paid	550	454	-	-
QBE Holdings (AAP) Pty Limited	Share Allotment	18,200	-	494,000	-
	Share Application Money	-	-	18,200	(18,200)
QBE Insurance (International) Limited	Internet Charges/IT Support	1,483	(1,326)	785	(785)
	Re-imbursement of Expenses	-	-	13	-
QBE Insurance (Europe) Limited	Reinsurance premium paid	5,164	(412)	-	-
	Reinsurance commission received	1,291	62	-	-
QBE Re Services Pty Limited	Reimbursement of Expenses	110	-	-	-
Praveen Gupta	Remuneration*	13,378	(2,615)	13,177	(2,963)
Mrs. Medha Gupta	Leave and License Expenses	900	-	900	-

\*Expenses towards gratuity funding and Leave Encashment are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

\*\* The premium/premium deposit amounts are excluding service tax and other levies.

**25. Summary of Financial Statements and Ratios as on 31<sup>st</sup> March**

(Rs. '000)

Particulars	2009-10	2008-09
Operating Results		
Gross written premium	19,433	-
Net premium income	(28,221)	-
Income from investment	330	-
Miscellaneous Income	197	-
Total Income	(27,694)	-
Commission	1	-
Operating Expense	119,481	-
Claims, Increase in URR and other outgoes	9,428	-
Operating Profit/Loss	(156,604)	-
Non Operating Results	-	-
Total Income Under Share holder's account	100,805	54,413
Profit/Loss before tax	(57,193)	(66,191)
Provision for tax	-	405
Profit/Loss after tax	(57,193)	(66,596)
Miscellaneous Policy holder's account	Not applicable being general insurance company	
Total Funds	-	-
Total Investments	-	-
Yield on investments	-	-
Shareholder's account	Not applicable being general insurance company	
Total Funds	-	-
Total Investments	-	-
Yield on investments	-	-
Paid up Equity Capital	2,070,000	2,000,000
Net Worth	1,920,456	1,978,025
Total Assets	1,949,531	1,987,983
Yield on Total Investments	5.61%	-
Earning per Share	(0.28)	(0.87)
Book value per Share	9.28	9.89
Total Dividend	-	-
Dividend per share	-	-

Particulars	2009-10	2008-09
Gross Premium growth rate	-	-
Gross Premium to Avg. Shareholder's fund ratio	-	-
Growth rate of Shareholder's fund	-	-
Net Retention Ratio	57.71%	-
Net Commission Ratio	0%	-
Expense of Management to Gross Premium ratio	(625.70%)	-
Combined Ratio	(374.57%)	-
Technical Reserve to Net Premium ratio	(17%)	-
Underwriting balance ratio	(114%)	-
Operating Profit Ratio	(473%)	-
Liquid Ratio	402%	746%
Net Earning Ratio	(46%)	(122%)
Return on net worth	(2.91%)	(3%)
Reinsurance ratio	42.29%	-

**26. Details of penal action from Government Authorities:**

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

**\*Post listing**

The Schedules referred to above form an integral part of Financial Statements.

As per our Report of even date attached.

**For Contractor, Nayak & Kishnadwala**  
Chartered Accountants

**G. S. Nayak**  
Partner  
Membership No. 38127  
Mumbai,  
Dated: April 23, 2010

**For Sudit K. Parekh & Co.** For and on behalf of the Board of Directors  
Chartered Accountants

**Raman Jokhakar**  
Partner  
Membership No. 103241

**Akshay Raheja**  
Director

**Michael Goodwin**  
Director

**Praveen Gupta**  
Chief Executive Officer  
& Managing Director

**Mini Nair**  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Year ended 31st March, 2010	(Rs.'000) Year ended 31st March, 2009
<b>Cash flows from operating activities</b>		
Premium received including advance premium & Service tax	21,072	
Payment to Reinsurers net of claims & commissions	(44,490)	
Receipt/payment to coinsurers net of claims recovery	238	
Claims paid	(97)	
Commission paid	(2,177)	
Payment of Other Operating Expenses	(104,871)	(122,834)
Service tax paid	(8,222)	-
Fringe Benefit Tax Paid	(150)	(470)
Income tax paid	-	
Wealth tax paid	-	(5)
Miscellaneous Income	1,020	464
<b>Net Cash Flow from Operating Activities</b>	<b>(137,677)</b>	<b>(122,845)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments (Net)	(4,855,760)	(2,185,223)
Sale of Investments (including gain/loss)	4,943,021	353,843
Purchase of fixed Assets	(131)	(52,681)
Sale of Fixed Assets ( including gain/loss)	-	-
Interest, Dividends received	48,518	34,066
<b>Net Cash Flow from Investing Activities</b>	<b>135,648</b>	<b>(1,849,995)</b>
<b>Cash flows from financing activities</b>		
Capital infusion	-	1,900,000
Share Application Money received	-	70,000
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>1,970,000</b>
<b>Net Increase / Decrease in Cash &amp; Cash equivalents</b>	<b>(2,028)</b>	<b>(2,840)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>3,689</b>	<b>6,529</b>
<b>Cash and cash equivalents at the end of year</b>	<b>1,661</b>	<b>3,689</b>

As per our Report of even date attached.

For Contractor, Nayak & Kishnadwala  
Chartered Accountants

G. S. Nayak  
Partner  
Membership No. 38127  
Mumbai,  
Dated: April 23, 2010

For Sudit K. Parekh & Co.  
Chartered Accountants

Raman Jokhakar  
Partner  
Membership No. 103241

For and on behalf of the Board of Directors

Akshay Raheja  
Director

Michael Goodwin  
Director

Praveen Gupta  
Chief Executive Officer  
& Managing Director

Mini Nair  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31ST MARCH, 2010

**I. Registration Details**

State Code 11

Registration No.	U66030MH2007PLC173129						
Balance Sheet Date	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">Date</td> <td style="width: 33%;">Month</td> <td style="width: 33%;">Year</td> </tr> <tr> <td style="border: 1px solid black; text-align: center;">31</td> <td style="border: 1px solid black; text-align: center;">03</td> <td style="border: 1px solid black; text-align: center;">2010</td> </tr> </table>	Date	Month	Year	31	03	2010
Date	Month	Year					
31	03	2010					

**II. Capital raised during the year (Amount in Rs. thousands)**

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	1,900,000

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)**

<b>Total Liabilities</b>	<b>Total Assets</b>
1,920,456	1,920,456
<b>Sources of Funds</b>	
Paid-up Capital	Reserves & Surplus
2,070,000	(149,544)
Loans	Deferred Tax Liability
Nil	Nil
<b>Application of Funds</b>	
Net Fixed Assets	Investments
35,363	1,818,618
Net Current Assets	Misc. Expenditure
66,475	-

**IV. Performance of Company (Amount in Rs. thousands)**

Total Revenue	Total Expenditure
120,764	178,677
Profit/Loss before Tax (Tick appropriate box + for Profit, - for Loss)	Profit/Loss after Tax
- 57,913	- 57,913
Earning per share in Rs.	Dividend rate %
- 0.28	Nil

**V. Generic Names of Three Principal Products/Services of Company**

Item Code No. (ITC Code)	-
Product description	General Insurance

Note : The Company being an insurance Company, the accounts of the Company are not required to be made in accordance with Schedule VI. Further, the Insurance Act, 1938 requires the financial statement of the Company to be split in Revenue Accounts and Profit and Loss Account. In view of this, it is not possible to give all the information as required by Part IV of this schedule.

For and on behalf of the Board of Directors

**Akshay Raheja**  
Director

**Michael Goodwin**  
Director

**Praveen Gupta**  
Chief Executive Officer & Managing Director

**Mini Nair**  
Chief Financial Officer

Mumbai,  
Dated: April 23, 2010