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Directors and Management

BOARD OF DIRECTORS

B. CHAKRABARTI

CHAIRMAN-CUM-MANAGING DIRECTOR

G. C. CHATURVEDI, *IAS* N. S. R. CHANDRA PRASAD
T. S. NARAYANASAMI A. R. SEKAR

FINANCIAL
ADVISOR &
COMPANY
SECRETARY
A. R. SEKAR

GENERAL MANAGERS

N. S. R. CHANDRA PRASAD G. SRINIVASAN
A. R. SEKAR V. JAYAPRAKASH
I. S. PHUKELA

APPOINTED
ACTUARY
A. R. PRABHU

CHIEF VIGILANCE OFFICER

MRS. GOPA RAY

DEPUTY GENERAL MANAGERS

T. V. S. PRASAD	N. TOPPO	V. DHANARAJ
P. MANOKARAN	H. P. SINGH	SUDIP SINHA
N. K. SINGH	DR. A. K. SAXENA	P. G. JOSHI
K. G. ARORA	B. K. SAMANT	A. G. KRISHNAN
R. P. SAMAL	MS. ASHA NAIR	R. RAGHAVAN
R. SENGUPTA	B. C. GUPTA	

INVESTMENT COMMITTEE

B. CHAKRABARTI

G. C. CHATURVEDI, *IAS* A. R. SEKAR
T. S. NARAYANASAMI A. R. PRABHU

AUDIT COMMITTEE

G. C. CHATURVEDI, *IAS*

T. S. NARAYANASAMI
N. S. R. CHANDRA PRASAD

AUDITORS

SHARP & TANNAN
CHARTERED ACCOUNTANTS

KARNAVAT & CO.
CHARTERED ACCOUNTANTS

SARDA & PAREEK
CHARTERED ACCOUNTANTS

REGISTERED OFFICE

NEW INDIA ASSURANCE BUILDING, 87, M. G. ROAD, FORT, MUMBAI 400 001.
WEBSITE : www.newindia.co.in

Directors and Management



B. Chakrabarti

Chairman-cum-Managing Director

Directors



G. C. Chaturvedi, IAS



T. S. Narayanasami



N. S. R. Chandra Prasad



A. R. Sekar

General Managers



G. Srinivasan



V. Jayaprakash



I. S. Phukela

CVO



Ms. Gopa Ray

Appointed Actuary



A. R. Prabhu



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DIRECTORS' REPORT 2006-07**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 88th Annual Report together with the Audited Statement of Accounts and Balance Sheet of the Company for the year ended 31st March 2007.

I. CLASS-WISE PERFORMANCE SUMMARY:

(Rupees in Crores)

	Year	Fire	Marine	Misc.	Total
Gross Direct Premium in India	2006-07	909.98	321.02	3786.20	5017.20
Percentage growth		8.38	7.08	3.67	4.71
	2005-06	839.63	299.78	3652.08	4791.49
		6.43	18.73	15.23	13.79
Gross Direct Premium outside India	2006-07	254.59	49.45	615.54	919.58
Percentage growth		-3.51	-0.19	7.87	4.02
	2005-06	263.86	49.55	570.64	884.05
		-3.99	1.68	0.33	-0.93
Gross Direct Premium Total	2006-07	1164.57	370.47	4401.74	5936.78
Percentage growth		5.54	6.05	4.24	4.60
	2005-06	1103.49	349.33	4222.72	5675.54
		3.74	15.97	12.96	11.22
Reinsurance Premium Accepted in India	2006-07	46.41	6.17	28.98	81.56
	2005-06	24.93	0.74	19.64	45.31
Reinsurance Premium Accepted outside India	2006-07	345.54	5.21	36.22	386.97
	2005-06	255.40	6.14	25.28	286.82
Reinsurance Premium Accepted Total	2006-07	391.95	11.38	65.20	468.53
	2005-06	280.33	6.88	44.92	332.13
Reinsurance Premium Ceded in India	2006-07	399.81	177.44	852.73	1429.98
	2005-06	416.03	169.25	846.24	1431.52
Reinsurance Premium Ceded outside India	2006-07	103.78	15.85	103.93	223.56
	2005-06	137.03	22.58	73.88	233.49

CLASS-WISE PERFORMANCE SUMMARY (Contd...)

(Rupees in Crores)

	Year	Fire	Marine	Misc.	Total
Reinsurance Premium Ceded Total	2006-07	503.59	193.29	956.66	1653.54
	2005-06	553.06	191.83	920.12	1665.01
Net Premium in India	2006-07	556.57	149.75	2962.44	3668.76
Percentage growth		24.09	14.08	4.85	7.74
Percentage to gross premium		61.16	46.65	78.24	73.12
	2005-06	448.53	131.27	2825.48	3405.28
		-11.26	1.56	19.25	13.36
		53.42	43.79	77.37	71.07
Net Premium outside India	2006-07	496.35	38.82	547.83	1083.00
Percentage growth		29.86	17.25	4.94	15.53
Percentage to gross premium		194.96	78.50	89.00	117.77
	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
Net Premium Total	2006-07	1052.92	188.57	3510.27	4751.76
Percentage growth		26.74	14.72	4.86	9.42
Percentage to gross premium		90.41	50.90	79.75	80.04
	2005-06	830.76	164.38	3347.52	4342.66
		-0.03	-2.51	15.61	11.49
		75.28	47.05	79.27	76.52
Increase in Unexpired Risk Reserves	2006-07	111.08	24.20	81.38	216.66
Percentage to net premium		10.55	12.83	2.32	4.56
	2005-06	-0.12	-4.22	226.00	221.66
		-0.01	-2.57	6.75	5.10
Net Premium Earned	2006-07	941.84	164.37	3428.90	4535.11
	2005-06	830.88	168.60	3121.52	4121.00
Net Incurred Claims	2006-07	560.06	62.30	3021.25	3643.61
Percentage to net premium		53.19	33.04	86.07	76.68
	2005-06	601.51	115.25	2915.25	3632.01
		72.40	70.11	87.09	83.64
Net Commission	2006-07	79.33	14.23	297.33	390.89
Percentage to net premium		7.53	7.54	8.47	8.23
	2005-06	71.78	8.22	296.28	376.28
		8.64	5.00	8.85	8.66
Operating Expenses related to insurance business including Foreign Taxes & Exchange Gain/Loss	2006-07	284.62	52.32	816.94	1153.89
Percentage to net premium		27.03	27.75	23.27	24.28
	2005-06	306.95	59.01	946.07	1312.03
		36.95	35.90	28.26	30.21



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CLASS-WISE PERFORMANCE SUMMARY (Contd...)

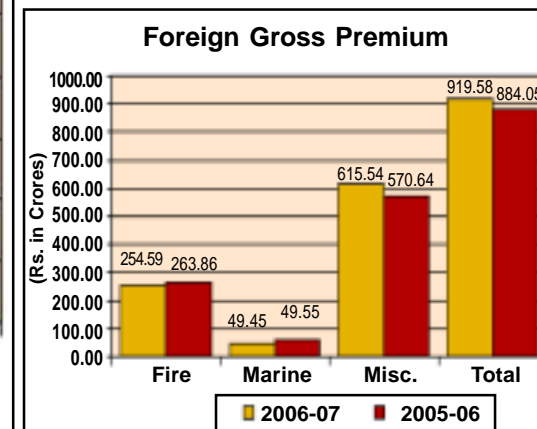
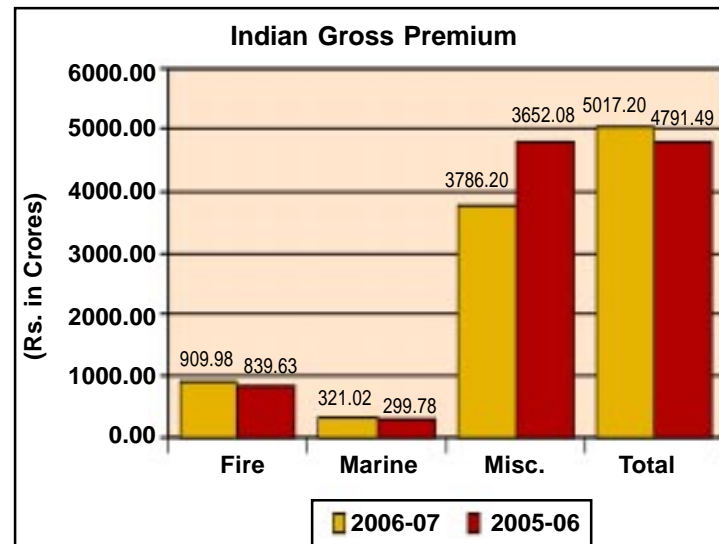
(Rupees in Crores)

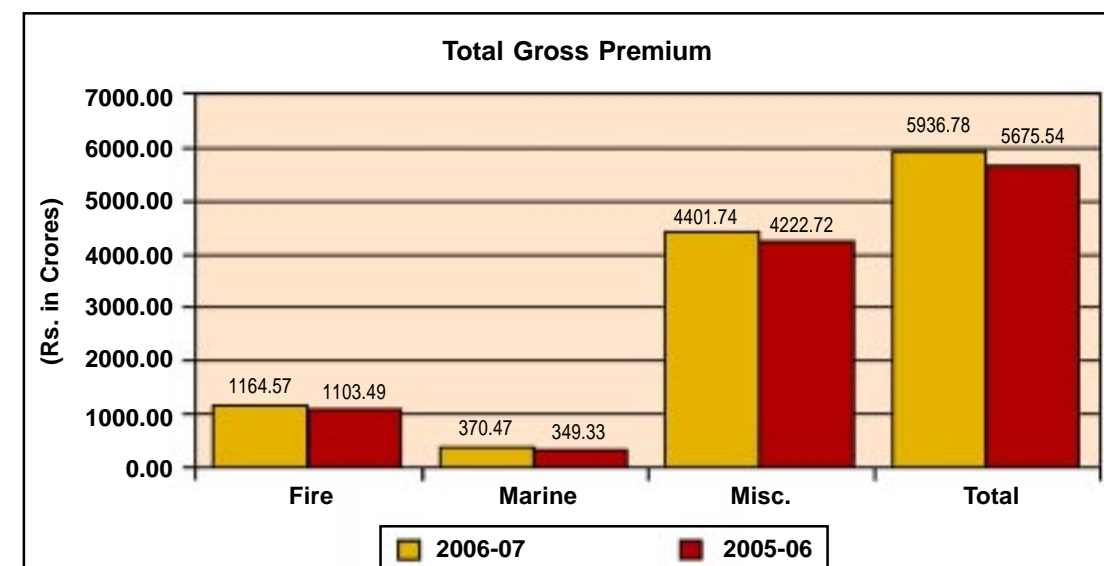
	Year	Fire	Marine	Misc.	Total
Underwriting Results	2006-07	17.84	35.52	-706.64	-653.27
Percentage to net premium		1.69	18.83	-20.13	-13.75
	2005-06	-149.36	-13.88	-1036.08	-1199.32
		-17.98	-8.44	-30.95	-27.62
Investment Income apportioned to policy holders, including Profit on realisation of Investments (Net of Provision for Non Performing Assets)	2006-07	215.18	66.46	1108.36	1390.00
Percentage to net premium		20.44	35.24	31.57	29.25
	2005-06	168.94	64.04	1002.37	1235.35
		20.34	38.96	29.94	28.45
Surplus/Deficit(-) in policyholders' account	2006-07	233.02	101.98	401.72	736.72
Percentage to net premium		22.13	54.08	11.44	15.50
	2005-06	19.58	50.16	-33.71	36.03
		2.36	30.51	-1.01	0.83

II. PERFORMANCE REVIEW:

(Rs.in Crores)

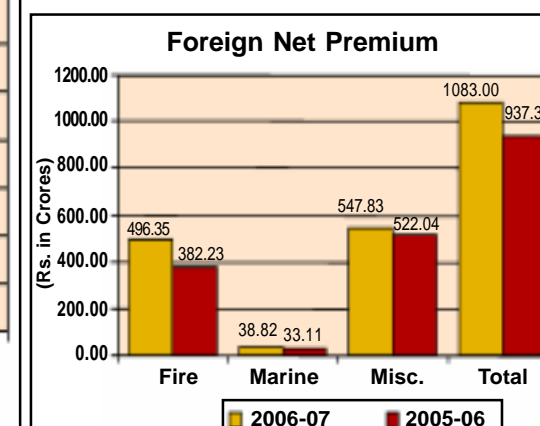
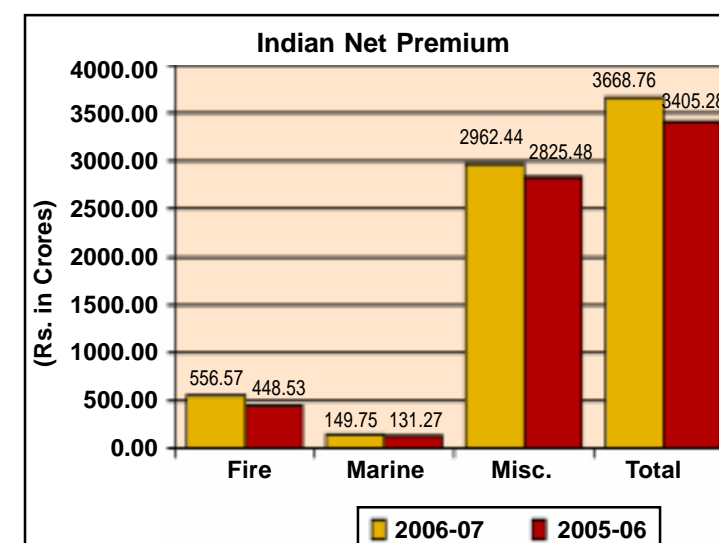
	2006-07	2005-06
A. Gross Direct Premium		
In India	5017.20	4791.49
Percentage change over previous year	4.71	13.79
Outside India	919.58	884.05
Percentage change over previous year	4.02	-0.93
Total	5936.78	5675.54
Percentage change over previous year	4.60	11.22





The Company recorded a growth of 4.71% in the Indian business during the year 2006-07 as against 13.79% in the previous year. The decline in growth rate is due to a conscious decision taken by the Company to weed out loss making business particularly commercial vehicles insurance. In spite of continued softening of the direct premium rates and strengthening of the Rupee against major currencies, the growth rate outside India showed an increase of 4.02% compared to (-) 0.93% in the previous year. The overall growth recorded was 4.60% as compared to 11.22% in the previous year, with positive growth in fire, marine and miscellaneous portfolios. The Company continues to retain its position as market leader in the year 2006-07 also.

	(Rs. in crores)	
	2006-07	2005-06
B. Net Premium (Total)	4751.76	4342.66
Percentage change over previous year	9.42	11.49

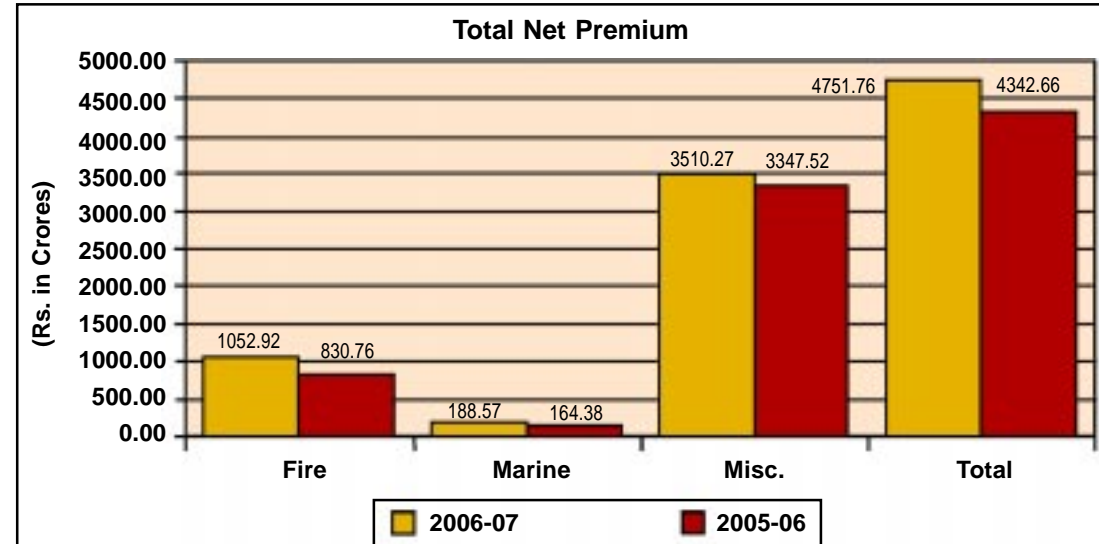




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The net premium grew by Rs.409.10 crores to Rs.4751.76 crores in the year 2006-07. The retention ratio has increased from 76.52% last year to 80.04% in the year 2006-07. The retention ratio in India increased by 2.05% while the foreign retention ratio increased by 11.74%.

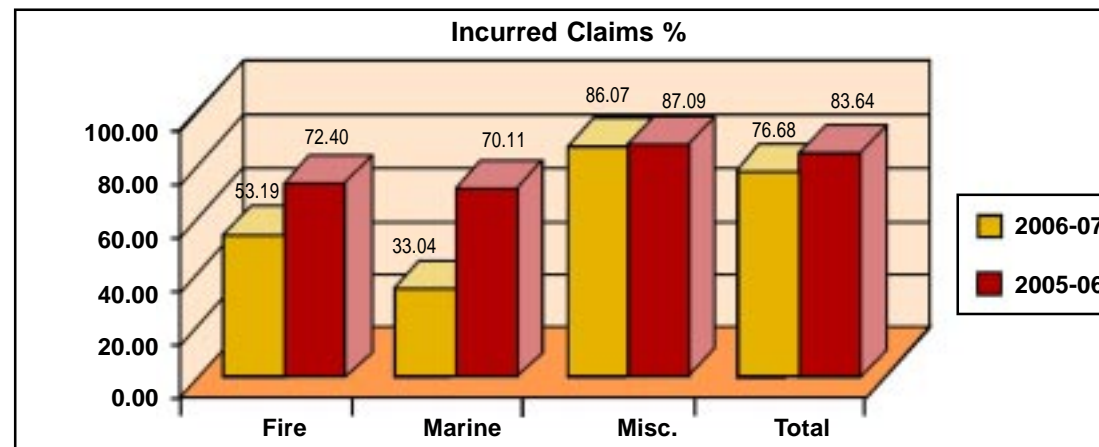
(Rs. in crores)

	2006-07	2005-06
C. Additional Un-expired Risk Reserves	216.66	221.66
Percentage to Net Premium	4.56	5.10

The Company reserved Rs.2470.17 crores towards reserve for unexpired risks as on 31.03.2007 as against Rs.2253.51 crores as on 31.03.2006. Although the growth rate in gross premium was less than that of last year, due to higher net retention ratio, the growth rate in total net premium was 9.42% contributing to reserve strain of Rs.216.66 crores. There was no premium deficiency calculated as per IRDA guidelines in the major segments of fire, marine and miscellaneous business. However, there was premium deficiency of Rs.54.15 crores in motor third party portfolio, Rs.293.34 crores in health portfolio and Rs.31.51 crores in aviation portfolio. As there was no premium deficiency in miscellaneous department as a whole, no premium deficiency reserve has been created.

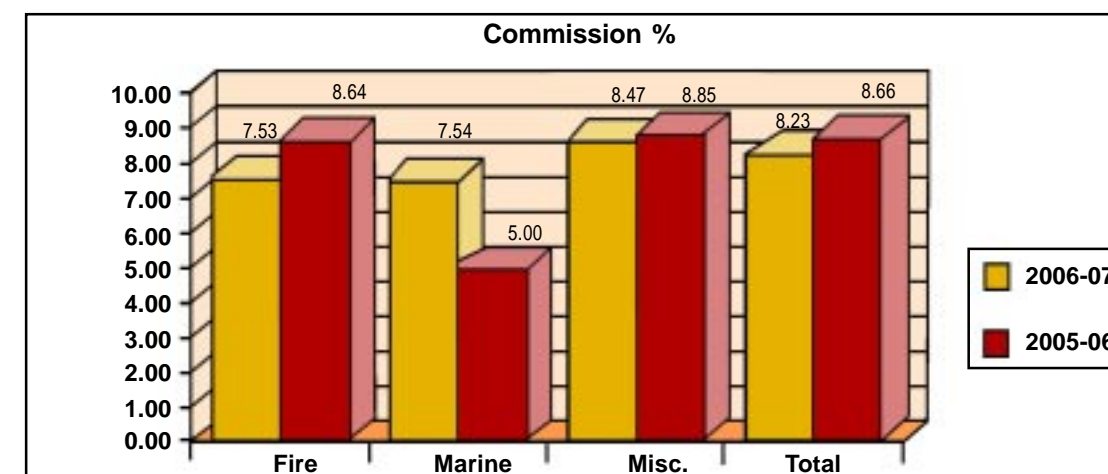
(Rs. in crores)

	2006-07	2005-06
D. Incurred Claims	3643.61	3632.01
Percentage to Net Premium	76.68	83.64



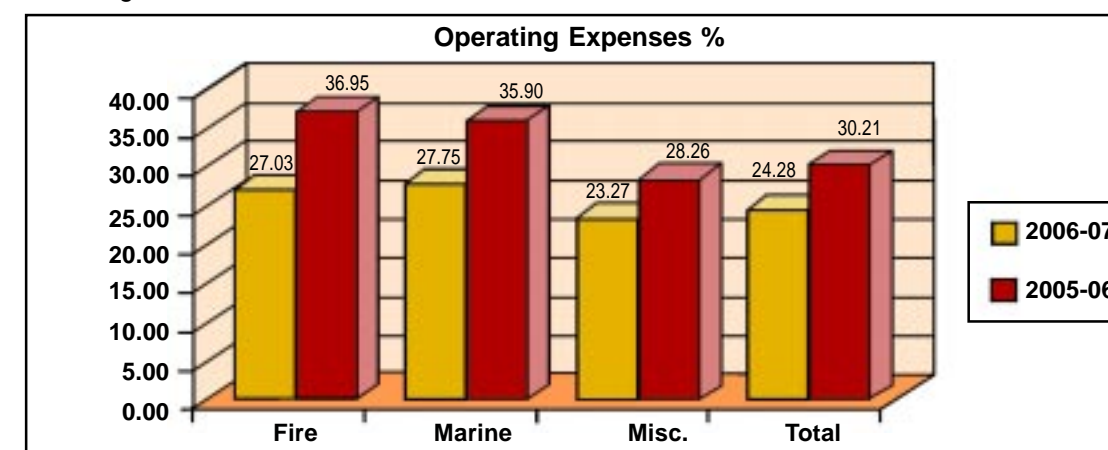
There has been a considerable improvement in the net incurred claims ratio from 83.64% last year to 76.68% in the year 2006-07. As there were no major catastrophic losses except floods in Surat, the claim ratios have declined, particularly in fire department from 72.40% to 53.19% and in marine portfolio from 70.11% to 33.04%. Even miscellaneous department showed a marginal reduction from 87.09% to 86.07% in the year 2006-07, mainly due to the conscious efforts taken by the Company with regard to underwriting of commercial vehicles insurance.

	(Rs. in crores)	
	2006-07	2005-06
E. Commission	390.89	376.28
Percentage to Net Premium	8.23	8.66



Although the quantum increase in net commission is Rs.14.61 crores, there has been a marginal reduction in the commission to net premium ratio from 8.66% to 8.23%.

	(Rs. in crores)	
	2006-07	2005-06
F. Operating Expenses relating to insurance business including foreign taxes	1153.89	1312.03
Percentage to Net Premium	24.28	30.21



Operating expenses have come down from Rs.1312.03 crores to Rs.1153.89 crores, mainly due to reduction in the expenses relating to employees' remuneration and welfare benefits. In percentage terms, the management expenses ratio has reduced from 30.21% of net premium to 24.28% for 2006-07.



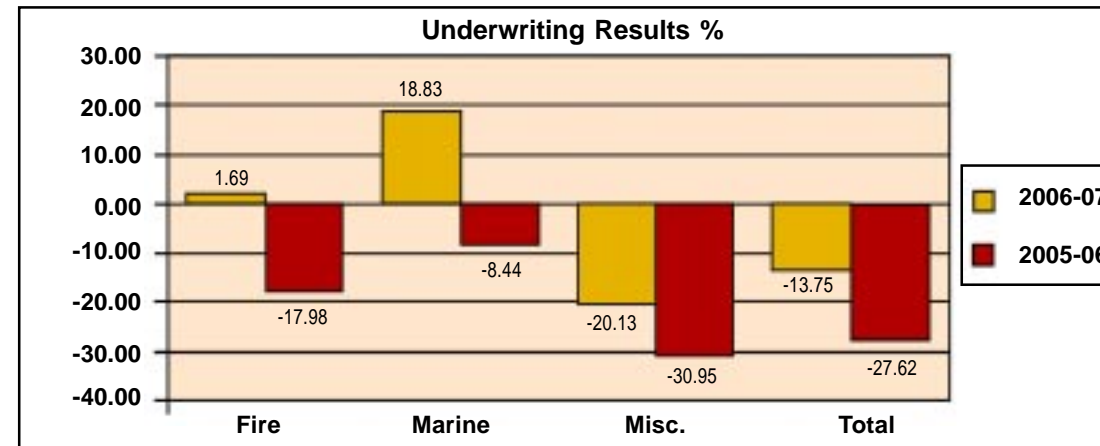
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(Rs. in crores)

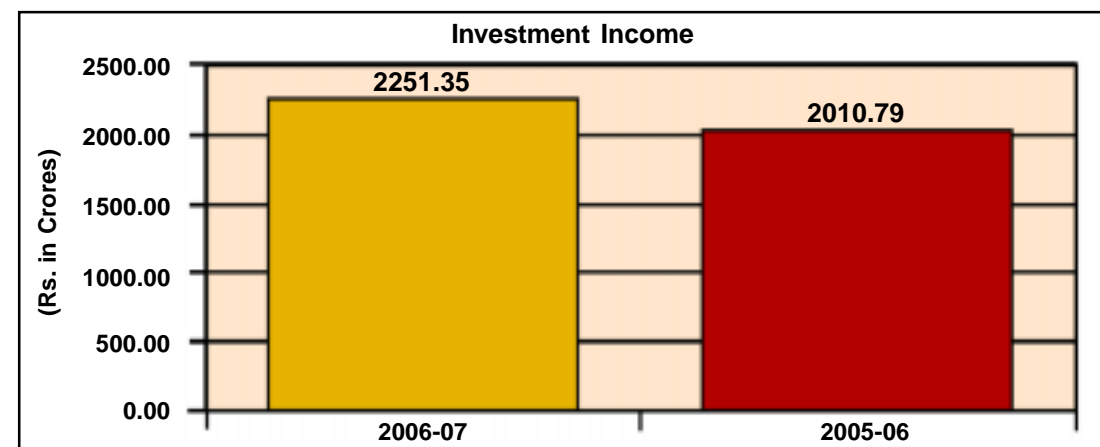
	2006-07	2005-06
G. Underwriting Results	-653.27	-1199.32
Percentage to Net Premium	-13.75	-27.62



The underwriting results have improved significantly due to increase in net premium by Rs.409.10 crores and reduction in management expenses by Rs.158 crores offset by marginal increase in incurred claims by Rs.11.60 crores and commission by Rs.14.61 crores.

(Rs. in crores)

	2006-07	2005-06
H. Investment Income (Less Provisions)		
a) Apportioned to Policyholders	1390.00	1235.35
b) Apportioned to Shareholders	861.35	775.44
Total	2251.35	2010.79



There was a growth in investment income of Rs.240.56 crores over the previous year due to continued favourable market conditions. The mean yield on funds (with profit on sale of investments) was 20.74% against 21.11%. The net Non Performing Assets percentage improved from 3.03% to 2.16%.

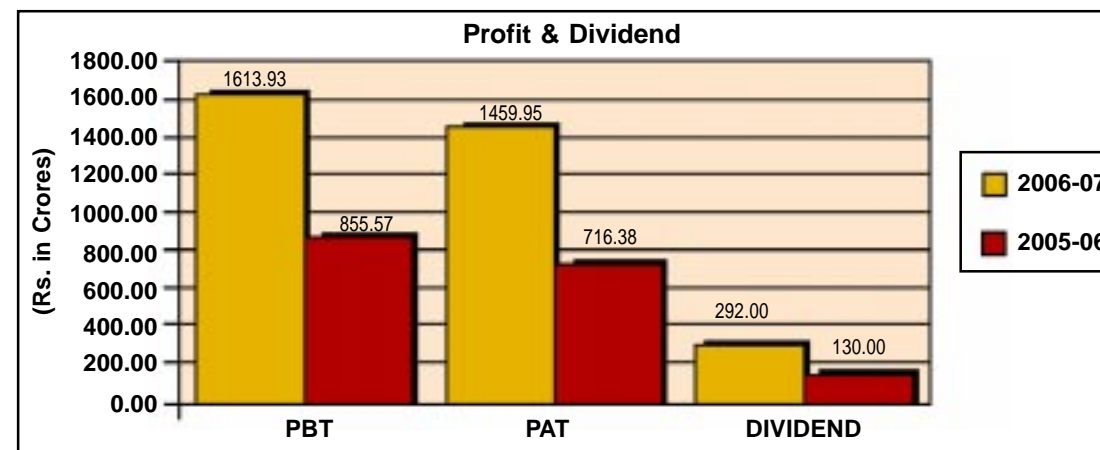
	(Rs. in crores)	
	2006-07	2005-06
I. Revenue Account Result [after crediting investment income less Provisions, apportioned to Policyholders' Account as detailed above in paragraph H(a)]	736.72	36.03
Percentage to Net Premium	15.50	0.83

The revenue account result has shown remarkable improvement of over Rs.700 crores. All the three segments, i.e., fire, marine and miscellaneous showed positive results in the year under review. Of this, the fire portfolio improved from Rs.19.58 crores to Rs.233.02 crores, marine portfolio from Rs.50.16 crores to Rs.101.98 crores and miscellaneous portfolio from a deficit of Rs. 33.71 crores to a surplus of Rs.401.78 crores.

	(Rs. in crores)	
	2006-07	2005-06
J. Other incomes/Outgo	15.85	44.10

Income (other than premium and investment income) was Rs.15.85 crores as compared to Rs.44.10 crores in the previous year. Other income consists of sundry balances written back, profit/loss on sale of assets, interest on tax etc.

	(Rs. in crores)	
	2006-07	2005-06
K. Profit Before Tax	1613.93	855.57
L. Profit After Tax	1459.95	716.38
M. Proposed Final Dividend	292.00	130.00
Dividend Tax	49.63	18.23



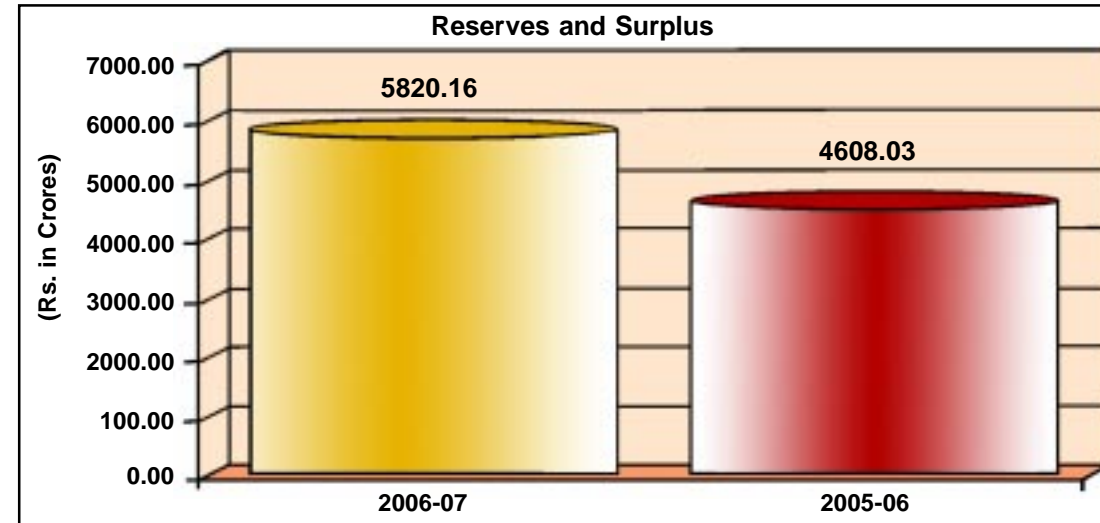
The profit before tax increased by 88.64% while the profit after tax increased by 103.80%. The Directors have recommended a record dividend of Rs. 292 crores at the rate of 146% on the paid up capital of the Company.



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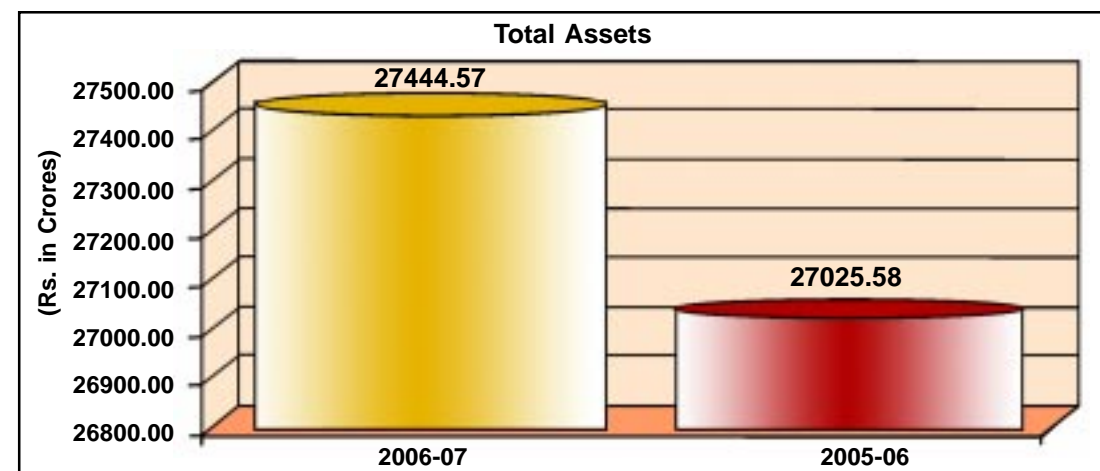
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	(Rs. in crores)	
	2006-07	2005-06
N. Paid Up Capital	200.00	200.00
O. Reserves and Surplus	5820.16	4608.03



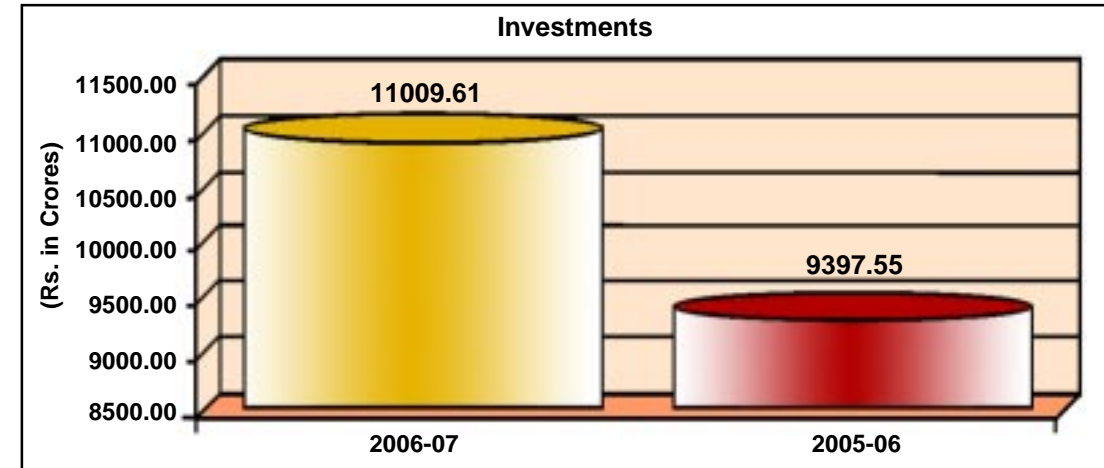
An amount of Rs.1118.32 crores was transferred to General Reserves in the year 2006-07. The transfer represents 76.60% of the profit after tax. There was an addition of Rs.93.81 crores in Foreign Currency Translation Reserve due to recording of exchange gain while translating foreign operations into Indian rupees.

	(Rs. in crores)	
	2006-07	2005-06
P. Total Assets	27444.57	27025.58



In spite of the fall in fair value change account from Rs.12211.27 crores to Rs.10948.35 crores, the total assets have increased from Rs.27025.58 crores to Rs.27444.57 crores.

	(Rs. in crores)	
	2006-07	2005-06
Q. Investments	11009.61	9397.55



The investment portfolio in India stood at Rs.11009.61 crores (at cost) against Rs.9397.55 crores (at cost) of the previous year, showing an increase of Rs.1612.06 crores representing 17.15% growth over the 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.7005.28 crores as against Rs.5988.83 crores at the end of the previous year. Approved investments, other than in directed sectors, stood at Rs.3500.61 crores as on 31.03.2007 representing 31.80% of the investment portfolio. The unapproved investments as on 31.03.2007 stand reduced to Rs.503.72 crores from Rs.611.31 crores as at 31.03.2006 representing 4.58% of the portfolio as against 6.50% of the previous year. During the year, corporate debts/loans worth Rs.34.80 crores were restructured including those under Corporate Debt Restructuring (CDR) mechanism, as against Rs.98.19 crores of restructuring done in the previous year.

	(Rs. in crores)	
	2006-07	2005-06
R. Solvency Margin		
Required Solvency Margin under IRDA Regulations (Global)	1327.70	1196.06
Available Solvency Margin (Global)	4735.68	3701.28
Required Solvency Margin under IRDA Regulations (Indian)	1116.73	1019.21
Available Solvency Margin (Indian)	5173.32	4043.50

The Indian Solvency Ratio has improved from 3.97 to 4.63 due to all round improvement in incurred claims, commission and expenses of management. The Global Solvency Margin also improved from 3.09 to 3.57.

	(Rs. in crores)	
	2006-07	2005-06
S. Compliance with Section 40(c)		
Percentage of expenses prescribed under the Act	19.68	19.69
Company's actual percentage of expenses	20.26	24.80
Percentage of expenses including commission prescribed under the Act	27.63	28.27
Company's actual percentage of expenses including Commission	28.29	33.47



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With reduction in management expenses during the year 2006-07, the management expenses ratio has improved considerably. The company has exceeded the limits under Section 40C of the Insurance Act, 1938 by only 0.58% compared to 5.11% in the previous year.

III. FOREIGN OPERATIONS:

The Gross Premium from overseas operations was Rs.1186.85 crores in 2006-07 as against Rs.1122.35 crores in 2005-06 with an accretion of 5.7%. The Net Premium was Rs.981.44 crores in 2006-07 as against Rs.877.08 crores in 2005-06, showing an accretion of 11.9%.

Foreign operations earned underwriting profit of Rs.20.44 crores (2.1%) in 2006-07 as against Rs.120.97 crores in 2005-06. The Net Profit of Foreign Operations for the year 2006-07 was Rs.119.86 crores (12.2%) as against Rs.185.05 crores in 2005-06.

The Company operates in 27 countries overseas. It has set up a Joint Venture in collaboration with LIC- Mumbai, LIC-Bahrain and Al-Hokair Group, a Saudi Arabian company who is the local partner in the joint venture, which is named as Saudi Indian Company for Co-operative Insurance. New India has 10.6% stake in the joint venture. The Council of Ministries of the Kingdom of Saudi Arabia has approved the issuance of Royal Decree for the establishment of the Company in October 2006. Subsequently, an Initial Public Offer (IPO) was floated in May 2007. The Company is expected to be operational soon.

Prestige Assurance Plc., Nigeria which was an associate company of New India till last year has become its subsidiary with New India's holding in the Company crossing 51%.

Overseas Operational Results for the year ended 31st March 2007

(Amount in Crores)

Sl. No.	Particulars	2006-07		2005-06	
		Rs.	% to Premium	Rs.	% to Premium
1.	Gross Premium (Gross Direct plus Accepted)	1186.85	5.7 % (Accretion)	1122.35	4.2 % (Accretion)
2.	Net Premium	981.44	11.9% (Accretion)	877.08	1.1% (Accretion)
3.	Incurred Claims	567.92	57.9	431.55	49.2
4.	Commission	240.65	24.5	226.30	25.8
5.	Expenses of Management	97.01	9.9	90.32	10.3
6.	Exchange Gain / Loss & Other Income / Outgo	-0.15	0.0	-4.43	-0.5
7.	Underwriting Profit / Loss before Reserve Strain	76.71	7.8	124.48	14.2
8.	Reserve Strain / Release	55.27	5.6	3.51	0.4
9.	Underwriting Profit / Loss after Reserve Strain	20.44	2.1	120.97	13.8
10.	Investment Income	99.42	10.1	64.08	7.3
11.	Net Profit / Loss	119.86	12.2	185.05	21.1

The table below gives details of country-wise operational results for foreign branches and agencies for the financial year 2006-07:

COUNTRYWISE RESULTS FOR FOREIGN AGENCIES AND BRANCHES FOR 2006-07

(Rs. in Crores)

COUNTRY		G. P.		N. P.		CLAIMS		COMMISSION		MGT. EXP.		RES. STR.		INCOME		U/W PROFIT		INVESTMENT INCOME		NET PROFIT	
		Rs.	Rs.	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ABU DHABI	C.Y.	35.60	30.95	11.59	37.4	7.84	25.3	0.36	1.2	4.74	15.3	-0.01	0.0	6.41	20.7	0.86	2.8	7.27	23.5		
	P.Y.	23.93	22.11	12.60	57.0	5.70	25.8	0.38	1.7	1.66	7.5	0	0.0	1.77	8.0	0.34	1.5	2.11	9.5		
DUBAI	C.Y.	97.67	72.58	44.58	61.4	22.58	31.1	1.33	1.8	13.30	18.3	0.45	0.6	-8.76	-12.1	2.49	3.4	-6.27	-8.6		
	P.Y.	73.29	47.72	25.24	52.9	14.53	30.4	0.79	1.7	4.35	9.1	0.06	0.1	2.87	6.0	0.88	1.8	3.75	7.9		
BAHRAIN	C.Y.	37.04	30.97	12.33	39.8	7.86	25.4	1.44	4.6	2.21	7.1	0	0.0	7.13	23.0	2.10	6.8	9.23	29.8		
	P.Y.	33.90	26.68	12.54	47.0	7.23	27.1	0.60	2.2	-0.48	-1.8	0	0.0	6.79	25.4	0.94	3.5	7.73	29.0		
KUWAIT	C.Y.	33.91	30.25	12.90	42.6	10.31	34.1	0.87	2.9	1.49	4.9	-0.10	-0.3	4.58	15.1	0.81	2.7	5.39	17.8		
	P.Y.	31.53	27.97	13.20	47.2	9.58	34.3	0.58	2.1	2.49	8.9	-0.10	-0.4	2.02	7.2	0.28	1.0	2.30	8.2		
MUSCAT	C.Y.	106.85	73.95	40.47	54.7	18.70	25.3	1.26	1.7	11.38	15.4	0	0.0	2.14	2.9	3.83	5.2	5.97	8.1		
	P.Y.	71.23	54.47	32.31	59.3	14.36	26.4	0.44	0.8	0.82	1.5	0	0.0	6.54	12.0	2.60	4.8	9.14	16.8		
SAUDI ARABIA	C.Y.	21.19	18.84	7.74	41.1	5.43	28.8	0.93	4.9	2.05	10.9	-0.7	-3.7	1.99	10.6	0.28	1.5	2.27	12.0		
	P.Y.	28.27	15.07	7.07	46.9	4.31	28.6	0.86	5.7	1.39	9.2	-0.63	-4.2	0.81	5.4	0.13	0.9	0.94	6.2		
ARUBA	C.Y.	43.28	39.06	20.99	53.7	13.72	35.1	0.84	2.2	1.32	3.4	-1	-2.6	1.19	3.0	2.32	5.9	3.51	9.0		
	P.Y.	40.44	36.39	18.09	49.7	12.95	35.6	1.29	3.5	-2.54	-7.0	-4.87	-13.4	1.73	4.8	1.70	4.7	3.43	9.4		
CURACAO	C.Y.	16.97	15.47	34.48	222.9	4.82	31.2	0.85	5.5	1.12	7.2	0.24	1.6	-25.56	-165.2	1.20	7.8	-24.36	-157.5		
	P.Y.	14.40	13.09	6.55	50.0	3.79	29.0	0.81	6.2	0.11	0.8	0.13	1.0	1.96	15.0	1.09	8.3	3.05	23.3		
MAURITIUS	C.Y.	25.52	19.12	11.67	61.0	2.46	12.9	1.54	8.1	-0.56	-2.9	0.00	0.0	4.01	21.0	4.26	22.3	8.27	43.3		
	P.Y.	28.12	20.22	11.70	57.9	2.81	13.9	1.44	7.1	0.68	3.4	0.10	0.5	3.69	18.2	2.47	12.2	6.16	30.5		
HONGKONG	C.Y.	17.94	16.38	-9.45	-57.7	5.82	35.5	2.41	14.7	-0.80	-4.9	0.00	0.0	18.40	112.3	1.26	7.7	19.66	120.0		
	P.Y.	19.29	18.12	8.73	48.2	6.05	33.4	2.24	12.4	-0.79	-4.4	0.00	0.0	1.89	10.4	1.01	5.6	2.90	16.0		
PHILIPPINES	C.Y.	4.99	3.39	1.06	31.3	0.77	22.7	1.58	46.6	0.51	15.0	0.02	0.6	-0.51	-15.0	2.65	78.2	2.14	63.1		
	P.Y.	3.07	2.40	0.39	16.3	0.60	25.0	1.43	59.6	0.18	7.5	0.01	0.4	-0.19	-7.9	2.14	89.2	1.95	81.3		
THAILAND	C.Y.	8.93	3.83	1.97	51.4	0.95	24.8	1.50	39.2	0.83	21.7	0	0.0	-1.42	-37.1	1.07	27.9	-0.35	-9.1		
	P.Y.	4.21	2.26	1.79	79.2	0.70	31.0	1.58	69.9	-0.22	-9.7	0.02	0.9	-1.57	-69.5	0.74	32.7	-0.83	-36.7		
AUSTRALIA	C.Y.	17.32	9.96	6.98	70.1	3.74	37.6	2.28	22.9	3.42	34.3	0.13	1.3	-6.33	-63.6	4.53	45.5	-1.80	-18.1		
	P.Y.	10.13	3.14	2.49	79.3	2.22	70.7	1.78	56.7	-1.82	-58.0	-0.09	-2.9	-1.62	-51.6	3.74	119.1	2.12	67.5		
FIJI	C.Y.	63.49	56.21	20.31	36.1	5.32	9.5	3.91	7.0	3.55	6.3	0.31	0.6	23.43	41.7	3.95	7.0	27.38	48.7		
	P.Y.	56.35	49.08	13.46	27.4	4.68	9.5	3.36	6.8	1.69	3.4	0.04	0.1	25.93	52.8	2.74	5.6	28.67	58.4		
AUCKLAND	C.Y.	5.75	5.50	4.60	83.6	0.63	11.5	1.37	24.9	1.25	22.7	0.25	4.5	-2.10	-38.2	0.47	8.5	-1.63	-29.6		
	P.Y.	3.42	3.00	1.85	61.7	0.39	7.1	1.32	24.0	1.51	27.5	0.00	0.0	-2.07	-37.6	0.39	7.1	-1.68	-30.5		
JAPAN	C.Y.	163.47	128.63	60.00	46.6	22.88	17.8	41.62	32.4	-7.75	-6.0	-0.07	-0.1	11.81	9.2	1.42	1.1	13.23	10.3		
	P.Y.	179.38	143.62	67.76	47.2	27.24	19.0	40.01	27.9	-3.34	-2.3	-0.02	0.0	11.93	8.3	1.22	0.8	13.15	9.2		
TOT.EXC.UK	C.Y.	699.92	555.09	282.22	50.8	133.83	24.1	64.09	11.5	38.06	6.9	-0.48	-0.1	36.41	6.6	33.50	6.0	69.91	12.6		
	P.Y.	620.96	485.34	235.77	48.6	117.14	24.1	58.91	12.1	5.69	1.2	-5.35	-1.1	62.48	12.9	22.41	4.6	84.89	17.5		
UNITED KINGDOM	C.Y.	486.93	426.35	285.66	67.0	108.91	25.5	31.63	7.4	17.21	4.0	0.81	0.2	-16.25	-3.8	65.52	15.4	49.27	11.6		
	P.Y.	501.39	391.74	195.92	50.0	107.58	27.5	30.08	7.7	-2.18	-0.6	0.90	0.2	61.24	15.6	41.53	10.6	102.77	26.2		
RUN-OFF & OTHERS	C.Y.	0.0	0.0	0.04	0.0	-2.09	0.0	1.29	0.0	0.00	0.0	-0.48	0.0	0.28	0.0	0.40	0.0	0.68	0.0		
	P.Y.	0.0	0.0	-0.14	0.0	1.58	0.0	1.33	0.0	0.00	0.0	0.02	0.0	-2.75	0.0	0.14	0.0	-2.61	0.0		
TOTAL	C.Y.	1186.85	981.44	567.92	57.9	240.65	24.5	97.01	9.9	55.27	5.6	-0.15	0.0	20.44	2.1	99.42	10.1	119.86	12.2		
	P.Y.	1122.35	877.08	431.55	49.2	226.30	25.8	90.32	10.3	3.51	0.4	-4.43	-0.5	120.97	13.8	64.08	7.3	185.05	21.1		

G. P. - Gross Premium, N. P. - Net Premium, MGT. EXP. - Management Expenses, RES. STR. - Reserve Strain, U/W Profit - Underwriting Profit, C. Y. - Current Year, P. Y. - Previous Year



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IV. PLANS FOR 2007-08

Domestic:

The Company has procured a Gross Direct Premium of Rs.5017.20 crores from domestic market as against target of Rs.5271.00 crores set for the year, registering a growth rate of 4.71%. The reason for the shortfall in target achievement is mainly due to the Company's strategy to avoid loss-producing business. It may also be attributed partially to reduction in premium rates due to detariffing in the last quarter of the financial year.

The Company has set up a target of Rs.5587.00 crores for the year 2007-08 at a growth rate of 11.36%. Although the premium rates in Fire, Engineering and Motor Own Damage segment have reduced considerably, the Company expects to regain lost clientele in Commercial Motor segment and take advantage of growing economy by aggressive marketing in Fire, Engineering and Project Insurances. In Miscellaneous Insurance, the Company expects a decent growth in Mediclaim portfolio. It is launching a few new miscellaneous products very soon.

The Company is entering into new auto tie-ups with auto manufacturers so as to strengthen this marketing channel. More potential remains to be tapped in the existing Bancassurance tie-ups. Individual agencies will further be strengthened by enrolment of more agents. There is a plan to have more number of Corporate 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 changes being brought about by detariffing.

Foreign:

The premium objective for 2007-08 is aimed at Rs.1013.00 crores (Gross) against completion of Rs.919.58 crores in 2006-07 and Rs.1165.00 crores (Net) as against completion of Rs.981.44 crores in the previous year.

V. ORGANISATION STRUCTURE:

Domestic:

In order to streamline operations, some of the offices have been restructured by merging, upgrading or downgrading. New extension counters have been opened in far-flung areas to provide services at the doorsteps of customers.

As on 31st March 2007, the Company has a network of 1060 offices comprising of 26 Regional Offices, 393 Divisional Offices, 601 Branch Offices, 28 Direct Agents Branches and 12 Extension Counters in India.

Foreign:

New India's international operations are conducted through a network of 19 branches, 12 agencies, 4 associate companies and 3 subsidiary companies, including one fully owned subsidiary.

VI. DETARIFFING:

IRDA detariffed all lines of general insurance with effect from 1st January 2007. De-tariffing is being done in two phases. In the first phase, only pricing has been freed. In the second phase of detariffing, freedom in policy wordings is to be allowed. This is expected to be operative with effect from 1st April 2008.

The Company welcomed this move and formulated effective strategy to counter the competition that was bound to happen in the wake of detariffing. The underwriting policy to be adopted by the Company for the free-rate regime was approved by the Board of Directors. Underwriters were nominated and they were trained on rating of risks in the detariffed scenario, distinguishing between good risks and bad risks and on the need to interact more with the brokers.

Motor Pool has also been formed by IRDA wherein Third Party (TP) premium of commercial vehicles would be pooled in by all the non-life insurance companies. This ensures that all commercial vehicles are insured and also helps in better monitoring of claims.

The first three months of detariffing has shown positive results which indicates that the strategy adopted by the Company has been appropriate. Fire premium, where the maximum discounting took place, dipped only by approximately 3%, which means that New India has managed to bring back many clients and add new clients too to its books. Similarly, Engineering Insurance has shown a substantial growth of 34%.

The Company has now finalized the strategy to face the second phase of detariffing with changes in product wordings and innovation of new products.

VII. MOTOR LOSS CONTROL MEASURES:

Motor Insurance is the Company's largest portfolio comprising insurance of private cars, two-wheelers, commercial (goods carrying) vehicles and passenger carrying vehicles.

The Own Damage (OD) loss ratio of private cars and two-wheelers is favourable but the Third Party (TP) loss ratio especially that of commercial and passenger carrying vehicles continues to be a drain mainly due to various provisions of the Motor Vehicles Act. Suggestions mooted to effect amendments to the Motor Vehicles Act, are under the consideration of the Government.

Motor Insurance rates have been revised effective 1st January 2007. Third Party premium of all vehicles has been fixed by IRDA and the rates have increased reasonably. Own Damage premium rates of all classes of vehicles have been liberalized and due to favourable claims experience, the rates in respect of Private Cars and Two-wheelers have come down.

IRDA has notified the introduction of Indian Motor Third Party Insurance Pool (as already mentioned under the para 'Detariffing' above) with effect from 1st April 2007 for the industry, whereby all Third Party business of Commercial Vehicles will go to the Pool. All insurers, in proportion to their gross direct premium in India, will share the Pool account. This arrangement is expected to have a beneficial impact on the Company's bottom line.

New India has taken steps to keep its Motor loss ratio under control. The Company encourages settlement of Motor Third Party claims through Lok Adalats and other conciliatory fora to reduce claims cost. Instructions were given to all TP claims settling offices to participate effectively in Lok Adalats conducted by Tribunals and High Courts and reduce the outstanding TP cases. All efforts have been made to settle Own Damage Claims in much faster way to increase customer satisfaction. Company has entered into auto tie-ups with leading automobile dealers. This business is perceived to be profitable. Greater emphasis is given to good underwriting and claims processing. New India will shortly introduce a web-enabled system for underwriting Motor policies and efficient processing of Own Damage claims. These measures are expected to bring down claims cost further.



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VIII. CLAIMS SETTLEMENT AND AGEWISE ANALYSIS:

The claims settlement ratio is the prime indicator of customer service for an insurance company. New India has always been with the claimants in times of need. The Company stands by its promise of extending immediate help to its clients when calamities hit.

The details of claims processing for the financial year 2006-07 is given below:

Number of Claims Outstanding as on 01.04.2006	384241
Number of Claims intimated during 2006-07	942598
Number of Claims settled during 2006-07	930590
Number of Claims Outstanding as on 31.03.2007	396249
Claims Settlement Ratio	70.14%

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

Claims Outstanding for less than three months	80026
Claims Outstanding for more than three months but less than one year	88116
Claims outstanding for more than one year	228107
Total	396249

Out of a total of 396249 pending claims as on 31st March 2007, 259777 claims are Motor TP claims which are pending at various MACTs throughout the country. The settlement ratio of non-suit claims is 86.19%.

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

The Company has more than 40 products catering to the insurance needs of Rural and Social Sector. It has always remained a pioneer in designing new products and developing business in the sector. With a view to enhance awareness about the various Rural Insurance covers, publicity campaigns were undertaken in various parts of the country through mass contact programmes, cattle health camps etc. The Company has also participated in various exhibitions organized in rural areas. Leaflets and pamphlets giving details of the Company's rural products were distributed in vernacular languages during local festivals and melas. All these have served to give a boost to New India's rural and social sector insurance business.

Personal Accident Insurance Scheme for Kissan Credit Card (KCC) Holders:

The scheme was introduced as per the Government Directives and NABARD has been appointed as the operating agency for its implementation. The Company has entered into agreements with several leading Banks like Bank of Baroda, Union Bank of India, State Bank of India, Central Bank of India as well as Regional Rural Banks and Co-operatives Banks, in order to bring more number of farmers under this insurance cover.

Plantation Insurance:

The Company insures floriculture and horticulture under its Standard Plantation Insurance Scheme. Cover has been given for medicinal plantation like Stevia, Safed Musli and Bio Diesel Plantation (Jatropha). The claim experience in respect of Plantation Insurance is found to be very good.

The Company plans to launch Weather Insurance in the near future, which will take care of losses to the crops arising out of droughts and floods.

Janata Personal Accident Insurance:

To provide social security for the common masses in rural and urban areas, Janata Personal Accident (JPA) insurance was launched. Several group policies were sold all over the country through Government, NGOs and corporate clients. A few examples are given here:

A single largest group JPA policy was sold by the Company through LIC of India along with the life policy issued by LIC out of the Social Security Fund of the Government of India. The policy covers 87,63,248 persons belonging to weaker sections of society. The premium procured was Rs. 1,53,35,684/-.

JPA policies were also issued to the beneficiaries of Indira Kranti Pratham in the rural areas of Andhra Pradesh. The members covered are approximately 1 lakh in number. The premium collected under the scheme is Rs.12.06 lakhs and the claim outgo is Rs.6.62 lakhs.

JPA policies were also issued to the beneficiaries of Morgan Maha Vaisakhi (sister concern of Indira Kranti Pratham and the former's urban counterpart). The members covered are approximately 25,000, the premium collected is Rs.3.50 lakhs and the claim outgo is Rs.1.25 lakhs. The members of the scheme belong to the less-privileged class of the society.

Gopal Raksha Package Policy

The scheme is devised for the milk producers belonging to the weaker sections of the society in the state of Andhra Pradesh. The scheme provides insurance cover for cattle and dwellings and also Janata Personal Accident cover, for the members of the milk producers' union. The premium procured is Rs.63 lakhs and the claim outgo is Rs.30.05 lakhs, under the scheme.

Rasta Appati Kavach Insurance:

This policy is meant for the families below poverty line who are cardholders of Kerala State Civil Supplies Corporation. The policy covers accidental injury/death due to accident. Other additional covers include medical expenses arising out of accident upto Rs. 10,000/-. Loan amount outstanding or Rs.10,000 whichever is less, is also payable in case of accidental death, if loanee was paying installment without default. A marriage grant of Rs. 10,000/- to one daughter, is also allowed under the policy.

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 is meant for people below poverty line. The Government gives more than 50% of the premium in the form of subsidy.

The Scheme provides for hospitalization benefits up to Rs.30,000/- per person per 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) too.

During the year 5291 policies were issued by the Company covering 23098 persons and a premium of Rs. 17.40 lakhs was collected. Subsidy to the extent of Rs. 20.74 lakhs was utilized on this account. The claims pay out for the Scheme was Rs.32.79 lakhs during the year.

Pandit Deendayal Upadhyay Jan Swasthya Bima Yojana:

This is a unique group Medclaim policy to cover senior citizens in the age group of 60-80 years, coming under the jurisdiction of Indore Municipal Corporation. The scheme is running successfully for the past two years. Because of its popularity, the Gwalior Municipal Corporation has also introduced the scheme.



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The policy provides for reimbursement of hospitalization expenses up to Rs.20,000/- per person. Cashless service is also provided through Third Party Administrators (TPAs).

30,000 senior citizens are presently covered under the scheme. The premium earned from this Scheme for the year was Rs.83 lakhs. A total of 1183 claims were settled during the year with a claim outgo of Rs.66.89 lakhs.

The Company is in the process of launching a policy exclusively for senior citizens between the age group of 60-80 years and renewal thereafter. The policy will be designed to offer normal Mediclaim Insurance cover upto Rs. 1 lakh and critical illness cover upto Rs. 2 lakhs.

Rajeev Gandhi Vidhyarthi Suraksha Yojana:

This policy provides insurance cover for personal accident upto Rs.30,000/-, permanent total disablement for two limbs/eyes upto Rs.50,000/- and loss of one limb/eye 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.1500/- are also covered under the Scheme. 53,41,233 students are covered under the Scheme at a premium of Rs.59.95 lakhs. The Scheme was highly appreciated by the State Government of Maharashtra. The claim outgo under the Scheme is Rs.42 lakhs.

Claims Settlement Position

The claims settlement figures for this sector are enumerated below:

No. of claims outstanding as on 01.04.2006	No. of claims intimated during 2006-07	No. of claims settled during 2006-07	No. of claims outstanding as on 31.03.2007	Claims Settlement Ratio (3)/[(1)+(2)] *100	Corresponding Percentage for 2005-06
(1)	(2)	(3)	(4)	(5)	(6)
10902	59886	64046	6742	90.48	81.12%

Age-wise Analysis of Pending Claims as on 31.03.2007

Period for which Claims are Pending	No. of Claims		
	Suit Claims	Non-suit Claims	Total
Less than 3 months	65	1463	1528
3 months to 6 months	258	645	903
6 months to 1 year	322	357	679
1 year to 3 years	968	52	1020
More than 3 years	2612	Nil	2612
Total	4225	2517	6742

The details of performance of the various socially relevant schemes of the Company for the previous five years are annexed to this Report.

Micro Insurance:

Consequent upon IRDA's notification on Micro-Insurance, New India is devising a package policy along this line, which shall not only cater to the general insurance needs of rural and semi-urban populace, but shall also help in greater market penetration.

As prescribed by IRDA, the Company is in the process of finalizing a tie-up with life insurers wherein both shall have a symbiotic relationship of mutually agreed terms of selling each others' products through newly inducted micro-insurance agents, as well as through NGOs, Self Help Groups (SHGs), Micro Finance Institutions (MFIs), and so on. These newly created sales channels shall also market the existing rural products, which are already in vogue and new products which may be designed for implementation of various schemes of the Government as and when notified.

X. CITIZENS' CHARTER:

New India's Citizens' Charter which was adopted by its Board of Directors in 2003 gives clear direction to the Company's customer service endeavours. The Charter is prominently displayed in all offices of the Company for information of clients.

XI. CUSTOMER SERVICE:

Care is taken to ensure that the service parameters outlined in the Citizens' Charter are adhered to. "May I Help You" desks have been set up in all offices to offer guidance to clients and customers. The Company's Website www.newindia.co.in also provides information on products, premium payable, other services offered, grievance redressal mechanism, and the like.

XII. GRIEVANCE REDRESSAL:

Being in service industry, New India attaches highest importance to addressing the grievances of its policy holders. The Grievance departments in Head Office and Regional Offices are manned by senior officers to help in timely resolving of grievances.

The position of grievance redressal during the year is as under:

	Cases directly reported to HO	Cases reported through IRDA*	Cases reported through DPG**	TOTAL
Outstanding as on 01.04.2006	382	71	9	462
Number of cases received during the year	825	419	52	1296
Number of cases resolved during the year	879	320	38	1237
Outstanding as on 31.03.2006	328	170	23	521

*IRDA – Insurance Regulatory and Development Authority.

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

XIII. TECHNO MARKETING:

New India has a Techno Marketing department which plays a proactive role in devising innovative insurance solutions for the large corporates in the Indian Market. The process involves identification of Mega Risks in India through various sources, constant liaisoning and vigorous follow up to convert opportunities into premium income for the Company.



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Out of the total 30 Mega Risks existing in the country, New India retains the dominant position by writing 17 risks. The Company procured premium of Rs.238.75 crores from this category during the year. Apart from this, many Mega Risks availed terrorism covers from the international market. By efficiently sourcing the terrorism capacity, New India earned a premium income of Rs.12.74 crores during the current underwriting year. When viewed in the backdrop of falling reinsurance rates and entry of more number of new players into the Mega Risks insurance market, the premium earned is quite sizeable. Over and above these, the premium earned from construction insurance for mega projects during the year is Rs.46.17 crores. Thus the total premium from this portfolio has been Rs.297.66 crores.

With the threshold limit having been lowered for categorization as Mega Risks, many more risks are likely to fall under the Mega Risks category and Techno Marketing will have a major role to play in bringing these risks also to the Company's books.

XIV. PUBLICITY ACTIVITIES:

The publicity campaign of the Company is aimed at promoting its corporate image and popularizing its products among urban, semi-urban and rural masses.

Electronic Media, Outdoor Media and Print Media were utilized for publicity purposes. Hoardings and glow signs have been placed at many major road junctions, highways, railway stations and airports. Advertisements are also displayed on transit media like buses, trains, aircrafts, baggage trolleys etc. Wall paintings and banner displays at local events help the Company in brand building in rural areas.

The Company participates in fairs and exhibitions and also sponsors various sports, cultural and philanthropic events. It organizes customer seminars quite often to apprise the customers about the various insurance policies and the procedures/requirements for early settlement of their claims.

Publicity is an ongoing process for the Company. With the market undergoing drastic changes at phenomenal speed, the publicity efforts help the Company to stay in touch with the insuring community spread far and wide across the globe.

XV. REINSURANCE:

The Reinsurance Programme of the Company for the year under review was structured keeping in view the detariffing of property business.

The automatic capacity was increased by increasing net retention in fire portfolio from Rs.100 crores Probable Maximum Loss (PML) to Rs.200 crores PML and for Mega Risks from Rs.200 crores PML to Rs.300 crores PML. Simultaneously the Surplus Treaty Capacity was also increased from Rs. 100 crores PML to Rs.200 crores PML. All Surplus Treaties were successfully renewed and placed with good securities.

Globally a benign hurricane season and absence of any major disaster coupled with availability of abundant capacity have resulted in a soft market for buyers of reinsurance protection. This is reflected in the renewals of the year 2007 when the rates moved southwards notwithstanding the Surat floods that resulted in a huge outgo for the reinsurer.

XVI. INFORMATION TECHNOLOGY:

Since there has been a paradigm shift in business processes over the last few years with the introduction of multiple distribution channels and detariffing, the Company has initiated action to revamp its IT architecture for a Centralized Web-based solution. This intends to automate the entire business processes and facilitate online issuance of policies and registration of claims, which is vital in today's dynamic market place. The revamped IT architecture will be an integrated software

catering to the needs of multiple distribution channels, BPOs, online transactions on Internet and will have a centralized database for business analyses on real time basis.

To enable the above the Company has already set up a *Wide Area Network (WAN)* connecting Regional Offices to Head Office and Operating Offices to Regional Offices on a secure Multi Protocol Label Switching(MPLS)/Virtual Private Network(VPN), which has been implemented and fully commissioned. The Company intends to introduce video conferencing facility connecting ten Regional Offices in the initial phase. Patch Management Solution will be utilized to push Operating System(OS) and application patches through this network.

The Company has adopted an *IT Security Policy* and prepared guidelines for the Operating Offices for stricter compliance of software deployed on desktops and servers. Perimeter level securities are already in place. Users accessing Internet or downloading data therefrom, are authenticated through *Lightweight Directory Access Protocol (LDAP)*.

The Company has also implemented *Interscan Messaging Security Suite (IMSS)* and *Internet Web Security Suite (IWSS)* for content filtering which, by its nature, controls all non-work related internet usage by employees. The Wide Area Network uses two sets of Firewalls, namely, *Cisco pix and Nortel Firewall*. In case one firewall is compromised, the other will take over. *Intrusion Detection System (IDS)* and *Intrusion Preventive System (IPS)* are also being used to track malicious traffic.

Connectivity between Regional Offices and Head Office for the last mile and at all Regional Offices will be on *Optical Fibre Cable (OFC)*, which is more reliable and secure. Backup is provided through *Integrated Services Digital Network (ISDN)* line in Regional Offices and Operating Offices.

The Corporate Mail is a *Linux* based mailing solution. The server (mail.newindia.co.in) is configured with enhanced system capability enabling the creation of as many as ten thousand users. Moreover the users already having their user IDs on the old mail server are migrated to the new system. A standardized form of user e-mail id is used to facilitate easier maintenance of all the accounts.

The Company has also implemented *ClamAV* Antivirus. It scans all the incoming mails including attachments and has a tool that will automatically update itself with new virus definitions from the Internet. It detects over 20000 viruses, worms and trojans.

"Genisys" application, which was running on UnixWare Operating system, has been migrated to Linux Operating System with Oracle 9i as backend. This has enabled enhanced functionalities of the software.

XVII. VIGILANCE ACTIVITIES:

The Vigilance Department of the Company is headed by the Chief Vigilance Officer, who is in the rank of General Manager, and complemented by 27 Vigilance Officers posted at Regional Offices. The vigilance activities involve investigating into the complaints of corruption and malpractices made against the employees and taking suitable punitive actions against the erring officials.

The thrust of the vigilance activities of the Company is on prevention rather than punitive actions. The employees are educated to follow the set of rules and regulations framed by the office pertaining to underwriting, claims, accounts and other activities of the office. Simultaneously, system studies are carried out on matters relating to tender processing, salvage disposal, misuse of cover notes, cash collections vis-à-vis bank reconciliation, implementation of 'Know Your Customer' (KYC) concept especially under Medclaim and Personal Accident insurance etc. Based on the experience, remedial measures are suggested for further improvement.

During the year, a number of investigations and surprise inspections were carried out by Vigilance Officers (VOs) to check on the vigilance awareness among employees. Based on their reports, preventive as well as punitive actions have been taken, in the larger interest of the Organisation.



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As per the directives of the Chief Vigilance Commission, Vigilance Awareness Week was observed in all the offices of the Company in November wherein employees were educated about various "Do's and Don'ts". Separate training programmes for Inquiry Officers and Presenting Officers were organized throughout India. Chief Technical Examiner (CTE) type inspections were carried out to check whether Chief Vigilance Commission (CVC) guidelines are followed whilst floating tenders.

Vigilance issues being time bound, all out efforts are made to resolve them promptly.

XVIII. INTERNAL AUDIT:

Internal Audit activities of the Company lay more emphasis on adherence to various systems and procedures, strengthening the audit compliance mechanisms and ensuring elimination of repetitive lapses.

Approved Information Systems Policy of the Company is to be implemented by way of a phased and systematic audit synchronized along with regular audits, though Genisys Audit is in vogue. Mandatory second-time audit of premium accounts and bank reconciliation is being done which greatly assists in detection and curtailment of financial irregularities. Surprise inspection of selected offices gave encouraging results. Systems and procedures could be improved to a great extent. The Audit Compliance Cells at Regional Offices conducted six Regional Level Audit Workshops which facilitated resolution of a number of old pending queries. A number of special audits have been initiated this year, viz., Third Party Administrators' Audit, Training Centres Audit, Bancassurance Audit and Auto tie-up Audit. In co-ordination with Comptroller and Auditor General of India (CAG), two Zonal Workshops were conducted in Kolkata and at Head Office in Mumbai for compliance of queries for the Company's East and West Zone Regional Offices respectively. Technical Audit of all the offices have started with effect from 1st January 2007 as directed by IRDA, and all monthly statistics and Technical Audit Reports as prescribed by the Regulator have been sent. During the year, Internal Audit Team also audited two overseas branches — Bangkok and Manila.

XIX. 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 2007 are shown below:

Category	Number of Recruitments	Total Number of Employees
Class I	Nil	4975
Class II (Development)	Nil	2405
Class II (Administration)	Nil	619
Class III	Nil	9976
Class IV (Excluding Part Time Sweepers)	Nil	2209
Part Time Sweepers	Nil	399
Total	Nil	20583

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 provides ample opportunities to its employees for knowledge and skill updation. New India has its own Corporate Training College in Mumbai, two Zonal Training Centres at Kolkata and Chennai and twenty-one Regional Training Centres. Besides, thirty-three Agents Training Centres are also operating throughout the country. National Insurance Academy at Pune (promoted by the Company, alongwith its public sector counterparts and LIC) imparts

insurance training of a higher decree to the insurance professionals. The Academy offers research facilities as well 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 professional agencies like College of Insurance, IIMs, ICSI, ICWAI, ICAI, 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 and Lindley, London (for marine insurance), M/s. Hannover Re, Malaysia (for reinsurance) and the like.

Details of training programmes attended by the employees for the period from 01.04.2006 to 31.03.2007 are given in the table below:

Sl. No.	Institute	Number of programmes conducted	Number of participants from New India
1.	National Insurance Academy	105	800
2.	Corporate Training College	82	1400
3.	College of Insurance	11	18
4.	External Institutions	36	79
5.	Foreign Programmes	5	9

C. SCHEDULED CASTES (SCs), SCHEDULED TRIBES (STs), OTHER BACKWARD CLASSES (OBCs), PEOPLE WITH DISABILITIES (PWDs) AND EX-SERVICEMEN:

The Government guidelines regarding reservations, concessions and safeguards to employees belonging to SC/ST/OBC/PWDs & Ex-Servicemen are strictly followed by the Company. Due care is taken to ensure categorial representations in development functions, foreign postings and training.

The representation of SC/ST in various cadres as on 31.03.2007 is as under:

Category/Level of Posts	Total No. of Posts	Number of		Percentage of	
		SCs	STs	SCs	STs
Group A (Officers)	4975	1155	253	23.22	5.09
Group B (Development Officers Development & Administration)	3024	283	91	9.36	3.01
Group C (Clerical)	9976	2144	782	21.49	7.84
Group D: Sub-staff	2209	912	179	41.29	8.10
Part - Time Sweepers }	399	258	35	64.66	8.77
Total	20583	4752	1340	23.09	6.51

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



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

The grievances and complaints are investigated and resolved immediately.

Two special workshops on Reservation Policy and Implementation of roster were held for Assistant Liaison Officers as well as Personnel Officers of the Regional Offices during the year. The workshops imparted training to the officers on effective implementation of the Government guidelines in this regard.

Special workshops were also held on personality development, communication skills, time management, motivation and challenges faced in the changing scenario for SC/ST/OBC officers.

During the year, 275 employees belonging to SC/ST were given training of the above kinds.

Dr. Ambedkar Trust has been constituted for the welfare of SC/ST and OBC employees of GIC and GIPSA companies. The following are some of the incentives given by the Trust:

1. Reimbursement of cost of books and uniforms to the children of part-time sweepers.
2. Dr. Baba Saheb Ambedkar Awards Scheme for SC/ST employees who have passed Licentiate/Associateship/Fellowship examinations conducted by Insurance Institute of India.
3. Reimbursement of expenses incurred for fees, purchase of books, study materials for MBBS, MBA, BE etc. to the children of SC/ST employees.
4. Imparting entrepreneurial development trainings.

D. INDUSTRIAL RELATIONS:

Industrial relations in the Company continued to be smooth. Issues pertaining to the interest of the employees were resolved amicably, across the table. The management strives to maintain cordial relationship with the trade unions and employee associations.

E. STAFF WELFARE SCHEMES:

The Company has continued with many schemes in the interest and welfare of the employees and their families like Group Savings Linked Insurance Scheme, Group Term Insurance Scheme, Group Mediclaim Policy covering hospitalization expenses, Lumpsum Domiciliary Payment, Group Personal Accident Policy (which has 24 hours' cover), Baggage Policy, Benefits to employees meeting with accident whilst on duty, Exgratia relief for uncovered medical expenses for high cost/protracted treatment, Incentives for family planning, Financial assistance for post graduate management courses, Employees Deposit Linked Insurance Scheme and also, Housing loan at subsidized rate of interest.

F. GENDER ISSUES AND EMPOWERMENT OF WOMEN:

New India has always upheld gender equality in its offices. Gender discrimination is discouraged in all spheres within the Company. The Company has decent representation

of female employees in all cadres and across all functions, administration as well as developmental.

The Organisation has constituted a Women's Complaint Committee to attend to problems of harassment of women at workplace, in compliance with Supreme Court guidelines. Five cases were referred to the Committee during the year. Action report on four cases have been presented and one case disposed off. Status of complaints has been appraised to the President of Maharashtra State Women's Council.

Women representatives from the Company participated in the 17th National Meet of Forum of Women in Public Sector, the theme of which was "Mainstreaming Women – Unleashing Potential".

The Committee Members attended Women's Leadership Conclave on the International Day for Women, i.e., 8th March 2007 which focused on ways to handle corporate work life, to break the glass ceiling and expand the roles on domestic and global front.

G. SPORTS ACTIVITIES:

Going by the saying, a healthy psyche dwells in a healthy physique, New India has always encouraged sports. For promotion of sports, the Company has constituted New India Sports Club which organizes several sports competitions for its employees. New Indians won many laurels in sports competitions like cricket, table tennis, carrom, football etc conducted at various places in the country during the course of the year. For the first time, this year, the Club organised All India Kabbaddi Tournament at Aurangabad which turned out be a grand success.

XX. OFFICIAL LANGUAGE IMPLEMENTATION:

New India is making incessant efforts to promote the use of Hindi in all its offices. It organized 459 workshops for the purpose during the year at different places throughout the country. Two All India Conferences were held for Hindi Officers and Hindi Translators which provided a platform to share the problems faced in the execution of official language implementation guidelines of the Government and the steps which may be taken to overcome the same. For employees who do not possess working knowledge in Hindi, an in-house training curriculum has been developed.

All the 26 Regional Offices of the Company publish their house magazines in Hindi. Arjan, the quarterly Hindi journal is also published by Head Office.

Furthermore, the Company, during the financial year, introduced incentive scheme for authoring original books in Hindi on General Insurance and related subjects, which offers prize money of Rs.2 lakhs, Rs.1 lakh and Rs.50,000/- for the best three entries. Existing as well as retired employees of general insurance companies (public and private) and also, agents can participate in the contest. Considering non-availability of insurance literature in Hindi, general insurance literature in particular, the scheme launched by the Company is an initiative taken to develop Hindi as the insurance business language.

To evaluate the extent to which the various guidelines laid down for official language implementation are really executed at operational level, 546 offices were inspected, use of Hindi reviewed and remedies suggested to remove lapses. A unique format for micro inspection of use and development of Hindi was introduced and used by offices during these inspections. Check points for effective implementation of the policy have been introduced and instructions were given to recover expenses made on painting, inscribing, engraving, displaying procedural literature etc. if done only in English.



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Inspections were also carried out by the Third Sub Committee of Parliamentary Committee on Official Language Implementation at Tirupati, Srinagar and Gurgaon. The Committee reviewed the Company's official language implementation efforts and appreciated the same.

Similar to the importance given for Hindi, use of regional language too is encouraged in customer service as well as communication and correspondence with general public in all the States, particularly offices and areas coming under Region B (Gujarat, Maharashtra, Punjab and Chandigarh) and Region C (Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, West Bengal, Orissa, Goa, and all the North Eastern states).

Adequate budget provision for translation of insurance literature in languages specified in 8th Schedule of Constitution has been made. Insurance documents like proposal forms, claim forms and policies are now available in languages like Telugu, Kannada and Marathi as well.

The Company, in accordance with Government directives, has constituted Official Languages Implementation Committee in all its offices. The Committee meets every quarter. Minutes of the meetings are prepared bilingually.

XXI. RIGHT TO INFORMATION ACT, 2005:

The Central Public Information Cell set up at Head Office in the year 2005, continued to process the requests for information, speedily and efficiently, during the course of the year as also the Public Information Officers at the various Regional Offices. Compliance with the provisions of the Right to Information Act, 2005 is ensured.

The number of requests and appeals received and disposed during the period from 01.04.2006 to 31.03.2007 are as under:

	Outstanding as on 01.04.2006	Received during the year	Number of cases transferred to other Public Authorities	Decisions where requests/ appeals rejected	Decisions where requests/ appeals accepted	Outstanding as on 31.03.2007
Request	44	341	0	72	313	0
First Appeals	20	45	0	38	7	20*

* The outstanding 20 appeals have been disposed off subsequently in the month of April 2007.

XXII. CERTAIN EXPENSES OF MANAGEMENT:

Expenses of Management of the Company include:

- (a) Entertainment (Indian & Foreign): Rs.1.09 crores
- (b) Foreign Tours undertaken by the Executives: Rs.0.93 crores
- (c) Publicity and Advertisement: Rs.23.05 crores

XXIII. FOREIGN EXCHANGE EARNINGS & OUTGO:

The Company's foreign exchange earnings for the year 2006-07 is Rs.255.37 crores whereas the outgo in foreign currency has been Rs.814.07 crores.

XXIV. FINANCIAL RATING:

New India has been rated as A - Excellent by A. M. Best Company, the world-renowned rating agency. The rating reflects New India's underwriting performance and reliance on investment return to generate profit. Though the rating has a negative outlook, A.M. Best is of the opinion that New India has an excellent ability to meet its ongoing obligations to the policy holders. Further, New India's business profile remains strong with the Company maintaining its leading position in the domestic market.

A. M. Best believes that New India's strong risk based capital position will remain under pressure due to the significant exposure of its investment in the domestic equity market.

XXV. BOARD OF DIRECTORS:

New India's Board has a perfect blend of experts from the fields of insurance, banking and finance. The Company has five directors at present. The details are given below:

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 Non-executive Director	Joint Secretary (Banking & Insurance), Ministry of Finance, Government of India.
3.	Mr. T S Narayanasami Non-executive Director	Chairman & Managing Director, Bank of India.
4.	Mr. N S R Chandra Prasad Whole-time Director	General Manager, New India.
5.	Mr. A R Sekar, Whole-time Director	General Manager, Financial Advisor & Company Secretary, New India.

The Board underwent the following **changes** in its composition since the date of last Directors' Report, i.e., 09.08.2006:

- a. Mr. R K Joshi ceased to be director on his retirement as Chairman-cum-Managing Director of General Insurance Corporation of India on 30.04.2007.
- b. Dr. A K Khandelwal ceased to be director with effect from 10.06.2007 on the expiry of the term of his directorship.
- c. Mr. A V Muralidharan who was whole-time Director of the Company ceased to be so with effect from 21.02.2007 consequent to his appointment as Chairman-cum-Managing Director of Export Credit Guarantee Corporation of India Ltd.
- d. Mr. T S Narayanasami, Chairman and Managing Director, Bank of India has been appointed as ex-officio Director of the Company with effect from 12.06.2007 upto the date of his superannuation or until further orders, whichever is earlier.

The Board places on record its sincere gratitude for the valuable contributions made by Mr. Joshi, Dr. Khandelwal and Mr. Muralidharan as Directors of the Company and as members of Audit Committee and Investment Committee.



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Seven Board Meetings took place during the year. The attendance of directors during the meetings is given below:

Name of the Director	Attendance during Meetings						
	28.04.06	12.06.06	09.08.06	28.08.06	25.11.06	19.02.07	22.03.07
Mr. B Chakrabarti	✓	✓	✓	✓	✓	✓	✓
Mr. G C Chaturvedi	✓	✓	✓	Leave of Absence	✓	✓	✓
Mr. R K Joshi (Ceased to be Director w.e.f. 01.05.2007)	✓	✓	✓	✓	✓	Leave of Absence	✓
Dr. A K Khandelwal (Ceased to be Director w.e.f. 10.06.2007)	Leave of Absence	Leave of Absence	Leave of Absence	✓	✓	Leave of Absence	✓
Mr. T S Narayanasami (Appointed as Director on 12.06.2007)	--	--	--	--	--	--	--
Mr. A V Muralidharan (Ceased to be Director w.e.f. 21.02.2007)	✓	✓	✓	✓	✓	✓	--
Mr. N S R Chandra Prasad (Appointed as Director on 05.03.2007)	--	--	--	--	--	--	✓
Mr. A R Sekar (Appointed as Director on 05.03.2007)	--	--	--	--	--	--	✓

XXVI. AUDIT COMMITTEE:

The Company has constituted Audit Committee under Section 292A of the Companies Act, 1956. The Committee is headed by Mr. G C Chaturvedi, Director. The other members of the Committee are Directors, Mr. T S Narayanasami and Mr. N S R Chandra Prasad. Director, 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 following changes took place in the constitution of the Audit Committee after the date of the previous Directors' Report:

1. Mr. A V Muralidharan ceased to be member of the Committee with effect from 21.02.2007 consequent to his appointment as Chairman-cum-Managing Director of Export Credit Guarantee Corporation of India Ltd.

2. Mr. N S R Chandra Prasad, Director and General Manager was inducted as member of the Audit Committee with effect from 13.03.2007.
3. Mr. T S Narayanasami, Director became a member of the Audit Committee effective 19.06.2007.

The Committee held five meetings during the financial year 2006-07. The attendance of members in the meetings is given in the table below:

Name of the Member	Attendance during Meetings				
	12.06.06	09.08.06	28.08.06	25.11.06	22.03.07
Mr. G C Chaturvedi	✓	✓	Leave of Absence	✓	✓
Mr. R K Joshi (Ceased to be member w.e.f. 01.05.2007)	✓	✓	✓	✓	✓
Dr. A K Khandelwal (Ceased to be member w.e.f. 10.06.2007)	Leave of Absence	Leave of Absence	✓	✓	✓
Mr. T S Narayanasami (Appointed as member on 19.06.2007)	--	--	--	--	--
Mr. A V Muralidharan (Ceased to be member w.e.f. 21.02.2007)	✓	✓	✓	✓	--
Mr. N S R Chandra Prasad (Appointed as member on 13.03.2007)	--	--	--	--	✓

The Audit Committee oversees the Company's financial reporting processes and disclosure, reviews the financial results of the Company at periodic intervals and its financial and risk management policies, evaluates the internal and external audit systems and the adequacy of internal control system and considers the audit findings and investigations.

The Audit Committee reviews the audit of all the offices of the Company conducted throughout the year. It determines the scope of audit and gives directions for correcting irregularities. The Company's Annual Accounts for the year 2006-07 were reviewed by the Audit Committee at its meeting held on 27.06.2007. The Committee held discussion with the statutory auditors and recommended the same to the Board of Directors for approval.

XXVII. INVESTMENT COMMITTEE:

Investment Committee is another sub-committee of the Board which is functioning in the Company. The Committee was constituted in the year 2001 under Section 9 of IRDA (Investment) Regulations, 2000.

The Investment Committee presently consists of five members – Mr. B Chakrabarti, Chairman-cum-Managing Director (CMD), Mr. G C Chaturvedi, Non-Executive Director,



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Mr. T S Narayanasami, Non-Executive Director, Mr. A R Sekar, Director, Financial Advisor and Company Secretary and Mr. A R Prabhu, Appointed Actuary. The Chairman of the Committee is CMD, Mr. B Chakrabarti.

Mr. T S Narayanasami became a member of the Committee with effect from 19.06.2007. Mr. R K Joshi, Dr. A K Khandelwal and Mr. A V Muralidharan ceased to be members effective 01.05.2007, 10.06.2007 and 21.02.2007 respectively, on their ceasing to be directors.

Investment Committee scrutinizes the investment proposals and recommends them to the Board for approval. It considers and approves investment proposals within the financial limits delegated to it by the Board. The Committee also reviews the Investment Policy and supervises and controls all investment activities of the Company.

The Committee met four times during the year. The attendance during meetings is listed below :

Name of the Member	Attendance during Meetings			
	28.04.06	12.06.06	25.11.06	19.02.07
Mr. B Chakrabarti	✓	✓	✓	✓
Mr. G C Chaturvedi	✓	✓	✓	✓
Mr. R K Joshi (Ceased to be member w.e.f. 01.05.2007)	✓	✓	✓	Leave of Absence
Dr. A K Khandelwal (Ceased to be member w.e.f 10.06.2007)	Leave of Absence	Leave of Absence	✓	Leave of Absence
Mr. T S Narayanasami (Appointed as member on 19.06.2007)	--	--	--	--
Mr. A V Muralidharan (Ceased to be Director w.e.f. 21.02.2007)	✓	✓	✓	✓
Mr. A R Sekar	✓	✓	✓	✓
Mr. A R Prabhu (Appointed Actuary)	✓	✓	✓	✓

XXVIII. AUDITORS:

Under Section 619 of the Companies Act, 1956, the Comptroller and Auditor General of India, appointed M/s. Sharp & Tannan, M/s. Karnavat & Co. and M/s. Sarda & Pareek as the central statutory auditors of the Company for the year 2006-07. 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 for the directions and guidance given by the statutory auditors in drawing up the Company's annual results.

XXIX. SUBSIDIARY COMPANIES:

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

New India holds 83.9% of the capital of The New India Assurance Company (Trinidad & Tobago) Limited.

As required by Section 212 of the Companies Act, 1956, the Report and Accounts of the subsidiary for the year ended 31st December 2006 are appended hereto.

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 1,74,18,946 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\$ 16,27,000 as against TT\$ 8,56,000 in last year. Investment Income is TT\$ 39,92,000 while Other Losses are TT\$ 1,08,000. The Company has a Net Income of TT\$ 55,11,216 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\$ 11,96,000 during the year.

The New India Assurance Company (Sierra Leone) Limited:

The New India Assurance Company (Sierra Leone) Limited is a wholly owned subsidiary of New India based in Sierra Leone. The subsidiary has closed down business operations with effect from 1st January 2003, due to the civil disturbances prevailing in that country. The Company has not declared any dividend for the year 2006.

In compliance with the provisions of 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, 2006 are appended hereto.

Prestige Assurance PLC., Nigeria:

Prestige Assurance Plc., Nigeria earlier an associate company of New India, has become its subsidiary this year with New India's stake in the Company crossing 51%. Calendar year of accounting is followed by the Company.

The Company generated an operating profit of N 60.05 crores. The income before taxation of the Company is N 48.04 crores. The Directors have recommended a dividend of N 23.93 crores during the year 2006.

The audited annual accounts of the Company for the year 2006 is appended hereto. The accounts have been approved by the Board of Directors on 06.06.2007.

XXX. ADOPTION OF ACCOUNTS BY SHAREHOLDERS:

The Company's Annual Accounts for the year 2005-06 were adopted by the shareholders at the Annual General Meeting held on 28.08.2006. All the shareholders, directors as well as the Chairman of Audit Committee attended the Meeting.

XXXI. SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT:

The Ministry of Finance, Insurance Division has confirmed that the Annual Report of the Company for the year 2005-2006 along with the Directors' Report were placed before Rajya Sabha on 19th December 2006 and before Lok Sabha on 15th December 2006 as per the requirement of Section 619A read with 619B of the Companies Act, 1956.



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XXXII. 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, 2007 on 'going concern' basis.

XXXIII. 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.

XXXIV. ACKNOWLEDGEMENT:

Board of Directors expresses sincere gratitude to all the customers of the Company and the insuring public for the support extended to the Company all these years.

Board is grateful to all the agents (individuals and corporate), surveyors, intermediaries, reinsurance brokers and to all New Indians in India and abroad, for their best efforts in achieving organisational goals.

Directors are thankful 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 their timely directions, guidance and support.

B. Chakrabarti	<i>Chairman-cum-Managing Director</i>
G. C. Chaturvedi	<i>Director</i>
T. S. Narayanasami	<i>Director</i>
N. S. R. Chandra Prasad	<i>Director</i>
A. R. Sekar	<i>Director</i>

Place : Mumbai,
Dated : 2nd August 2007

PERFORMANCE OF SOCIALLY RELEVANT SCHEMES DURING LAST FIVE YEARS

Policy Details	Year	No. of Policies issued	No. of Persons/ Animals Covered	Amount of Premium (Rs. in Lakhs)	No. of Claims Reported	No. of Claims Settled	Amount of Claims Settled (Rs. in Lakhs)	Claim Ratio %
Cattle Insurance	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
	2006-07	181054	635092	4128.10	39926	42631	3055.25	74.01
Livestock Insurance	2002-03	67951	193862	560.03	7975	7201	599.24	107
	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
	2006-07	77058	320332	896.93	9975	10761	350	39.02
Agricultural Pumpset Insurance	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
	2006-07	40220	58306	166.19	4115	4022	75.25	45.23
Janata Personal Accident Insurance	2002-03	196140	16934769	668.96	10258	4349	4188	626.05
	2003-04	849239	18674579	1846.04	8248	6907	400	21.67
	2004-05	762963	7167246	1462.39	7942	5343	2482	169.72
	2005-06	6820250	6542400	1308.48	7592	5250	2260	156.90
	2006-07	685520	7278901	1400.72	5020	5966	1820.93	130.35
Gramin Personal Accident Insurance	2002-03	9850	203567	14.88	330	225	140.5	944.22
	2003-04	9385	144241	46.08	252	50	19.1	41.45
	2004-05	9401	161627	61.95	215	125	6.2	10.01
	2005-06	4250	117895	33.33	315	195	17.73	163.13
	2006-07	18671	121295	50.98	675	546	34.5	67.71
Personal Accident Insurance Scheme for Kissan Credit Card Holders	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
	2006-07	4575	889840	333.25	175	120	60.25	18.07



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PERFORMANCE OF SOCIALLY RELEVANT SCHEMES DURING LAST FIVE YEARS

Policy Details	Year	No. of Policies issued	No. of Persons/ Animals Covered	Amount of Premium (Rs. in Lakhs)	No. of Claims Reported	No. of Claims Settled	Amount of Claims Settled (Rs. in Lakhs)	Claim Ratio %
Mediclaim	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
	2006-07	1130913	6232431	74841.55	613463	552623	74105.50	99.02
Bhagyashree	2002-03	478	6970	1.95	59	32	8	410.26
Child Welfare Policy	2003-04	756	4965	1.48	1	1	0.25	16.89
	2004-05	176	1893	1.04	3	0	0	0
	2005-06	409	1184	1.84	0	1	0.25	29.76
	2006-07	287	352	0.37	0	0	0	0
Rajrajeshwari Mahila Kalyan Yojana	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	276.66
	2006-07	322	2309	1.22	0	0	0	0
Jan Arogya	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
	2006-07	17669	105393	96.14	2796	2332	91.15	94.81
Universal Health Insurance Scheme	2003-04	66290	236490	365.07	185	54	2.18	0.6
	2004-05	5311	15641	21.82	74	58	2.5	11.46
	2005-06	2150	4884	5.07	150	88	4.16	82.05
	2006-07	5291	23098	38.14	851	746	32.79	85.97

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, FOR THE YEAR ENDED 31 MARCH, 2007.

The preparation of financial statements of The New India Assurance Company Limited for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 June 2007.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of The New India Assurance Company Limited for the year ended 31 March, 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India

(SUSHAMA V. DABAK)
*Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai*

Place : Mumbai
Dated : 01 Aug. 2007



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ADDENDUM TO DIRECTORS' REPORT DATED 2nd AUGUST, 2007 AS PER SECTION 217(3) OF THE COMPANIES ACT, 1956 - RESPONSE TO THE QUALIFICATIONS IN THE AUDITORS' REPORT DATED 27th JUNE, 2007.

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. The Company has, however, submitted the compliance report for exposure for 2006-07, compiled manually, to IRDA on 17th June 2007. As the data has to be computed manually there has been delay in the submission. The Company will be able to maintain the time schedule once the necessary software, being developed, is in place.

- ii) Necessary care has been taken to keep the investments within the limits of exposure set by IRDA and at no point of time the Company has exceeded the prescribed limits.

Note 8 (b)

- i) The Company has disclosed separately for Health Insurance and Public/Product Liability of the business in India. However, the similar break up for foreign operations will be disclosed as soon as the necessary modifications are carried out in their software.
- ii) Provisions against investments/loans/sundry debtors: The formats prescribed by IRDA are in conformity with the Company's practice. The Company has, 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. It is trying to overcome the difficulties for preparation of receipts and payments account on direct method basis. In view of the different platforms and software used in its foreign offices, it is very difficult to prepare a single cash flow statement for the Company as a whole.

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 2007 and pending entries identified. Reconciliation of inter office transactions is a continuous process and necessary care has been taken to minimize the pending entries. Similar efforts will continue in the current year also. It has been the practice to send the demand notice to respective State Governments for outstanding dues on half yearly basis. In the demand notice, the balances outstanding on account of principal as well as overdues of interest which has not been disputed by the respective State Governments, are clearly stated.

As regards Term Loan Accounts which are restructured reconciliation of balances as per the Company's 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 shares, conversion of other securities into 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 its 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. Reconciliation of facultative reinsurance balances and accepted treaty balances has been taken up during the year.

- (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 the Company's 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 aware of the need for changes in the coverage of the audit programmes to take care of the system audit and reinsurance audit. Second time audit of all operating offices has 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 eight Regional Offices and in a planned way conducted Audit Compliance Workshops 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 have been 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>
T. S. Narayanasami	<i>Director</i>
N. S. R. Chandra Prasad	<i>Director</i>
A. R. Sekar	<i>Director</i>



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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 2007-2008.
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.200 crores per risk except in respect of certain risks in which case there is an exposure of Rs.300 crores PML per policy. 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 27 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
2006-2007	132
2005-2006	134
2004-2005	136
2003-2004	116
2002-2003	99

10. We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and shown in the balance sheet.
11. All investment assets are reviewed periodically and assets are classified into performing and non-performing based on IRDA / 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 IRDA.
 - (ii) That 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 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

N. S. R. CHANDRA PRASAD
Director

A. R. SEKAR
Director & Company Secretary

Mumbai,
Dated : 27th June 2007



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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, 2007 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 three 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.

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) & (ii) & 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 reconciliations / confirmations 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 the 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 the 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 confirmations / reconciliations of such balances, on the financial statements.*
 - d. *The accounting of tax liability in foreign countries, is not in accordance with Accounting Standard 22 - 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, the impact of which is not ascertained. (Refer accounting policy number XIII-(b)).*
3. *The Company's 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 the profit for the year and Miscellaneous Expenditure are over stated by Rs.1265.70 lakhs (Refer Note number-14).*

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, Profit and Loss Account and Receipts and Payment Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable to the Company and are also in conformity with the accounting principles as prescribed in the IRDA Regulations, except preparation of Receipts and Payments Account has been drawn by "Indirect Method" instead of "Direct Method" as required by Part I of Schedule B.
- e. The reports of the regional auditors consolidating divisional auditors' reports, reports of the foreign branches and foreign agencies auditors have been forwarded to us and considered by us and were adequate for the purposes of our audit.
- f. The actuarial valuation of the liabilities as at 31st March 2007, 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



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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, 2007;
- (ii) of the surplus in so far it relates to the Revenue Accounts of Fire, Marine and 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 SHARP & TANNAN
Chartered Accountants

Ashwin Chopra
Partner
Membership No. 38159

For KARNAVAT & Co.
Chartered Accountants

Sunil Hirawat
Partner
Membership No. 33951

For SARDA & PAREEK
Chartered Accountants

Niranjan Joshi
Partner
Membership No. 102789

Mumbai, 27th June 2007

CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2007 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 Certificates and branch auditor's reports.
3	Investments	Custodians' Certificates (RBI & SHCIL) and Management's Certificate.
4	Securities relating to loan	Management's Certificate.

- (b) i) No confirmations were available from custodians in respect of following:
- Investments in equity shares having book value of Rs. 1.35 lacs are under objection.
 - Equity shares and Debentures/ Bonds amounting to Rs. 0.91 lacs and Rs. 46.33 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 value of such excess is Rs. 10.88 lacs and Rs. 8.30 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 confirmations/reconciliations.
- iii) No confirmations were available in respect of foreign investments amounting to Rs. 9.32 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 application & investment of the Policy Holders' funds.

As per our report of even date

For SHARP & TANNAN
Chartered Accountants

Ashwin Chopra
Partner
Membership No. 38159

For KARNAVAT & Co.
Chartered Accountants

Sunil Hirawat
Partner
Membership No. 33951

For SARDA & PAREEK
Chartered Accountants

Niranjan Joshi
Partner
Membership No. 102789

Mumbai, 27th June 2007



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दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

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FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	941,84,04	830,87,92
2. Profit on sale or redemption of investments (policyholders)		110,58,23	95,65,79
Loss on sale or redemption of investments (policyholders)		(18,37)	(1,38)
3. Interest dividend and rent (gross)		105,13,96	79,35,22
Total (A)		1157,37,86	1005,87,55
1. Claims incurred (net)	2	560,05,83	601,50,80
2. Commission	3	79,32,62	71,78,36
3. Operating expenses related to insurance business	4	284,32,23	305,56,15
4. Others : Foreign taxes		29,78	1,38,94
Amortisation, writeoff, provisions - investments		35,55	6,06,12
Total (B)		924,36,01	986,30,37
Operating profit/loss(-)		Total C=(A-B) 233,01,85	19,57,18
Appropriations			
Transfer to share holders account (profit and loss account)		233,01,85	19,57,18
Transfer to catastrophic reserves		-	-
Transfer to other reserves		-	-
Total		233,01,85	19,57,18

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 account, all expenses of management, wherever incurred, whether directly or indirectly in respect of fire insurance business have been fully debited in the Fire Insurance Revenue account as expenses.

A. R. Sekar Director and Company Secretary As per our report of even date	N. S. R. Chandra Prasad Director	B. Chakrabarti Chairman-cum-Managing Director
For Sharp & Tannan Chartered Accountants Ashwin Chopra Partner Membership No. 38159	For Karnavat & Co. Chartered Accountants Sunil Hirawat Partner Membership No. 33951	For Sarda & Pareek Chartered Accountants Niranjan Joshi Partner Membership No. 102789

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	164,37,56	168,59,73
2. Profit on sale or redemption of investments (policyholders)		34,15,30	36,26,26
Loss on sale or redemption of investments (policyholders)		(5,67)	(52)
3. Interest dividend and rent (gross)		32,47,21	30,08,13
Total (A)		230,94,40	234,93,60
1. Claims incurred (net)	2	62,29,71	115,25,07
2. Commission	3	14,22,75	8,22,06
3. Operating expenses related to insurance business	4	52,31,47	58,99,06
4. Others : Foreign taxes		95	1,66
Amortisation, writeoff, provisions - investments		10,98	2,29,77
Total (B)		128,95,86	184,77,62
Operating profit/loss(-)		101,98,54	50,15,98
Appropriations			
Transfer to share holders account (profit and loss account)		101,98,54	50,15,98
Transfer to catastrophic reserves		-	-
Transfer to other reserves		-	-
Total		101,98,54	50,15,98

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 account, all expenses of management, wherever incurred, whether directly or indirectly in respect of marine insurance business have been fully debited in the Marine Insurance Revenue account as expenses.

A. R. Sekar Director and Company Secretary	N. S. R. Chandra Prasad Director	B. Chakrabarti Chairman-cum-Managing Director
As per our report of even date		
For Sharp & Tannan Chartered Accountants	For Karnavat & Co. Chartered Accountants	For Sarda & Pareek Chartered Accountants
Ashwin Chopra Partner	Sunil Hirawat Partner	Niranjan Joshi Partner
Membership No. 38159	Membership No. 33951	Membership No. 102789

Mumbai, 27th June 2007.



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MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	3428,89,52	3121,51,21
2. Profit on sale or redemption of investments (policyholders)		569,58,44	567,58,32
Loss on sale or redemption of investments (policyholders)		(94,62)	(8,18)
3. Interest dividend and rent (gross)		541,55,01	470,83,37
Total (A)		4539,08,35	4159,84,72
1. Claims incurred (net)	2	3021,25,28	2915,24,77
2. Commission	3	297,33,48	296,27,79
3. Operating expenses related to insurance business	4	815,95,63	942,33,51
4. Others : Foreign taxes		98,74	3,73,48
Amortisation, writeoff, provisions - investments		1,83,08	35,96,42
Total (B)		4137,36,21	4193,55,97
Operating profit/loss(-)		401,72,14	(33,71,25)
Appropriations			
Transfer to share holders account (profit and loss account)		401,72,14	(33,71,25)
Transfer to catastrophic reserves		-	-
Transfer to other reserves		-	-
Total		401,72,14	(33,71,25)

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 account, all expenses of management, wherever incurred, whether directly or indirectly in respect of miscellaneous insurance business have been fully debited in the Miscellaneous Insurance Revenue account as expenses.

A. R. Sekar
Director and Company Secretary
As per our report of even date

For **Sharp & Tannan**
Chartered Accountants

Ashwin Chopra
Partner

Membership No. 38159

N. S. R. Chandra Prasad
Director

For **Karnavat & Co.**
Chartered Accountants

Sunil Hirawat
Partner

Membership No. 33951

B. Chakrabarti
Chairman-cum-Managing Director

For **Sarda & Pareek**
Chartered Accountants

Niranjan Joshi
Partner

Membership No. 102789

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs (000)
1. Operating profit/loss (-)		
a) Fire insurance	233,01,85	19,57,18
b) Marine insurance	101,98,54	50,15,98
c) Miscellaneous insurance	401,72,14	(33,71,25)
2. Income from investments		
a. Interest dividend and rent (gross) - shareholders	420,86,21	364,24,05
b. Profit on sale of investment - shareholders	442,64,88	439,08,65
Less: Loss on sale of investment - shareholders	(73,53)	(6,33)
3. Other income-misc receipts, credit balances written back	15,09,20	38,64,44
Total (A)=1+2+3	1614,59,29	877,92,72
4. Provisions(other than taxation)		
a. For diminution in value of investments (shareholders)	3,20,86	1,08,16
b. For doubtful debts - investments(shareholders)	(3,13,43)	1,72,12
c. Others - amortisation, provision for thinly traded shares (shareholders)	1,34,85	25,01,94
5. Other expenses(other than those related to insurance business)		
a. Others - interest on income/service tax	(21,57)	(5,34,86)
b. Profit/loss (-) on sale of assets	(54,59)	(12,96)
c. Penalty for breach of tariff	11	1,55
Total (B)=(4+5)	66,23	22,35,95
Profit before tax (A-B)	1613,93,06	855,56,77
Provision for taxation		
current tax	140,97,36	11,24,71
fringe benefit tax	24,00,00	95,00,00
deferred tax	21,19,33	22,31,79
earlier years tax	(32,61,73)	10,27,54
wealth tax	43,16	35,00
Profit after tax	1459,94,94	716,37,73
Appropriations		
a. Proposed final dividend	292,00,00	130,00,00
b. Dividend distribution tax	49,63,00	18,23,25
c. Transfer to general reserves	1118,31,94	568,14,48
Profit/loss (-) carried forward to the balance sheet	-	-
Basic and diluted earnings per share (Rs.) {Refer Note 11(B)}	73.00	35.82

Significant accounting policies and Notes to Accounts form integral part of the Profit and Loss Account

A. R. Sekar Director and Company Secretary	N. S. R. Chandra Prasad Director	B. Chakrabarti Chairman-cum-Managing Director
As per our report of even date		
For Sharp & Tannan Chartered Accountants Ashwin Chopra Partner Membership No. 38159	For Karnavat & Co. Chartered Accountants Sunil Hirawat Partner Membership No. 33951	For Sarda & Pareek Chartered Accountants Niranjan Joshi Partner Membership No. 102789

Mumbai, 27th June 2007.



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BALANCE SHEET AS AT 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
A. Sources of funds			
1. Share capital	5 & 5A	200,00,00	200,00,00
2. Reserves and surplus	6	5820,15,58	4608,03,08
3. Fair value change account	-	10948,35,49	12211,27,32
4. Borrowings	7	-	-
Total A		16968,51,07	17019,30,40
B. Application of funds			
1. Investments	8	21070,06,70	20665,25,67
2. Loans	9	745,45,33	786,51,86
3. Fixed assets	10	132,64,66	121,06,18
4. Deferred tax assets		40,56,00	61,75,33
5. Current assets			
a. Cash and bank balances	11	3162,27,32	3059,70,85
b. Advances and other assets	12	2245,96,59	2230,12,18
Sub total(a+b)		5408,23,91	5289,83,03
c. Current liabilities	13	7604,78,65	7134,74,24
d. Provisions	14	2871,27,58	2871,53,83
Sub total(c+d)		10476,06,23	10006,28,07
Net current assets (a+b-c-d)		(5067,82,32)	(4716,45,04)
6. Miscellaneous expenditure (to the extent not written off or adjusted)	15	47,60,70	101,16,40
Total B		16968,51,07	17019,30,40

Significant accounting policies and notes to accounts form integral part of the Balance Sheet

A. R. Sekar
Director and Company Secretary
As per our report of even date

N. S. R. Chandra Prasad
Director

B. Chakrabarti
Chairman-cum-Managing Director

For **Sharp & Tannan**
Chartered Accountants

For **Karnavat & Co.**
Chartered Accountants

For **Sarda & Pareek**
Chartered Accountants

Ashwin Chopra
Partner

Sunil Hirawat
Partner

Niranjan Joshi
Partner

Membership No. 38159

Membership No. 33951

Membership No. 102789

SCHEDULES TO FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs(000)
SCHEDULE 1 - FIRE		
PREMIUM EARNED (NET)		
Premium from direct business - in India	909,97,59	839,62,91
- outside India	254,58,93	263,85,79
- Total	1164,56,52	1103,48,70
Add: Premium on reinsurance accepted	391,95,18	280,33,80
Less: Premium on reinsurance ceded	503,59,60	553,06,52
Net premium	1052,92,10	830,75,98
Adjustment for change in reserve for un-expired risks	111,08,06	(11,94)
Total premium earned (net)	941,84,04	830,87,92
SCHEDULE 2 - FIRE		
CLAIMS INCURRED (NET)		
Claims Paid Direct	733,18,84	605,20,39
Add: Claims on reinsurance accepted	198,59,79	118,96,83
Less: Claims on reinsurance ceded	341,55,22	383,56,47
Net claims paid	590,23,41	340,60,75
Add: Claims outstanding at end (net)	755,58,47	785,76,05
Less : Claims outstanding at beginning (net)	785,76,05	524,86,00
Total incurred claims (net)	560,05,83	601,50,80
SCHEDULE 3 - FIRE		
COMMISSION (NET)		
Commission Direct	115,75,90	112,66,23
Add : Commission on reinsurance accepted	63,96,55	46,02,87
Less : Commission on reinsurance ceded	100,39,83	86,90,74
Commission (net)	79,32,62	71,78,36
Break-up of Commission Direct		
Direct Commission	92,55,22	92,31,25
Direct Brokerage	13,19,08	10,34,30
Corporate Agency Commission	10,01,60	10,00,68
Referrals	-	-
Total Commission	115,75,90	112,66,23



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SCHEDULES TO MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs(000)
SCHEDULE 1 - MARINE		
PREMIUM EARNED (NET)		
Premium from direct business - in India	3210226	2997847
- outside India	494534	495466
- Total	3704760	3493313
Add: Premium on reinsurance accepted	113850	68770
Less: Premium on reinsurance ceded	1932864	1918326
Net premium	1885746	1643757
Adjustment for change in reserve for un-expired risks	241990	(42216)
Total premium earned (net)	1643756	1685973
SCHEDULE 2 - MARINE		
CLAIMS INCURRED (NET)		
Claims paid direct	2929306	2520190
Add: Claims on reinsurance accepted	109195	54452
Less: Claims on reinsurance ceded	2149529	1609265
Net claims paid	888972	965377
Add: Claims outstanding at end (net)	1799929	2065930
Less : Claims outstanding at beginning (net)	2065930	1878800
Total incurred claims (net)	622971	1152507
SCHEDULE 3 - MARINE		
COMMISSION (NET)		
Commission Direct	311741	291002
Add : Commission on reinsurance accepted	25227	(17948)
Less : Commission on reinsurance ceded	194693	190848
Commission (net)	142275	82206
Break-up of Commission Direct		
Direct Commission	263384	249403
Direct Brokerage	45152	39120
Corporate Agency Commission	3205	2479
Referrals	-	-
Total Commission (net)	311741	291002

SCHEDULES TO MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs(000)
SCHEDULE 1 - MISCELLANEOUS		
PREMIUM EARNED (NET)		
Premium from direct business - in India	3786,19,80	3652,08,30
- outside India	615,53,96	570,64,29
- Total	4401,73,76	4222,72,59
Add: Premium on reinsurance accepted	65,19,98	44,91,45
Less: Premium on reinsurance ceded	956,66,28	920,12,47
Net premium	3510,27,46	3347,51,57
Adjustment for change in reserve for un-expired risks	81,37,94	226,00,36
Total premium earned (net)	3428,89,52	3121,51,21
SCHEDULE 2 - MISCELLANEOUS		
CLAIMS INCURRED (NET)		
Claims paid direct	3459,12,81	3050,86,28
Add: Claims on reinsurance accepted	27,17,60	21,20,85
Less: Claims on reinsurance ceded	775,65,73	538,02,73
Net claims paid	2710,64,68	2534,04,40
Add: Claims outstanding at end (net)	4823,64,79	4513,04,19
Less : Claims outstanding at beginning (net)	4513,04,19	4131,83,82
Total incurred claims (net)	3021,25,28	2915,24,77
SCHEDULE 3 - MISCELLANEOUS		
COMMISSION (NET)		
Commission Direct	459,69,22	468,86,64
Add : Commission on reinsurance accepted	14,51,99	7,36,67
Less : Commission on reinsurance ceded	176,87,73	179,95,52
Commission (net)	297,33,48	296,27,79
Break-up of Commission Direct		
Direct Commission	377,83,68	398,15,10
Direct Brokerage	49,38,94	43,70,24
Corporate Agency Commission	32,46,60	27,01,30
Referrals	-	-
Total Commission	459,69,22	468,86,64



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SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1. Employees remuneration and welfare benefits	815,86,83	1040,92,53
2. Travel conveyance and vehicle running expenses	38,27,75	32,15,75
3. Training expenses	2,56,30	3,33,99
4. Rent rates and taxes	54,20,67	42,92,21
5. Repairs	36,95,86	35,87,40
6. Printing and stationery	31,84,90	25,36,24
7. Communication expenses	20,92,08	20,87,09
8. Legal and professional charges	83,52,55	66,86,59
9. Auditors fees and expenses	3,10,43	2,94,82
10. Advertisement and publicity	23,08,33	21,22,61
11. Interest and bank charges	6,29,77	6,20,55
12. Others :		
Exchange gain(-)/loss	(8,92,28)	(34,05,64)
Provision for bad and doubtful debts	28,87	15,42,30
IT implementation	7,25,81	3,35,41
Input service tax recovery	(61,92,52)	(43,90,96)
Donation to Prime Minister/Chief Minister Relief Fund	4	50,00
Donation to National Relief Fund	0	30,00
Others	54,11,52	40,89,57
13. Depreciation	45,12,42	25,68,26
Total	1152,59,33	1306,88,72
Apportioned to fire segment	284,32,23	305,56,15
Apportioned to marine segment	52,31,47	58,99,06
Apportioned to miscellaneous segment	815,95,63	942,33,51
Total	1152,59,33	1306,88,72

SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

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	200,00,00
3. Subscribed capital 20,00,00,000 Equity shares of Rs 10 each	200,00,00	200,00,00
4. Called up capital 20,00,00,000 Equity shares of Rs 10 each	200,00,00	200,00,00
Total	200,00,00	200,00,00

SCHEDULE 5A

PATTERN OF SHARE HOLDINGS AS CERTIFIED BY MANAGEMENT

Share holder	current year		Numbers in (000) previous year	
	Numbers	% of holding	Numbers	% of holding
Promoters - Indian	20,00,00	100	20,00,00	100
- Foreign	-	-	-	-
Others	-	-	-	-
Total	20,00,00	100	20,00,00	100



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SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

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)	4622,79,03	4103,53,23
Addition during the year - balance transferred from P & L account.	1118,31,94	568,14,48
Transfer from Investment reserve	-	1,11,32
Deduction during the year -Issue of Bonus Shares	-	50,00,00
(Cl. balance)	5741,10,97	4622,79,03
5. Catastrophe reserve	-	-
6. Other reserves	-	-
a. Investment reserves (Op. balance)	-	1,11,32
Addition during the year	-	-
Deduction during the year	-	1,11,32
(Cl. balance)	-	-
b. Foreign Currency Translation Reserve		
Opening Balance	(14,81,70)	61,71,11
Addition During the year	93,80,56	-
Deduction During the year	-	76,52,81
Closing Balance	78,98,86	(14,81,70)
7. Balance of profit in profit and loss account	-	-
Total	5820,15,58	4608,03,08
SCHEDULE 7		
BORROWINGS		
1. Debentures / bonds	-	-
2. Banks	-	-
3. Financial institutions	-	-
4. Others	-	-
Total	Nil	Nil

SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 8		
INVESTMENTS		
Long term investments		
1. Government securities		
Central Govt securities	3241,19,08	2670,98,37
State Government securities	1248,53,66	1213,71,95
British Government dominion securities	11,14,19	15,72,26
Foreign Government Securities	184,67,46	188,58,92
2. Other approved securities - Govt. guaranteed securities	115,26,65	125,08,02
3. Other investments		
a. Shares		
aa. Equity	12072,17,94	13267,22,79
Equity share odd lots	-	-
bb. Preference	-	-
Preference shares	-	1,20
Preference shares of railways in India	-	-
b. Mutual funds	-	-
c. Derivative instruments	-	-
d. Debentures/Bonds/PTCs		
Debentures in India	848,87,76	797,20,90
Other Debentures - Foreign	59,64,02	75,37,18
e. Other Securities (to be specified)	-	-
Bhavishya Arogya investments	-	-
Foreign shares	7,66,66	16,38,21
Foreign preference shares	15	14
Foreign securities	-	-
Special deposit with Govt. of India	-	-
f. Subsidiaries	59,55,64	9,09,44
g. Investment properties (real estate)	-	-
4. Investment in infrastructure and social sector	1271,63,04	749,60,22
5. Investment in housing bonds	605,22,71	308,83,25
6. Other than approved investments	932,01,96	836,24,14
Total	20657,60,92	20274,06,99



Estbd. 1919

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SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 8 (CONT.)		
SHORT TERM INVESTMENTS		
1. Government securities		
Central Govt. securities	97,46,33	144,19,12
State Govt. securities	88,22,10	61,56,11
Govt. guaranteed securities	-	-
British Government dominion securities	9,30,80	9,10,75
Foreign Government securities	7,08,94	5,90,82
2. Other approved securities Govt. guaranteed securities	18,19,31	24,94,51
3. Other investments		
a. Shares		
aa. Equity	-	-
Equity share odd lots	-	-
bb. Preference	-	-
b. Mutual funds	-	-
c. Derivative instrument	-	-
d. Debentures/Bonds/PTCs		
Debentures in India	116,12,08	84,97,37
Other debentures Foreign	-	-
e. Other securities	-	-
Special deposit with Govt. of India	-	-
f. Subsidiaries	12,55,84	-
g. Investment properties (real estate)	-	-
4. Investment in infrastructure and social sector	7,50,00	12,50,00
5. Investment in housing bonds	5,00,78	-
6. Other than approved investments	50,99,60	48,00,00
	Total	391,18,68
	Grand Total	20665,25,67
Investments		
1. India	20718,27,65	20344,89,67
2. Outside India	351,79,05	320,36,00

*[Debentures includes Rs (000) 43160 (PY 42207) towards std provision, shown under Sch 14.5]**[Housing sector bonds include Rs (000) 24420 (PY 12353) towards std.provision, shown under Sch 14.5]**[Investment in France Agency Rs (000) 1838 (PY 1838) provided as doubtful, shown under sch 14.5]**[Investment in infrastructure includes Rs (000) 51196 (PY 30484) towards std. Provision, shown under sch 14.5]**[Investment in OAS includes Rs (000) 5386 (PY 6001) towards std. Provision, shown under sch 14.5]**[Other than approved investments include Rs (000) 768838 (PY 918554) considered doubtful, shown under Sch 14.5]**Investment in associates amounting to Rs (000) 179475 (P.Y 120950) are included in equity shares stated above.**The aggregate amount of company's investments other than Listed Equity Securities is Rs (000) 79171115 (PY 64758232)**and Market value thereof is Rs (000) 77915003 (PY 64043405) as on 31.03.2007**[Equity shares/foreign shares include provision for diminution in the value of thinly traded/unlisted shares amounting to Rs (000) 23481(PY 70579) shown under Sch 14.5]*

SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

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	269,19,00	278,90,77
Term loans direct, term loans PFPS and loan to HUDCO	159,91,55	268,54,95
bb. Outside India housing, vehicle loan to employees	81,94	85,13
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	296,03,15	218,09,04
Unsecured (term loans, bridge loans, short-term loans)	19,49,69	20,11,97
Total	745,45,33	786,51,86
2. Borrower-wise classification		
a. Central and State Governments (term loans, housing and FFE)	203,59,82	215,52,97
b. Banks and financial institutions	-	-
c. Subsidiaries	-	-
d. Industrial undertakings (term loans, bridge loans, short-term loans, loans to PFPS)	155,89,24	177,42,66
e. Others - Housing loans, vehicle loans, computer loans to employees	270,00,94	279,75,90
GIC housing finance, HUDCO, term loans to PFPS	-	-
Others	115,95,33	113,80,33
Total	745,45,33	786,51,86
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	327,25,99	334,86,25
Housing, vehicle and computer loans to employees	269,19,00	278,90,77
bb. Outside India (loans to employees)	81,94	85,13
b. Non-performing loans less provisions		
aa. In India (term loans, bridge loans, short-term loans, loans PFPS)	148,18,40	171,89,71
bb. Outside India	-	-
Total	745,45,33	786,51,86
4. Maturity-wise classifications		
a. Short-term (term loans, direct bridge loans, short-term loans, term loans PFPS)	-	11,94,43
b. Long-term (term loans direct, loans State Govt housing and FF, loans to HUDCO and loans PFPS)	475,44,39	494,81,53
Housing, vehicle, and computer loans to employees.	270,00,94	279,75,90
Total	745,45,33	786,51,86

[Direct term loans includes Rs (000) 118917 (PY 132090) provision for bad/doubtful debts (including std provision) shown under Sch 14.5]
 [Bridge loans include Rs (000) 400 (PY 400) provision for bad and doubtful debts, shown under Sch 14.5]
 [Term loans PFPS includes Rs (000) 1120171 (PY 1134694) provision for bad and doubtful debts (including std provision, shown under Sch 14.5]
 [Short term loans includes Rs (000) 102319 (PY 104765) provision for bad and doubtful debts, shown under Sch 14.5]
 [Loans to Hudco includes Rs (000) 3697 (PY 3697) provision for bad and doubtful debts, shown under sch 14.5]
 [Hsg loans to State Govts. Includes Rs (000) 80374 (PY nil) provisions for bad and doubtful debts shown under Sch 14.5]
 [FFE loans to State Govt includes Rs (000) 5330 (PY nil) provision for bad and doubtful debts (including Std. Provisions) shown under Sch 14.5]

SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

SCHEDULE 10

FIXED ASSETS

RS. (000)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01-04-2006	Additions During 2006-07	Deletions During 2006-07	Closing Balance 31-03-2007	Opening Balance 01-04-2006	Additions During 2006-07	Deletions During 2006-07	Closing Balance 31-03-2007	Closing Balance 31-03-2007	Opening Balance 01-04-2006
Land Freehold	1,44,39	5,13	38	1,49,15	0	0	0	0	1,49,15	1,44,39
Buildings	127,85,79	7,29	4,50	127,88,58	56,76,55	4,13,68	3,05	608719	67,01,39	71,09,23
Furnitures & Fittings	61,84,34	2,30,74	38,88	63,76,20	49,98,88	2,40,30	21,73	521745	11,58,75	11,85,46
Information & Technology Equipments	128,57,07	49,42,45	11,00,16	166,99,36	113,85,08	31,47,92	7,86,30	1374669	29,52,67	14,71,99
Vehicles	41,61,84	10,68,52	4,54,35	47,76,00	21,16,09	6,73,11	1,60,84	262836	21,47,64	20,45,75
Office Equipments	11,31,12	37,29	21,06	11,47,35	9,81,78	32,83	22,31	99230	1,55,05	1,49,35
Grand Total	372,64,55	62,91,42	16,19,33	419,36,64	251,58,37	45,07,84	9,94,22	286,71,99	132,64,66	121,06,18
Previous Year	346,94,57	34,90,33	9,20,35	372,64,55	232,53,83	25,68,25	6,63,72	251,58,37	121,06,18	114,40,74

Estd. 1919



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SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

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) 52372 (PY 24668) [foreign balances include Rs (000) NIL (PY 23045) provision for bad and doubtful debts shown under Sch 14.5]</i>	234,08,41	103,98,83
2. Bank balances (with Scheduled Banks)		
a. Deposit accounts		
aa. Short - term (due within 12 months)	699,04,61	749,47,96
bb. Others <i>[balances includes Rs (000) 25061(PY Nil) (for) Provision for bad and doubtful debts, shown under Sch. 14.5]</i>	1621,45,99	1444,75,08
b. Current accounts <i>(foreign balances includes Rs (000) 7671(PY 7271) Provision for bad and doubtful debts, shown under Sch. 14.5)</i>	429,72,38	428,57,55
3. Money at call and short notice		
With banks	66,22,27	250,16,28
With other institutions	111,73,66	82,75,15
Total	3162,27,32	3059,70,85
Cash and bank balances IN INDIA	1296,46,79	1213,49,57
Cash and bank balances OUTSIDE INDIA	1865,80,53	1846,21,28
Total	3162,27,32	3059,70,85



Estbd. 1919

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SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 12		
ADVANCES AND OTHER ASSETS		
Advances		
1. Reserve deposits with ceding companies <i>[includes Rs. (000) 93984 (RI) (PY 93984) Rs. (000) 9679 (for) (PY10005) provision for bad and doubtful debts, shown under Sch 14.5]</i>	20,39,37	38,58,60
2. Application money for investments	-	-
3. Pre-payments	17,47,83	43,22,92
4. Advances to directors / officers	-	-
5. Advance tax paid and taxes deducted at source (net of provision for taxation)	-	-
6. Others	12,90,92	14,23,02
Total (A)	50,78,12	96,04,54
Other assets		
1. Income accrued on investments <i>[includes Rs(000) nil (PY Rs 165) (For) Rs(000) 5 (PY 5) provision for bad and doubtful debts, shown under Sch.14.5]</i>	270,66,28	212,87,68
2. Outstanding premiums	2,84,09	6,17,20
3. Agents balances <i>[foreign balances includes Rs (000) 15975 (PY15194) (for) provision for bad and doubtful debts, shown under Sch.14.5]</i>	92,63,92	58,43,11
4. Foreign agencies balances <i>[foreign balances includes Rs (000) 11598 (for) (PY 9875) provision for bad and doubtful debts, shown under sch.14.5]</i>	82,68,98	71,49,90
5. Due from other entities carrying insurance business (including reinsurers) <i>[RI balances include Rs (000) 902108 (PY 902108) Foreign balances include Rs (000) 5816 (PY 5475) (for) provision for bad and doubtful debts, shown under sch. 14.5]</i>	1626,03,17	1320,08,09
6. Due from subsidiaries/holding companies <i>[includes Rs (000) 477 (PY Rs 496) (for) provision for bad and doubtful debts, shown under sch. 14.5]</i>	4,77	5,24
7. Deposit with R B I pursuant to section 7 of Insurance Act 1938	10,75,27	10,75,27
8. Others - Other accrued income	38,16,19	32,67,45
Others including sundry debtors <i>[Others including sundry debtors' includes (INV) Rs (000) 16783 (PY 37667)Rs (000) 1800 (PY 1776) (for) Rs (000) 494 (PY 494) (RI) provision for bad and doubtful debts, shown under Sch. 14.5] [Misc.debtors includes Rs (000) 26047 (PY Rs 24535) includes provision for bad and doubtful debts, shown under Sch.14.5]</i>	71,35,80	421,53,70
Total (B)	2195,18,47	2134,07,64
TOTAL(A+B)	2245,96,59	2230,12,18

SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2007

Registration Number : 190

Date of renewal with IRDA : 28.03.06

Particulars	Current year Rs (000)	Previous year Rs (000)
SCHEDULE 13		
CURRENT LIABILITIES		
1. Agents balances	29,63,39	28,57,00
2. Balances due to other insurance companies	739,53,31	725,60,16
3. Deposits held on reinsurance ceded	11,67,14	2,66,04
4. Premium received in advance	120,07,72	132,00,32
5. Un-allocated premium	-	-
6. Sundry creditors - Other than service tax payable	537,60,64	417,79,95
Service tax Payable	(30,69,48)	4,90,48
7. Due to subsidiaries / holding company	-	-
8. Claims outstanding [includes Rs (000) 1123 (PY 1123) (RI) provision for bad and doubtful debts, shown under Sch 14.5]	5759,22,56	5505,39,54
9. Due to officers/directors	-	-
10. Others	437,73,37	317,80,75
Total	7604,78,65	7134,74,24
SCHEDULE 14		
PROVISIONS		
1. Reserve for un-expired risks	2470,17,23	2253,51,34
2. Provision for taxation net of advance tax paid and TDS	(287,34,15)	110,70,42
3. Provision for proposed dividend	292,00,00	130,00,00
4. Provision for dividend distribution tax	49,63,00	18,23,25
5. Others - Reserve for bad and doubtful debts.	344,46,69	352,03,03
Provision for diminution in value of thinly traded/unlisted shares	2,34,81	7,05,79
Total	2871,27,58	2871,53,83
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)	47,60,70	101,16,40
Total	47,60,70	101,16,40



Estd. 1919

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RECEIPTS & PAYMENTS ACCOUNT / (CASH FLOW STATEMENT) FOR THE YEAR ENDED 31ST MARCH 2007

Particulars	Current year (Rs '000)	Previous year (Rs '000)
Operating Activities		
Profit as per Profit and Loss A/c	1118,31,94	568,14,48
Add items considered separately		
Dividend and dividend tax	341,63,00	148,23,25
Interim dividend and tax thereon	0	0
Income tax expenses for the year	165,40,52	106,59,71
Income tax expenses for the earlier year	(32,61,73)	10,27,54
Less items considered separately		
Adjustment of deferred tax/Earlier year tax	21,19,33	22,31,79
Interest Dividend and Rents	(1100,02,39)	(944,50,77)
Profit/loss on sale of investments	(1155,04,67)	(1138,42,62)
Interest on Income tax	(21,57)	(5,34,86)
Add / Less Non cash items write offs and provisions		
Profit /loss on sale of asset	(54,59)	(12,96)
Amortisation, Provision write off on Investments,loans	3,52,45	12,94,57
Provision on investments	19,43	(10,53,46)
Provision on loans	2,97,99	4,85,68
Write off on Investments	5,21,05	64,87,75
Balances written off/ written back	11,03,20	(33,34,72)
Depreciation	45,12,42	25,68,26
Provision for Outstanding claims	253,83,02	660,81,72
Provision for O/S Expenses	50,56,73	(19,21,71)
Provision for Unexpired Risk Reserves	216,65,89	221,66,25
Bad Debts Revenue	62,87	15,40,24
Bad Debts foreign	(33,99)	2,06
Deferred Expenses written off	55,75,00	53,55,70
TOTAL	(1115,06,04)	(804,26,58)
Operating profit before change in Operating Assets	3,25,90	(236,12,10)
Net change in operating Assets and Liabilities	1,07,40	33,12,39
Net Cash from Operating Activities before Income Tax	4,33,30	(202,99,71)
Less Income Tax paid / refund	(249,68,10)	(258,34,47)
Net cash flow from Operating Activities	(245,34,80)	(461,34,18)
Investing Activities		
Addition / deletion to Assets	(57,25,50)	(32,20,71)
Increase /decrease in investments	(524,41,56)	321,83,55
increase /decrease in Loans	41,06,53	87,61,34
Investment Income	1036,75,05	926,13,61
Inflow/ Outflow from Investing Activities	(496,14,52)	(1303,37,79)
Financing Activities		
Interim Dividend and Tax thereon	0	0
Dividend paid - earlier years	(148,23,25)	(68,41,50)
Increase / decrease in Bank / Cash Balance	102,56,47	773,62,11
Cash and Cash Equivalent at the beginning of the year	3059,70,85	2286,08,74
Cash and Cash Equivalent at the End of the year	3162,27,32	3059,70,85

Significant Accounting policies and Notes to accounts form integral part of the Receipt and Payments Account

A. R. Sekar Director and Company Secretary As per our report of even date	N. S. R. Chandra Prasad Director	B. Chakrabarti Chairman-cum-Managing Director
For Sharp & Tannan Chartered Accountants Ashwin Chopra Partner Membership No. 38159	For Karnavat & Co. Chartered Accountants Sunil Hirawat Partner Membership No. 33951	For Sarda & Pareek Chartered Accountants Niranjan Joshi Partner Membership No. 102789

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - TOTAL

Rs. (000)

SEGMENT	Fire 2006	Fire 2007	Marine Cargo 2006	Marine Cargo 2007	Marine Hull 2006	Marine Hull 2007	Marine Total 2006	Marine Total 2007
Premium Direct	11034871	11645652	1874458	1945032	1618855	1759728	3493313	3704760
Premium Accepted	2803380	3919518	39723	31143	29047	82707	68770	113850
Premium Ceded	5530653	5035960	517091	320396	1401235	1612468	1918326	1932864
Net premium	8307598	10529210	1397090	1655779	246667	229967	1643757	1885746
Unexpired Risk Reserve Op	4154993	4153799	1409726	1397090	276247	246666	1685973	1643756
Unexpired Risk Reserve Cl	4153799	5264605	1397090	1655777	246666	229969	1643756	1885746
Net earned premium	8308792	9418404	1409726	1397092	276248	246664	1685974	1643756
Profit on Realisation of Investment	956441	1103987	241544	232247	121029	108716	362573	340963
Interest Dividend and Rent	793522	1051396	200400	221183	100413	103537	300813	324720
Investment Provisions	60612	3554	15308	747	7670	350	22978	1097
Total investment income	1689351	2151829	426636	452683	213772	211903	640408	664586
Claims Paid Direct	6052039	7331884	1121964	960974	1398227	1968332	2520191	2929306
Claims Paid Accepted	1189683	1985979	29697	13044	24755	96151	54452	109195
Claims Paid Ceded	3835647	3415522	383060	234285	1226206	1915244	1609266	2149529
Paid claims	3406075	5902341	768601	739733	196776	149239	965377	888972
Cl O/S Claims Direct	12349504	11990481	2054082	1828643	3082833	1764350	5136915	3592993
Cl O/S Claims Accepted	3299256	2408424	67513	56547	200595	224478	268108	281025
Cl O/S Claims Ceded	7791155	6843058	991835	919400	2347258	1154688	3339093	2074088
O/S claims at end	7857605	7555847	1129760	965790	936170	834140	2065930	1799930
Op O/S Claims Direct	8109467	12349504	2025546	2054082	1980778	3082833	4006324	5136915
Op O/S Claims Accepted	1585173	3299256	63437	67513	264107	200595	327544	268108
Op O/S Claims Ceded	4446040	7791155	1123882	991835	1331184	2347258	2455066	3339093
O/S claims at beginning	5248600	7857605	965101	1129760	913701	936170	1878802	2065930
Incurring Claims Direct	10292076	6972861	1150500	735535	2500282	649849	3650782	1385384
Incurring Claims Accepted	2903766	1095147	33773	2078	-38757	120034	-4984	122112
Incurring Claims Ceded	7180762	2467425	251013	161850	2242280	722674	2493293	884524
Incurring claims	6015080	5600583	933260	575763	219245	47209	1152505	622972
Commission Direct	1126623	1157590	260802	273216	30200	38526	291002	311742
Commission Accepted	460287	639655	-15621	9401	-2326	15825	-17947	25226
Commission Ceded	869074	1003983	87308	46791	103540	147902	190848	194693
Commission/brokerage	717836	793262	157873	235826	-75666	-93551	82207	142275
Foreign Taxes	13894	2978	143	85	23	10	166	95
Operating Expenses Related to Insurance	3055615	2843223	317002	270734	272904	252413	589906	523147
Revenue Accounts Result	195718	2330187	428084	767367	73514	252486	501598	1019853



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - TOTAL

Rs. (000)

SEGMENT	Motor OD 2006	Motor OD 2007	Motor TP 2006	Motor TP 2007	Motor Total 2006	Motor Total 2007	Health 2006	Health 2007
Premium Direct	16962505	15683992	7801551	8010156	24764056	23694148	-	7652894
Premium Accepted	127479	148299	0	0	127479	148299	-	0
Premium Ceded	3082517	2777381	1560310	1602031	4642827	4379412	-	1530579
Net premium	14007467	13054910	6241241	6408125	20248708	19463035	-	6122315
Unexpired Risk Reserve Op	6051115	7003734	2565207	3120621	8616322	10124355	-	0
Unexpired Risk Reserve Cl	7003734	6527456	3120621	3204063	10124355	9731519	-	3061158
Net earned premium	13054848	13531188	5685827	6324683	18740675	19855871	-	3061157
Profit on Realisation of Investment	1016281	959032	3186792	3279229	4203073	4238261	-	59682
Interest Dividend and Rent	1038976	1214545	2448152	2821818	3487128	4036363	-	51357
Investment Provisions	66287	4922	200074	8724	266361	13646	-	159
Total investment income	1988970	2168655	5434870	6092323	7423840	8260978	-	110880
Claims Paid Direct	8089459	8701741	10177704	11042518	18267163	19744259	-	7316857
Claims Paid Accepted	93994	90665	0	0	93994	90665	-	0
Claims Paid Ceded	790211	1707491	2035541	2208502	2825752	3915993	-	1463371
Paid claims	7393242	7084915	8142163	8834016	15535405	15918931	-	5853486
CI O/S Claims Direct	4962373	5175382	39535546	42979956	44497919	48155338	-	1508761
CI O/S Claims Accepted	96220	89911	0	0	96220	89911	-	0
CI O/S Claims Ceded	1660611	2323427	6945489	7787432	8606100	10110859	-	197752
O/S claims at end	3397982	2941866	32590057	35192524	35988039	38134390	-	1311009
Op O/S Claims Direct	4540785	4962373	35527795	39535546	40068580	44497919	-	812417
Op O/S Claims Accepted	96005	96220	0	0	96005	96220	-	0
Op O/S Claims Ceded	760089	1660611	6696795	6945489	7456884	8606100	-	162483
O/S claims at beginning	3876701	3397982	28831000	32590057	32707701	35988039	-	649934
Incurred Claims Direct	8511047	8914750	14185455	14486928	22696502	23401678	-	8013201
Incurred Claims Accepted	94209	84356	0	0	94209	84356	-	0
Incurred Claims Ceded	1690733	2370307	2284235	3050445	3974968	5420752	-	1498640
Incurred claims	6914523	6628799	11901220	11436483	18815743	18065282	-	6514561
Commission Direct	2109323	1882353	364197	177826	2473520	2060179	-	919689
Commission Accepted	3028	5332	0	0	3028	5332	-	0
Commission Ceded	577346	497611	312062	320406	889408	818017	-	382645
Commission/brokerage	1535005	1390074	52135	-142580	1587140	1247494	-	537044
Foreign Taxes	20409	5761	0	0	20409	5761	-	0
Operating Expenses Related to Insurance	3871793	3006410	1624492	1348788	5496285	4355198	-	1288630
Revenue Accounts Result	2702088	4668799	-2457150	-225685	244938	4443114	-	-5168198

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - TOTAL

Rs. (000)

SEGMENT	Liability 2006	Liability 2007	W C 2006	W C 2007	P A 2006	P A 2007	Aviation 2006	Aviation 2007
Premium Direct	-	185854	2012172	1840425	1123954	940617	1168473	1180836
Premium Accepted	-	0	55	458	28104	23178	31932	49108
Premium Ceded	-	95999	277823	234211	295127	231959	1108111	931473
Net premium	-	89855	1734404	1606672	856931	731836	92294	298471
Unexpired Risk Reserve Op	-	927843	867202	354339	428465	72753	46147	525041
Unexpired Risk Reserve Cl	-	44927	867202	803336	428465	365917	46147	149235
Net earned premium	-	44928	1795045	1670538	782805	794384	118900	195383
Profit on Realisation of Investment	-	0	408595	341094	66146	73860	30572	38804
Interest Dividend and Rent	-	0	338995	324845	54879	70342	25364	36956
Investment Provisions	-	0	25894	1099	4192	237	1937	125
Total investment income	-	0	721696	664840	116833	143965	53999	75635
Claims Paid Direct	-	23	852093	1168950	556068	770116	422479	1138453
Claims Paid Accepted	-	0	162	89	-3764	29354	12621	40309
Claims Paid Ceded	-	20	89912	89367	174966	203354	140957	993632
Paid claims	-	3	762343	1079672	377338	596116	294143	185130
Cl O/S Claims Direct	-	1466	3203326	3180798	630138	838934	1085404	1274019
Cl O/S Claims Accepted	-	0	0	0	11837	12523	57172	72801
Cl O/S Claims Ceded	-	1526	359412	398246	266837	270799	766529	493079
O/S claims at end	-	-60	2843914	2782552	375138	580658	376047	853741
Op O/S Claims Direct	-	0	3457120	3203326	448101	630138	571650	1085404
Op O/S Claims Accepted	-	0	886	0	14816	11837	62534	57172
Op O/S Claims Ceded	-	0	368606	359412	166918	266837	406353	766529
O/S claims at beginning	-	0	3089400	2843914	295999	375138	227831	376047
Incurred Claims Direct	-	1489	598299	1146422	738105	978912	936233	1327068
Incurred Claims Accepted	-	0	-724	89	-6743	30040	7259	55938
Incurred Claims Ceded	-	1546	80718	128201	274885	207316	501133	720182
Incurred claims	-	-57	516857	1018310	456477	801636	442359	662824
Commission Direct	-	22298	405240	397846	154979	147359	424	1388
Commission Accepted	-	0	21	102	10930	12124	1964	10310
Commission Ceded	-	24762	18209	17629	68212	37777	71113	68594
Commission/brokerage	-	-2464	387052	380319	97697	121706	-68725	-56896
Foreign Taxes	-	0	9846	2308	1051	233	172	-93
Operating Expenses Related to Insurance	-	31295	444319	336267	254385	176052	265061	224669
Revenue Accounts Result	-	16154	1158667	598174	90028	-161278	-465968	-559486



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - TOTAL

Rs. (000)

SEGMENT	Engineering 2006	Engineering 2007	Others 2006	Others 2007	Misc. Total 2006	Misc. Total 2007	Total 2006	Total 2007
Premium Direct	1620552	2371285	11538052	6151317	42227259	44017376	56755443	59367788
Premium Accepted	153629	265230	107946	165725	449145	651998	3321295	4685366
Premium Ceded	517033	793667	2360326	1369328	9201247	9566628	16650226	16535452
Net premium	1257148	1842848	9285672	4947714	33475157	35102746	43426512	47517702
Unexpired Risk Reserve Op	525041	628575	3981245	4642835	14477543	16737579	20318509	22535134
Unexpired Risk Reserve Cl	628575	921424	4642835	2473858	16737579	17551374	22535134	24701725
Net earned premium	1153614	1549999	8624082	7116691	31215121	34288951	41209887	45351111
Profit on Realisation of Investment	134373	129574	832255	805104	5675014	5686379	6994028	7131329
Interest Dividend and Rent	111484	123401	690488	772237	4708338	5415501	5802673	6791617
Investment Provisions	8516	417	52742	2626	359642	18309	443232	22960
Total investment income	237341	252558	1470001	1574715	10023710	11083571	12353469	13899986
Claims Paid Direct	752821	737746	9658007	3714877	30508631	34591281	39080861	44852471
Claims Paid Accepted	63452	58467	45619	52876	212084	271760	1456219	2366934
Claims Paid Ceded	228860	201484	1919825	889352	5380272	7756573	10825185	13321624
Paid claims	587413	594729	7783801	2878401	25340443	27106468	29711895	33897781
Cl O/S Claims Direct	1628446	2245695	5705750	4368015	56750983	61573026	74237402	77156500
Cl O/S Claims Accepted	157184	236810	177165	151222	499578	563267	4066942	3252716
Cl O/S Claims Ceded	1004436	1293431	1116830	1134122	12120144	13899814	23250392	22816960
O/S claims at end	781194	1189074	4766085	3385115	45130417	48236479	55053952	57592256
Op O/S Claims Direct	1653975	1628446	5192275	4893334	51391701	56750984	63507492	74237403
Op O/S Claims Accepted	166324	157184	164228	177165	504793	499578	2417510	4066942
Op O/S Claims Ceded	1024199	1004436	1155151	954347	10578111	12120144	17479217	23250392
O/S claims at beginning	796100	781194	4201352	4116152	41318383	45130418	48445785	55053953
Incurred Claims Direct	727292	1354995	10171482	3189558	35867913	39413323	49810771	47771568
Incurred Claims Accepted	54312	138093	58556	26933	206869	335449	3105651	1552708
Incurred Claims Ceded	209097	490479	1881504	1069127	6922305	9536243	16596360	12888192
Incurred claims	572507	1002609	8348534	2147364	29152477	30212529	36320062	36436084
Commission Direct	125284	168811	1529217	879352	4688664	4596922	6106289	6066254
Commission Accepted	36150	68307	21575	49024	73668	145199	516008	810080
Commission Ceded	179912	143728	572699	275621	1799553	1768773	2859475	2967449
Commission/brokerage	-18478	93390	978093	652755	2962779	2973348	3762822	3908885
Foreign Taxes	1174	474	4696	1191	37348	9874	51408	12947
Operating Expenses Related to Insurance	391756	481601	2571545	1265852	9423351	8159564	13068872	11525934
Revenue Accounts Result	443996	224483	-1808785	4624244	-337124	4017207	360192	7367247

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - INDIAN

Rs. (000)

SEGMENT	Fire 2006	Fire 2007	Marine Cargo 2006	Marine Cargo 2007	Marine Hull 2006	Marine Hull 2007	Marine Total 2006	Marine Total 2007
Premium Direct	8396292	9099759	1493376	1587106	1504471	1623120	2997847	3210226
Premium Accepted	249339	464096	1431	159	5856	61552	7287	61711
Premium Ceded	4160341	3998113	383995	278911	1308476	1495494	1692471	1774405
Net premium	4485290	5565742	1110812	1308354	201851	189178	1312663	1497532
Unexpired Risk Reserve Op	2527299	2242645	1065364	1110813	227095	201850	1292459	1312663
Unexpired Risk Reserve Cl	2242645	2782871	1110813	1308353	201850	189179	1312663	1497532
Net earned premium	4769944	5025516	1065363	1110814	227096	201849	1292459	1312663
Profit on Realisation of Investment	954488	1102980	241051	232035	120782	108617	361833	340652
Interest Dividend and Rent	733255	949128	185180	199669	92787	93466	277967	293135
Investment Provisions	59924	2934	15134	617	7583	289	22717	906
Total investment income	1627819	2049174	411097	431087	205986	201794	617083	632881
Claims Paid Direct	5176779	5890750	1017455	844912	1386940	1792010	2404395	2636922
Claims Paid Accepted	109778	4147	195	27	9173	38675	9368	38702
Claims Paid Ceded	3604525	3135337	352308	175928	1221221	1786755	1573529	1962683
Paid claims	1682032	2759560	665342	669011	174892	43930	840234	712941
Cl O/S Claims Direct	10540764	9480960	1858978	1650253	2885678	1630281	4744656	3280534
Cl O/S Claims Accepted	256017	307163	114	3	79455	96121	79569	96124
Cl O/S Claims Ceded	5965949	5525517	912411	838183	2346669	1150755	3259080	1988938
O/S claims at end	4830832	4262606	946681	812073	618464	575647	1565145	1387720
Op O/S Claims Direct	6519581	10540764	1817664	1858978	1842934	2885678	3660598	4744656
Op O/S Claims Accepted	138787	256017	118	114	93935	79455	94053	79569
Op O/S Claims Ceded	3650468	5965949	1045682	912411	1330269	2346669	2375951	3259080
O/S claims at beginning	3007900	4830832	772100	946681	606600	618464	1378700	1565145
Incurred Claims Direct	9197962	4830946	1058769	636187	2429684	536613	3488453	1172800
Incurred Claims Accepted	227008	55293	191	-84	-5307	55341	-5116	55257
Incurred Claims Ceded	5920006	2694905	219037	101700	2237621	590841	2456658	692541
Incurred claims	3504964	2191334	839923	534403	186756	1113	1026679	535516
Commission Direct	521851	564255	178836	188265	10145	13070	188981	201335
Commission Accepted	55800	5554	412	20	2083	14074	2495	14094
Commission Ceded	790781	913975	65305	40628	86156	126524	151461	167152
Commission/brokerage	-213130	-344166	113943	147657	-73928	-99380	40015	48277
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	2881494	2620937	298938	249568	257353	232679	556291	482247
Revenue Accounts Result	224435	2606585	223656	610273	62901	269231	286557	879504

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - INDIAN

Rs. (000)

SEGMENT	Motor OD 2006	Motor OD 2007	Motor TP 2006	Motor TP 2007	Motor Total 2006	Motor Total 2007	Health 2006	Health 2007
Premium Direct	13943464	12337126	7801551	8010156	21745015	20347282	-	7652894
Premium Accepted	0	0	0	0	0	0	-	0
Premium Ceded	2788693	2478835	1560310	1602031	4349003	4080866	-	1530579
Net premium	11154771	9858291	6241241	6408125	17396012	16266416	-	6122315
Unexpired Risk Reserve Op	4725067	5577386	2565207	3120621	7290274	8698007	-	0
Unexpired Risk Reserve Cl	5577386	4929146	3120621	3204063	8698007	8133209	-	3061158
Net earned premium	10302452	10506531	5685827	6324683	15988279	16831214	-	3061157
Profit on Realisation of Investment	1007697	955166	3186792	3279229	4194489	4234395	-	59682
Interest Dividend and Rent	774132	821932	2448152	2821818	3222284	3643750	-	51357
Investment Provisions	63266	2541	200074	8724	263340	11265	-	159
Total investment income	1718563	1774557	5434870	6092323	7153433	7866880	-	110880
Claims Paid Direct	6386175	6743817	10177704	11042518	16563879	17786335	-	7316857
Claims Paid Accepted	0	0	0	0	0	0	-	0
Claims Paid Ceded	667317	1526976	2035541	2208502	2702858	3735478	-	1463371
Paid claims	5718858	5216841	8142163	8834016	13861021	14050857	-	5853486
Cl O/S Claims Direct	3191863	3289922	39535546	42979956	42727409	46269878	-	1508761
Cl O/S Claims Accepted	0	0	0	0	0	0	-	0
Cl O/S Claims Ceded	1427083	2033677	6945489	7787432	8372572	9821109	-	197752
O/S claims at end	1764780	1256245	32590057	35192524	34354837	36448769	-	1311009
Op O/S Claims Direct	2849135	3191863	35527795	39535546	38376930	42727409	-	812417
Op O/S Claims Accepted	0	0	0	0	0	0	-	0
Op O/S Claims Ceded	547734	1427083	6696796	6945489	7244530	8372572	-	162483
O/S claims at beginning	2301401	1764780	28830999	32590057	31132400	34354837	-	649934
Incurred Claims Direct	6728903	6841876	14185455	14486928	20914358	21328804	-	8013201
Incurred Claims Accepted	0	0	0	0	0	0	-	0
Incurred Claims Ceded	1546666	2133570	2284234	3050445	3830900	5184015	-	1498640
Incurred claims	5182237	4708306	11901221	11436483	17083458	16144789	-	6514561
Commission Direct	1440305	1140008	364197	177826	1804502	1317834	-	919689
Commission Accepted	0	0	0	0	0	0	-	0
Commission Ceded	557739	493485	312062	320406	869801	813891	-	382645
Commission/brokerage	882566	646523	52135	-142580	934701	503943	-	537044
Foreign Taxes	0	0	0	0	0	0	-	0
Operating Expenses Related to Insurance	3558593	2665916	1624492	1348788	5183085	4014704	-	1288630
Revenue Accounts Result	2397619	4260343	-2457151	-225685	-59532	4034658	-	-5168198

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दि न्यू इन्डिया रश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.
भारत सरकार की संपत्ति / A Government of India Undertaking

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - INDIAN

Rs. (000)

SEGMENT	Liability 2006	Liability 2007	W C 2006	W C 2007	P A 2006	P A 2007	Aviation 2006	Aviation 2007
Premium Direct	-	185854	447770	409823	957793	793936	1168460	1180836
Premium Accepted	-	0	0	0	16938	15233	7891	5431
Premium Ceded	-	95999	89554	83493	264709	206650	1108102	836318
Net premium	-	89855	358216	326330	710022	602519	68249	349949
Unexpired Risk Reserve Op	-	0	155837	179108	267533	355011	62178	34125
Unexpired Risk Reserve Cl	-	44927	179108	163165	355011	301259	34125	174974
Net earned premium	-	44928	334945	342273	622544	656271	96302	209100
Profit on Realisation of Investment	-	0	407760	340783	66011	73793	30510	38769
Interest Dividend and Rent	-	0	313249	293248	50711	63500	23438	33361
Investment Provisions	-	0	25600	907	4144	196	1915	103
Total investment income	-	0	695409	633124	112578	137097	52033	72027
Claims Paid Direct	-	23	133554	145038	500820	731133	412046	1136555
Claims Paid Accepted	-	0	0	0	3246	24359	6021	6059
Claims Paid Ceded	-	20	26711	29008	169084	199156	140656	992102
Paid claims	-	3	106843	116030	334982	556336	277411	150512
Cl O/S Claims Direct	-	1466	198096	220625	596503	804142	874334	908585
Cl O/S Claims Accepted	-	0	0	0	4088	4909	2346	9300
Cl O/S Claims Ceded	-	1526	34459	38385	265798	269558	760644	487194
O/S claims at end	-	-60	163637	182240	334793	539493	116036	430691
Op O/S Claims Direct	-	0	178896	198096	415513	596503	559198	874334
Op O/S Claims Accepted	-	0	0	0	4144	4088	7248	2346
Op O/S Claims Ceded	-	0	31096	34459	166158	265798	400569	760644
O/S claims at beginning	-	0	147800	163637	253499	334793	165877	116036
Incurred Claims Direct	-	1489	152754	167567	681810	938772	727182	1170806
Incurred Claims Accepted	-	0	0	0	3190	25180	1119	13013
Incurred Claims Ceded	-	1546	30074	32934	268724	202916	500731	718652
Incurred claims	-	-57	122680	134633	416276	761036	227570	465167
Commission Direct	-	22298	47838	45093	115394	112299	424	1388
Commission Accepted	-	0	0	0	6205	9010	1662	986
Commission Ceded	-	24762	17911	16393	57726	29258	71113	61346
Commission/brokerage	-	-2464	29927	28700	63873	92051	-69027	-58972
Foreign Taxes	-	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	-	31295	419000	309977	239889	162288	249957	207104
Revenue Accounts Result	-	16154	458747	502087	15084	-222007	-260165	-332172

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - INDIAN

Rs. (000)

SEGMENT	Engineering 2006	Engineering 2007	Credit Guarantee 2006	Credit Guarantee 2007	Misc. Traditional 2006	Misc. Traditional 2007	R N T B 2006	R N T B 2007
Premium Direct	1447049	2103807	-106	-4607	2317064	1502913	887241	1010721
Premium Accepted	105322	178527	0	0	66248	90618	0	0
Premium Ceded	459356	702264	155	-51	437912	116394	177448	202144
Net premium	1093015	1580070	-261	-4556	1945400	1477137	709793	808577
Unexpired Risk Reserve Op	453548	546508	22762	-130	782440	972700	242533	354896
Unexpired Risk Reserve Cl	546508	790035	-130	-2278	972700	738568	354896	404289
Net earned premium	1000055	1336543	22631	-2408	1755140	1711269	597430	759184
Profit on Realisation of Investment	134099	129456	5134	2670	290999	320024	102206	101985
Interest Dividend and Rent	103017	111398	3944	2298	223552	275385	78517	87759
Investment Provisions	8419	344	322	7	18269	851	6417	271
Total investment income	228697	240510	8756	4961	496282	594558	174306	189473
Claims Paid Direct	691203	685904	1407	9	1131940	424035	668767	599840
Claims Paid Accepted	49948	43634	0	0	38931	36566	0	0
Claims Paid Ceded	199943	184297	-124	-46	246386	90710	133753	119968
Paid claims	541208	545241	1531	55	924485	369891	535014	479872
Cl O/S Claims Direct	1467364	2028811	33506	21461	2017732	1898722	885676	959895
Cl O/S Claims Accepted	111210	181995	0	0	109963	50159	0	0
Cl O/S Claims Ceded	952807	1246083	4303	4292	652918	714426	129975	147679
O/S claims at end	625767	964723	29203	17169	1474777	1234455	755701	812216
Op O/S Claims Direct	1493918	1467364	32104	33506	1612927	2007551	895566	885689
Op O/S Claims Accepted	116906	111210	0	0	109963	109963	0	0
Op O/S Claims Ceded	962424	952807	4282	4303	708690	652918	131166	129975
O/S claims at beginning	648400	625767	27822	29203	1014200	1464596	764400	755714
Incurred Claims Direct	664649	1247351	2809	-12036	1536745	315206	658877	674046
Incurred Claims Accepted	44252	114419	0	0	38931	-23238	0	0
Incurred Claims Ceded	190326	477573	-103	-57	190614	152218	132562	137672
Incurred claims	518575	884197	2912	-11979	1385062	139750	526315	536374
Commission Direct	94686	120018	122	15	215141	191343	82509	114816
Commission Accepted	23763	43758	0	0	11976	29474	0	0
Commission Ceded	172455	122253	39	-13	131366	46753	44362	50536
Commission/brokerage	-54006	41523	83	28	95751	174064	38147	64280
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	369432	443949	-19	-776	668054	443239	184747	170190
Revenue Accounts Result	394751	207384	28411	15280	102555	1548774	22527	177813

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भारत सरकार की संपत्ति / A Government of India Undertaking

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - INDIAN

Rs. (000)

SEGMENT	UNT B 2006	UNT B 2007	Public Liability 2006	Public Liability 2007	Credit Shield 2006	Credit Shield 2007	Misc. Total 2006	Misc. Total 2007	Total 2006	Total 2007
Premium Direct	7448517	2451511	14780	10793	87248	216217	36520831	37861980	47914970	50171965
Premium Accepted	0	0	0	0	0	0	196399	289809	453025	815616
Premium Ceded	1513368	520890	11824	8634	51021	143140	8462452	8527320	14315264	14299838
Net premium	5935149	1930621	2956	2159	36227	73077	28254778	29624469	34052731	36687743
Unexpired Risk Reserve Op	2579165	2967574	1727	1478	-11463	18113	11846534	14127390	15666292	17682698
Unexpired Risk Reserve Cl	2967574	965311	1478	1079	18113	36539	14127390	14812235	17682698	19092638
Net earned premium	5546740	3932884	3205	2558	6651	54651	25973922	28939624	32036325	35277803
Profit on Realisation of Investment	433991	378167	291	240	-2067	1231	5663423	5681195	6979744	7124827
Interest Dividend and Rent	333400	325417	223	207	-1588	1060	4350747	4888740	5361969	6131003
Investment Provisions	27246	1006	18	1	-130	3	355560	15113	438201	18953
Total investment income	740145	702578	496	446	-3525	2288	9658610	10554822	11903512	13236877
Claims Paid Direct	7664752	2418152	0	-2	0	12768	27768368	31256647	35349542	39784319
Claims Paid Accepted	0	0	0	0	0	0	98146	110618	217292	153467
Claims Paid Ceded	1534123	602419	0	2	968	7386	5154358	7423871	10332412	12521891
Paid claims	6130629	1815733	0	-4	-968	5382	22712156	23943394	25234422	27415895
Cl O/S Claims Direct	2098540	762111	5677	6179	4205	96189	50909042	55486825	66194462	68248319
Cl O/S Claims Accepted	0	0	0	0	0	0	227607	246363	563193	649650
Cl O/S Claims Ceded	308128	162289	4542	4943	8908	59501	11495054	13154737	20720083	20669192
O/S claims at end	1790412	599822	1135	1236	-4703	36688	39641595	42578451	46037572	48228777
Op O/S Claims Direct	1981877	1296292	5677	5677	0	4205	45552606	50909043	55732785	66194463
Op O/S Claims Accepted	0	0	0	0	0	0	238261	227607	471101	563193
Op O/S Claims Ceded	285377	145645	4542	4542	8905	8908	9947739	11495054	15974158	20720083
O/S claims at beginning	1696500	1150647	1135	1135	-8905	-4703	35843128	39641596	40229728	46037573
Incurred Claims Direct	7781415	1883971	0	500	4205	104752	33124804	35834429	45811219	41838175
Incurred Claims Accepted	0	0	0	0	0	0	87492	129374	309384	239924
Incurred Claims Ceded	1556874	619063	0	403	971	57979	6701673	9083554	15078337	12471000
Incurred claims	6224541	1264908	0	97	3234	46773	26510623	26880249	31042266	29607099
Commission Direct	1066915	392486	1034	795	13606	27015	3442171	3265089	4153003	4030679
Commission Accepted	0	0	0	0	0	0	43606	83228	101901	102876
Commission Ceded	371538	123301	1626	1187	11704	30921	1749641	1703233	2691883	2784360
Commission/brokerage	695377	269185	-592	-392	1902	-3906	1736136	1645084	1563021	1349195
Foreign Taxes	0	0	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	1550980	412815	3078	1817	18167	36408	8886370	7521640	12324155	10624824
Revenue Accounts Result	-2184013	2688554	1215	1482	-20177	-22336	-1500597	3447473	-989605	6933562

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - FOREIGN

Rs. (000)

SEGMENT	Fire 2006	Fire 2007	Marine Cargo 2006	Marine Cargo 2007	Marine Hull 2006	Marine Hull 2007	Marine Total 2006	Marine Total 2007
Premium Direct	2638579	2545893	381082	357926	114384	136608	495466	494534
Premium Accepted	2554041	3455422	38292	30984	23191	21155	61483	52139
Premium Ceded	1370312	1037847	133096	41485	92759	116974	225855	158459
Net premium	3822308	4963468	286278	347425	44816	40789	331094	388214
Unexpired Risk Reserve Op	1627694	1911154	344362	286277	49152	44816	393514	331093
Unexpired Risk Reserve Cl	1911154	2481734	286277	347424	44816	40790	331093	388214
Net earned premium	3538848	4392888	344363	286278	49152	44815	393515	331093
Profit on Realisation of Investment	1953	1007	493	212	247	99	740	311
Interest Dividend and Rent	60267	102268	15220	21514	7626	10071	22846	31585
Investment Provisions	688	620	174	130	87	61	261	191
Total investment income	61532	102655	15539	21596	7786	10109	23325	31705
Claims Paid Direct	875260	1441134	104509	116062	11287	176322	115796	292384
Claims Paid Accepted	1079905	1981832	29502	13017	15582	57476	45084	70493
Claims Paid Ceded	231122	280185	30752	58357	4985	128489	35737	186846
Paid claims	1724043	3142781	103259	70722	21884	105309	125143	176031
Cl O/S Claims Direct	1808740	2509521	195104	178390	197155	134069	392259	312459
Cl O/S Claims Accepted	3043239	2101261	67399	56544	121140	128357	188539	184901
Cl O/S Claims Ceded	1825206	1317541	79424	81217	589	3933	80013	85150
O/S claims at end	3026773	3293241	183079	153717	317706	258493	500785	412210
Op O/S Claims Direct	1589886	1808740	207882	195104	137844	197155	345726	392259
Op O/S Claims Accepted	1446386	3043239	63319	67399	170171	121140	233490	188539
Op O/S Claims Ceded	795572	1825206	78200	79424	915	589	79115	80013
O/S claims at beginning	2240700	3026773	193001	183079	307100	317706	500101	500785
Incurring Claims Direct	1094114	2141915	91731	99348	70598	113236	162329	212584
Incurring Claims Accepted	2676758	1039854	33582	2162	-33449	64693	133	66855
Incurring Claims Ceded	1260756	-227480	31976	60150	4659	131833	36635	191983
Incurring claims	2510116	3409249	93337	41360	32490	46096	125827	87456
Commission Direct	604772	593335	81966	84951	20055	25456	102021	110407
Commission Accepted	404487	634101	-16033	9381	-4409	1751	-20442	11132
Commission Ceded	78293	90008	22003	6163	17384	21378	39387	27541
Commission/brokerage	930966	1137428	43930	88169	-1738	5829	42192	93998
Foreign Taxes	13894	2978	143	85	23	10	166	95
Operating Expenses Related to Insurance	174121	222286	18064	21166	15551	19734	33615	40900
Revenue Accounts Result	-28717	-276398	204428	157094	10612	-16745	215040	140349

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SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - FOREIGN

Rs. (000)

SEGMENT	Motor OD 2006	Motor OD 2007	Motor Total 2006	Motor Total 2007	W C 2006	W C 2007	P A 2006	P A 2007
Premium Direct	3019041	3346866	3019041	3346866	1564402	1430602	166161	146681
Premium Accepted	127479	148299	127479	148299	55	458	11166	7945
Premium Ceded	293824	298546	293824	298546	188269	150718	30418	25309
Net premium	2852696	3196619	2852696	3196619	1376188	1280342	146909	129317
Unexpired Risk Reserve Op	1326048	1426348	1326048	1426348	772006	688094	86807	73454
Unexpired Risk Reserve Cl	1426348	1598310	1426348	1598310	688094	640171	73454	64658
Net earned premium	2752396	3024657	2752396	3024657	1460100	1328265	160262	138113
Profit on Realisation of Investment	8584	3866	8584	3866	835	311	135	67
Interest Dividend and Rent	264843	392613	264843	392613	25746	31597	4168	6842
Investment Provisions	3021	2381	3021	2381	294	192	48	41
Total investment income	270406	394098	270406	394098	26287	31716	4255	6868
Claims Paid Direct	1703284	1957924	1703284	1957924	718539	1023912	55248	38983
Claims Paid Accepted	93994	90665	93994	90665	162	89	-7010	4995
Claims Paid Ceded	122894	180515	122894	180515	63201	60359	5882	4198
Paid claims	1674384	1868074	1674384	1868074	655500	963642	42356	39780
Cl O/S Claims Direct	1770510	1885460	1770510	1885460	3005230	2960173	33635	34792
Cl O/S Claims Accepted	96220	89911	96220	89911	0	0	7749	7614
Cl O/S Claims Ceded	233528	289750	233528	289750	324953	359861	1039	1241
O/S claims at end	1633202	1685621	1633202	1685621	2680277	2600312	40345	41165
Op O/S Claims Direct	1691650	1770510	1691650	1770510	3278224	3005230	32588	33635
Op O/S Claims Accepted	96005	96220	96005	96220	886	0	10672	7749
Op O/S Claims Ceded	212355	233528	212355	233528	337510	324953	760	1039
O/S claims at beginning	1575300	1633202	1575300	1633202	2941600	2680277	42500	40345
Incurred Claims Direct	1782144	2072874	1782144	2072874	445545	978855	56295	40140
Incurred Claims Accepted	94209	84356	94209	84356	-724	89	-9933	4860
Incurred Claims Ceded	144067	236737	144067	236737	50644	95267	6161	4400
Incurred claims	1732286	1920493	1732286	1920493	394177	883677	40201	40600
Commission Direct	669018	742345	669018	742345	357402	352753	39585	35060
Commission Accepted	3028	5332	3028	5332	21	102	4725	3114
Commission Ceded	19607	4126	19607	4126	298	1236	10486	8519
Commission/brokerage	652439	743551	652439	743551	357125	351619	33824	29655
Foreign Taxes	20409	5761	20409	5761	9846	2308	1051	233
Operating Expenses Related to Insurance	313200	340494	313200	340494	25319	26290	14496	13764
Revenue Accounts Result	304468	408456	304468	408456	699920	96087	74945	60729

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2007 - FOREIGN

Rs. (000)

SEGMENT	Aviation 2006	Aviation 2007	Engin- -eering 2006	Engin- -eering 2007	Others 2006	Others 2007	Misc. Total 2006	Misc. Total 2007	Total 2006	Total 2007
Premium Direct	13	0	173503	267478	783308	963769	5706428	6155396	8840473	9195823
Premium Accepted	24041	43677	48307	86703	41698	75107	252746	362189	2868270	3869750
Premium Ceded	9	95155	57677	91403	168598	378177	738795	1039308	2334962	2235614
Net premium	24045	-51478	164133	262778	656408	660699	5220379	5478277	9373781	10829959
Unexpired Risk Reserve Op	10575	12022	71493	82067	364080	328204	2631009	2610189	4652217	4852436
Unexpired Risk Reserve Cl	12022	-25739	82067	131389	328204	330350	2610189	2739139	4852436	5609087
Net earned premium	22598	-13717	153559	213456	692284	658553	5241199	5349327	9173562	10073308
Profit on Realisation of Investment	62	35	274	118	1701	787	11591	5184	14284	6502
Interest Dividend and Rent	1926	3595	8467	12003	52440	80111	357590	526761	440703	660614
Investment Provisions	22	22	97	73	600	487	4082	3196	5031	4007
Total investment income	1966	3608	8644	12048	53541	80411	365099	528749	449956	663109
Claims Paid Direct	10433	1898	61618	51842	191141	260075	2740263	3334634	3731319	5068152
Claims Paid Accepted	6600	34250	13504	14833	6688	16310	113938	161142	1238927	2213467
Claims Paid Ceded	301	1530	28917	17187	4719	68913	225914	332702	492773	799733
Paid claims	16732	34618	46205	49488	193110	207472	2628287	3163074	4477473	6481886
CI O/S Claims Direct	211070	365434	161082	216884	660414	623458	5841941	6086201	8042940	8908181
CI O/S Claims Accepted	54826	63501	45974	54815	67202	101063	271971	316904	3503749	2603066
CI O/S Claims Ceded	5885	5885	51629	47348	8056	40992	625090	745077	2530309	2147768
O/S claims at end	260011	423050	155427	224351	719560	683529	5488822	5658028	9016380	9363479
Op O/S Claims Direct	12452	211070	160057	161082	664124	660414	5839095	5841941	7774707	8042940
Op O/S Claims Accepted	55286	54826	49418	45974	54265	67202	266532	271971	1946408	3503749
Op O/S Claims Ceded	5785	5885	61775	51629	12189	8056	630374	625090	1505061	2530309
O/S claims at beginning	61953	260011	147700	155427	706200	719560	5475253	5488822	8216054	9016380
Incurred Claims Direct	209051	156262	62643	107644	187431	223119	2743109	3578894	3999552	5933393
Incurred Claims Accepted	6140	42925	10060	23674	19625	50171	119377	206075	2796268	1312784
Incurred Claims Ceded	401	1530	18771	12906	586	101849	220630	452689	1518021	417192
Incurred claims	214790	197657	53932	118412	206470	171441	2641856	3332280	5277799	6828985
Commission Direct	0	0	30598	48793	149890	152882	1246493	1331833	1953286	2035575
Commission Accepted	302	9324	12387	24549	9599	19550	30062	61971	414107	707204
Commission Ceded	0	7248	7457	21475	12064	22936	49912	65540	167592	183089
Commission/brokerage	302	2076	35528	51867	147425	149496	1226643	1328264	2199801	2559690
Foreign Taxes	172	-93	1174	474	4696	1191	37348	9874	51408	12947
Operating Expenses Related to Insurance	15104	17565	22324	37652	146538	202159	536981	637924	744717	901110
Revenue Accounts Result	-205804	-227314	49245	17099	240696	214677	1163470	569734	1349793	433685

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SHAREHOLDERS' AND POLICYHOLDERS' FUNDS**Shareholders' Funds**

(Amount in Rupees)

	Balances As on 31.03.2006	Percentage	Balances As on 31.03.2007	Percentage
Share Capital	2000000000		2000000000	
Capital Reserve	575088		575088	
General Reserves	46227904354		57411097672	
Miscellaneous Reserves	(-)148170194		789885640	
Total	48080309248	38.26	60201558400	42.25

Policyholders' Funds

	Unexpired Risk Reserves As on 31.03.2006	Outstanding Claims As on 31.03.2006	Total As on 31.03.2006	Percentage	Unexpired Risk Reserves As on 31.03.2007	Outstanding Claims As on 31.03.2007	Total as on 31.03.2007	Percentage
Fire	4153798841	7857604948	12011403789		5264604805	7555847412	12820452217	
Marine	1643756163	2065929888	3709686051		1885745736	1799929273	3685675009	
Miscellaneous	16737578665	45130419383	61867998048		17551372681	48236479117	65787851798	
Total	22535133669	55053954219	77589087888	61.74	24701723222	57592255802	82293979024	57.75
Total Funds			125669397136	100.00			142495537424	100.00

The balance as on 31-03-2006 are used as basis for apportionment of investment income of 2006-07 between Policyholders and Shareholders.

Average Shareholders Funds (Rs. in crores)	$(4808.03 + 6020.16)/2$	5414.09
Average Policyholders Funds (Rs. in crores)	$(7758.91 + 8229.40)/2$	7994.15



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SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON 31st MARCH, 2007

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 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 upto the date of finalisation of accounts and on estimation basis wherever advices are not received.

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 upto the date of finalisation of accounts.
 - 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 at the rates and in the manner as stated in VIII (a) below.
 - 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 costs, except those which meet the recognition criteria as laid down in AS 26, are 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.



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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 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 Foreign Currency Translation Reserve.

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



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Valuation of such investments is done as under :

- i) In respect of actively traded equity shares: - least of cost price, market price or break-up value provided break-up value is positive. However, if the break-up value is negative the nominal value is taken at Re. 1/- per company.
 - ii) In respect of other than actively traded equity shares: - lower of cost price or break-up value provided break-up value is positive. However, if break-up value is negative the nominal value is taken at Re.1/- per company.
 - iii) In respect of preference shares, if the dividend is not received for the last three years, such preference shares are written down to a value which will bear to its face value, the same proportion as value taken/ which would have been taken for writing down equity shares bears to the face value of the equity shares. However, if the equity shares are written down to Re.1/- per company, preference shares are also written down to a nominal value of Re.1/- per company.
- 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 Reserve Bank of India Notification. Discount earned at the time of lending through CBLO is shown as income, which is apportioned on time basis.
15. a) Unrealised gains/ 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, Thailand and Kuwait on calendar year basis prepared as per local laws.
2. Buildings include Rs. 313.58 Lakhs (Previous Year Rs.155.65 lakhs) in respect of which the deeds of conveyance are yet to be executed.
3. (a) Reinsurers' balances are subject to confirmations / reconciliations and consequential adjustments.
(b) Reinsurance acceptance transactions pertaining to the year with indian companies have been booked for advices received upto 23rd June 2007.
4. As certified by the Custodian, Securities are held in the name of the Company as on 31.03.2007. 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.9.32 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.1371.82 Lakhs (Previous Year Rs.959.62 Lakhs) has been made as per Insurance Regulatory and Development Authority / 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 (ix) Housing and Fire fighting Loans to State Governments.
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	34,79.69	98,18.94
	The break up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring	15,68.60	18,86.71
(ii)	Total amount of sub-standard assets subjected to restructuring	Nil	1,88.47
(iii)	Total amount of doubtful assets subjected to restructuring	Nil	43,93.26
(iv)	Total amount of Loss assets subjected to restructuring	19,11.09	33,50.50
	TOTAL	34,79.69	98,18.94



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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	2,72,09.58	3,16,13.64
(ii)	Additions During the year	11,03.91	11,23.77
(iii)	Reductions During the year	48,80.36	55,27.83
iv)	Closing Balance	2,34,33.13	2,72,09.58
	Percentage of Net NPAs to Net Assets	2.16%	3.03%

ii) Details of Provisions

Sr. No.	Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
(i)	Opening Balance	2,32,62.98	2,32,32.58
(ii)	Incremental Provision During the year	-12,13.24	30.40
iii)	Closing Balance	2,20,31.74	2,32,62.98

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 31.03.2007, 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.

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

- i) Segmental reporting in respect of Health Insurance and Public / Product Liability is not disclosed separately for foreign business.
- ii) The provisions against the investment of Rs.8930.00 lakhs (Previous Year Rs.10801.78 lakhs), loans of Rs.14312.09 lakhs (Previous Year Rs. 13756.46 lakhs) and Sundry Debtors of Rs.167.87 lakhs (Previous Year Rs. 376.72 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 of the regulation.

- 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 of the regulation.
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 confirmations and reconciliations. Further, reconciliations of some of the inter-office accounts are also pending. The impact of adjustments if any, arising out of confirmations / reconciliations of such balances on financial statements are unascertainable.
10. Prior period items have been included in the respective heads amounting to Rs.421.51 lakhs (Debit) (Previous Year Rs.1850.72 lakhs (Credit) consisting of the following:-

Sr.No.	Particulars	Rs. (in lakhs)
1.	Direct Premium	0.23 CR
2.	Direct Commission	7.55 DR
3.	Direct Claims	7.14 DR
4.	Outstanding Claims	58.03 DR
5.	Management Expenses	3,29.02 DR
6.	Provision for amortisation of premium	19.77 DR
7.	Interest,dividend and rent (Interest on loans to FFE)	0.23 DR

11. Disclosure 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
 iii) Prestige Assurance Plc. – Nigeria

(b) Associates

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

(c) Entities over which control exist

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

(d) Key Management Personnel of the Company

- i) Mr. B.Chakrabarti
 ii) Mr A V Muralidharan upto 20.02.2007
 iii) Mr N S R Chandra Prasad w.e.f 05.03.2007
 iv) Mr A R Sekar w.e.f .05.03.2007



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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	NIL	48.38
		Premium on Reinsurance Accepted	1,29.46	141.60
		Commission on Reinsurance Accepted	23.63	38.52
		Purchase of Shares	41,80.32	1.82
		Dividend income received	1,56.49	70.63
		Other Amount Due (From Prestige Assurance PLC-out of Rights Subscription)	Nil	1.35
ii)	Associates	Dividend income received	1,05.97	174.58
		Investment in shares	12,52.92	93.43
		Dividend Receivable	1,27.74	84.49
iii)	Entity over which control exits	Other amount payable	Nil	Nil
iv)	Key Management Personnel	Salary and Allowances	22.94	19.84

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 (Rs. In lakhs)	14,59,94.94	71637.73
ii)	Weighted Average Number of Equity Shares issued	20,00,00,000	20,00,00,000
iii)	Basic and diluted earnings per share of Rs.10/- each (Rs.)	73.00	35.82

C. AS – 22 Deferred Tax Assets

The break up of Deferred Tax Assets into the major components is as under:

Sr. No.	Particulars	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
i)	Depreciation	4,97.07	449.91
ii)	Ex-gratia on VRS	-	1661.57
iii)	Leave Encashment	38,18.65	2961.49
iv)	Wage arrears & Others	-2,59.72	1102.36
	Total	4056.00	6175.33

A sum of Rs.2119.33 lakhs (Previous year Rs 2231.80 lakhs) has been charged to the Profit & Loss Account on account of reduction in deferred assets during the year.

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.668.93 lakhs (P.Y Rs.995.44 lakhs) has been considered as income received in advance and shown in Schedule – 13 Current Liabilities under the head "Others".
14. 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.1265.70 lakhs is included in Schedule 15 under the head "Miscellaneous Expenditure". Hence profit for the year and assets are higher by Rs.1265.70 lakhs.
15. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
16. The Company does not have any dues which are outstanding for a period exceeding 30 days due to Small scale and ancillary industrial undertakings.
17. Previous year figures have been re-grouped wherever required, to make the figures comparable with current year figures.

<p>A. R. Sekar Director and Company Secretary As per our report of even date</p> <p>For Sharp & Tannan Chartered Accountants</p> <p>Ashwin Chopra Partner Membership No. 38159</p>	<p>N. S. R. Chandra Prasad Director</p> <p>For Karnavat & Co. Chartered Accountants</p> <p>Sunil Hirawat Partner Membership No. 33951</p>	<p>B. Chakrabarti Chairman-cum-Managing Director</p> <p>For Sarda & Pareek Chartered Accountants</p> <p>Niranjan Joshi Partner Membership No. 102789</p>
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Mumbai, 27th June 2007.



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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	16,46.50	25,35.20
	(b) Underwriting commitments outstanding	Nil	Nil
	(c) Claims, other than those under policies, not acknowledged as debts	3,33.50	7,58.08
	(d) Guarantees given by or on behalf of the Company	30,35.92	44,99.41
	(e) Statutory demands/liabilities in dispute not provided for	24.88	8.58
	(f) Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
	(g) Others (matters under Litigation)	49,85.43	16,63.98
2.	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	Nil	24,52.12
	(b) Outside India	39,63.66	43,17.45
3.	Commitment made and outstanding for Loans, Investments and Fixed Assets	16,70.44	76,99.47
4.	Claims, less reinsurance, paid to claimants:		
	(a) In India	27,41,58.88	25,23,44.18
	(b) Outside India	6,48,18.86	4,47,74.73
5.	Claim liabilities where claim payment period exceeds four years.	Nil	Nil
6.	Amount of claims outstanding for more than six months (Gross Indian)	42,81,76.68	44,71,04.30
	No. of Claims	247777	258554
	Amount of claims outstanding for less than six months (Gross Indian)	25,43,06.51	21,48,40.34
	No. of Claims	142873	118138
	Total amount of claims outstanding (Gross Indian)	68,24,83.19	66,19,44.64
	Total No. of claims outstanding	390650	376692
7.	Premiums, less reinsurances, written from business		
	a) In India	36,68,77.44	34,05,27.31
	b) Outside India	10,82,99.59	9,37,37.80
8.	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	Nil	Nil
	b) Sales where payments are overdue	Nil	51.04
9.	Amount of Claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:	29.59	Nil
	No. of claims	3	Nil

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	10,75.27	10,75.10
	(b) Outside India- Statutory Deposits under local laws	1,37,77.92	1,02,41.49
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	34,36,04.50	23,99,04.44
	Non Performing Investments	2,34,33.13	2,72,09.58
	Total Book Value (Closing Value)	36,70,37.63	26,71,14.02

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 / venture funds, which are valued on fair value basis is Rs.188092.30 lakhs (Previous year Rs.163632.50 lakhs) and Rs.3097.71 lakhs (Previous year Rs.2940 lakhs) respectively. However, the historical/weighted average cost in respect of investment in listed equity/equity related instruments/preference shares, the value of which had impaired on or before 31st March, 2000 is not available with the Company, and hence, the carrying value of the same as on 01.04.2000 is presumed to be the historical/weighted average cost.
16. Computation of managerial remuneration: Being a 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, 2007. While working out amortisation put/call option is not considered, however, partial redemption if any, is taken into account.
18. (a) Unrealised gains / losses arising due to change in the Fair Value of listed equity shares and equity related instruments have been taken to "Fair Value Change Account" and on realisation will be transferred to profit and loss account.
- (b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.
19. The Company does not have Real Estate Investment Property.
20. Sector-wise break-up of gross direct premium written in India (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	324.81	6.48	375.46	7.84
Social	144.04	2.87	136.69	2.85
Others	4545.86	90.65	4278.35	89.31
Total	5014.71	100.00	4790.50	100.00



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21. Various Financial Ratios

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

Segment	2006-07	2005-06	Growth	(Rs.in Crores)	
				2006-07 Growth %	2005-06 Growth %
Fire	1164.57	1103.49	61.08	5.54%	3.74%
Marine Cargo	194.50	187.44	7.07	3.77%	0.52%
Marine Hull	175.97	161.89	14.09	8.70%	41.08%
Marine Sub Total	370.48	349.33	21.14	6.05%	15.97%
Motor	2369.41	2476.41	-106.99	-4.32%	17.65%
W C	184.04	201.22	-17.17	-8.54%	-5.07%
P A	94.06	112.40	-18.33	-16.31%	23.88%
Aviation	118.08	116.85	1.24	1.06%	-24.69%
Engineering	237.13	162.06	75.07	46.33%	0.31%
Health	765.29	-	765.29	-	-
Liability	18.59	-	18.59	-	-
Others	615.13	1153.80	-538.66	-46.69%	13.80%
Misc.Sub Total	4401.73	4222.73	179.00	4.24%	12.96%
Grand Total	5936.78	5675.54	261.23	4.60%	11.22%

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

Gross Premium	5936.78	5675.54
Shareholders' Fund (beginning of the year)	4706.87	4161.69
Ratio (times)	1.26	1.36

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

Shareholders' Funds	5972.55	4706.87	1265.68	26.89%	11.42%
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4. Net Retention Ratio

(Rs.in Crores)

Segment	Premium Gross	Premium Net	Retention Ratio	Retention Ratio P.Y
Fire	1164.57	1052.92	90.41%	75.28%
Marine Cargo	194.50	165.58	85.13%	74.53%
Marine Hull	175.97	23.00	13.07%	15.24%
Marine Sub Total	370.48	188.57	50.90%	47.05%
Motor	2369.41	1946.30	82.14%	81.77%
W C	184.04	160.67	87.30%	86.20%
P A	94.06	73.18	77.80%	76.24%
Aviation	118.08	29.85	25.28%	7.90%
Engineering	237.13	184.28	77.72%	77.58%
Health	765.29	612.23	80.00%	-
Liability	18.59	8.99	48.35%	-
Others	615.13	494.77	80.43%	80.48%
Misc.Sub Total	4401.73	3510.27	79.75%	79.27%
Grand Total	5936.78	4751.77	80.04%	76.52%

5. Net Commission Ratio

Segment	Commission Net	Premium Net	Commission Ratio	Commission Ratio P.Y
Fire	79.33	1052.92	7.53%	8.64%
Marine Cargo	23.58	165.58	14.24%	11.30%
Marine Hull	-9.36	23.00	-40.68%	-30.68%
Marine Sub Total	14.23	188.57	7.54%	5.00%
Motor	124.75	1946.30	6.41%	7.84%
W C	38.03	160.67	23.67%	22.32%
P A	12.17	73.18	16.63%	11.40%
Aviation	-5.69	29.85	-19.06%	-74.46%
Engineering	9.34	184.28	5.07%	-1.47%
Health	53.70	612.23	8.77%	-
Liability	-0.25	8.99	-2.74%	-
Others	65.28	494.77	13.19%	10.53%
Misc.Sub Total	297.33	3510.27	8.47%	8.85%
Grand Total	390.89	4751.77	8.23%	8.66%



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(Rs.in Crores)

6. Expenses of Management to Gross Premium Ratio	2006-07	2005-06		
Expenses	1152.59	1306.89		
Gross Premium	5936.78	5675.54		
Ratio	19.41	23.03		
7. Combined Ratio				
Claims	3643.61	3632.01		
Expenses	1152.59	1306.89		
Sub Total	4796.20	4938.90		
Gross Premium	5936.78	5675.54		
Ratio	80.79%	87.02%		
8. Technical Reserves (at end) to Net Premium Ratio				
Unexpired Risk Reserves	2470.17	2253.51		
Reserves for Premium Deficiency	0.00	0.00		
Outstanding Claims	5759.23	5505.40		
Total Technical Reserves	8229.40	7758.91		
Net Premium	4751.77	4342.65		
Ratio (No.of times)	1.73	1.79		
9. Underwriting Balance Ratio (after credit of Policyholders Investment Income)				
Segment	U/W Profit	Premium (Net)	Ratio	Ratio P.Y
Fire	233.02	1052.92	22.13%	2.36%
Marine Cargo	76.74	165.58	46.35%	30.64%
Marine Hull	25.24	23.00	109.75%	29.80%
Marine Sub Total	101.98	188.57	54.08%	30.52%
Motor	444.31	1946.30	22.83%	1.21%
W C	59.82	160.67	37.23%	66.81%
P A	-16.13	73.18	-22.04%	10.50%
Aviation	-55.95	29.85	-187.46%	-504.80%
Engineering	22.45	184.28	12.18%	35.32%
Health	-516.82	612.23	-84.42%	-
Liability	1.62	8.99	18.03%	-
Others	462.42	494.77	93.46%	-19.48%
Misc.Sub Total	401.72	3510.27	11.44%	-1.01%
Grand Total	736.72	4751.77	15.50%	0.83%

(Rs.in Crores)

10. Operating Profit Ratio

Segment	2006-07	2005-06
Underwriting Result	-653.27	-1199.32
Investment Income	2251.35	2010.79
Others	15.85	44.10
Sub Total	1613.93	855.57
Net Premium	4751.77	4342.66
Ratio	33.96	19.70

11. Liquid Assets to Liabilities Ratio

Liquid Assets	5408.24	5289.83
Policyholders' Liabilities	8229.40	7758.91
Ratio	65.72	68.18

12. Net Earnings Ratio

Profit After Tax	1459.95	716.38
Net Premium	4751.77	4342.66
Ratio	30.72	16.50

13. Return on Net Worth

Profit After Tax	1459.95	716.38
Net Worth	5972.55	4706.87
Ratio	24.44	15.22

14. Reinsurance Ratio

Risk reinsured (Premium)	1653.54	1665.01
Gross Premium	5936.78	5675.54
Ratio	27.85	29.34

22. A Summary of Financial Statements for 5 years is as under:

(Rs.In Crores)

Sr. No.	Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
	OPERATING RESULTS					
1.	Gross Premium Written	5936.78	5675.54	5103.16	4921.47	4812.79
2.	Net Premium Income #	4751.77	4342.65	3895.10	3634.95	3516.43
3.	Income from Investments (Net) @	2251.35	2010.79	1450.73	1249.66	762.14
4.	Other Income (Pl.specify)	15.85	44.10	5.72	76.54	40.94
5.	Total Income	7018.97	6397.54	5351.55	4961.15	4319.51
6.	Commissions	390.89	376.28	331.88	213.62	193.14
7.	Brokerage (included in 6.Commission)	Nil	Nil	Nil	Nil	Nil
8.	Operating Expenses	1153.89	1306.89	1188.88	1340.56	894.76



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Sr. No.	Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
9.	Claims, increase in Unexpired Risk Reserves and Other outgo	3860.27	3858.80	3032.92	2759.08	2918.79
10.	Operating Profit / Loss	1613.93	855.57	797.88	647.89	312.82
11.	Total Income under Shareholders' a/c	*	*	*	*	*
12.	Profit / (Loss) before Tax	1613.93	855.57	797.88	647.89	312.82
13.	Provision for Tax	153.98	139.19	395.65	66.53	57.01
14.	Net Profit / (Loss) after Tax	1459.95	716.38	402.23	581.36	255.81
MISCELLANEOUS						
15.	Policyholders' Account:(beg)					
	Total Funds	7758.91	6876.43	6283.87	5787.51	5023.54
	Total Investments	*	*	*	*	*
	Yield on Investments	*	*	*	*	*
16.	Shareholders' Account:(beg)					
	Total Funds	4706.87	4161.69	3735.22	3404.06	3189.45
	Total Investments	11009.61	9397.55	8403.56	7928.00	7348.00
	Yield on Investments	*	*	*	*	*
17.	Paid up equity capital	200.00	200.00	150.00	150.00	150.00
18.	Net Worth	5972.55	4706.87	4161.69	3735.22	3404.00
19.	Total Assets	27444.57	27025.58	19827.20	17510.45	12984.75
20.	Yield on total investments	20.74	21.11	17.26	16.36	9.96
21.	Earnings per share (Rs.)	73.00	35.82	26.82	59.02	25.58
22.	Book Value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
23.	Total Dividend	292.00	130.00	80.00	45.00	40.00
24.	Dividend per share (Rs.)	14.60	6.50	5.33	4.50	4.00

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
Director and Company Secretary
As per our report of even date

For **Sharp & Tannan**
Chartered Accountants

Ashwin Chopra
Partner

Membership No. 38159

N. S. R. Chandra Prasad
Director

For **Karnavat & Co.**
Chartered Accountants

Sunil Hirawat
Partner

Membership No. 33951

B. Chakrabarti
Chairman-cum-Managing Director

For **Sarda & Pareek**
Chartered Accountants

Niranjan Joshi
Partner

Membership No. 102789

Balance Sheet Abstract and Company's General Business Profile
The Companies Act (1 of 1956) Schedule VI – Part IV

(Rs in '000)

I. Registration Details

Registration Number : 5 2 6 State Code : 1 1
Balance Sheet : 3 1 0 3 2 0 0 7

II. Capital Raised During the Year

Public Issue : N I L Rights Issue : N I L
Bonus Issue : N I L Private Placement : N I L

III. Position of Mobilisation and Deployment of Funds

Total Liabilities : 2 7 4 4 4 5 7 3 0 Total Assets : 2 7 4 4 4 5 7 3 0

Sources of Funds

Paid-up capital : 2 0 0 0 0 0 0 0 Current Liabilities : 7 6 0 4 7 8 6 5
Reserves : 1 6 7 6 8 5 1 0 7 Un-expired Risk Reserves
and Provisions : 2 8 7 1 2 7 5 8

Application of Funds

Net Fixed Assets : 1 3 2 6 4 6 6 Investments : 2 1 0 7 0 0 6 7 0
Current Assets : 5 4 0 8 2 3 9 1 Loans : 7 4 5 4 5 3 3
Accumulated Losses : N I L Deferred Expenditure : 4 7 6 0 7 0
Deferred Tax Assets : 4 0 5 6 0 0

IV. Performance of The Company

Turnover Premium Income : 5 9 3 6 7 7 8 8 Total Expenditure : 6 5 8 9 3 6 6 1
Investment & Other Income : 2 2 6 6 5 1 7 9
Profit Before Tax : 1 6 1 3 9 3 0 6 Profit After Tax : 1 4 5 9 9 4 9 4
Earning Per Share in Rs. : 7 3 . 0 0 Dividend @ % : 1 4 6

V. Generic Names of Three Principal Products / Services of the Company (as per Monetary Terms.)

Item Code No.
ITC Code General Insurance Business
Product

A. R. Sekar
Director and Company Secretary

N. S. R. Chandra Prasad
Director

B. Chakrabarti
Chairman-cum-Managing Director

Mumbai, 27th June 2007.

**STATEMENT OF INTEREST IN THE SUBSIDIARY COMPANIES AS ON 31ST MARCH 2007
UNDER SECTION 212 OF THE COMPANIES ACT, 1956**

Particulars of Interest in the Subsidiaries	The New India Assurance Company (Trinidad & Tobago) Limited, Trinidad & Tobago	The New India Assurance Company (Sierra Leone) Limited, Sierra Leone	Prestige Assurance Plc., Nigeria
a. (i) Paid up Capital of the Subsidiary	TT\$17,418,000 consisting of 17418946 shares of no par value.	Le 500000 divided into 2,50,000 ordinary shares of Le 2.00 each.	N859993864 consisting of 1,719,987,728 shares of 50 kobos each.
(ii) New India's share in the Subsidiary	83.90%	100%	51%
b. (i) Net aggregate amount of the Subsidiary's profit after deducting its losses or vice versa so far as it concerns members of the Company and is not dealt with in the Company's accounts	C.Y. : TT\$ 3348449 P.Y. : TT\$ 1743442	C.Y. : Le 9991000 (Losses) P.Y. : Le 149266000 (Losses)	C.Y. : N146532690 P.Y. : Not Applicable
(ii) Net aggregate amount of the Subsidiary's profit after deducting its losses or vice versa so far as these are dealt with in the Company's accounts	Nil	Nil	Nil
c. (i) Dividend proposed by the Subsidiary	C.Y. : TT\$1196000 P.Y.: TT\$1306000	C.Y. : Nil P.Y. : Nil	C.Y. : N257998159 (Proposed) P.Y. : Not Applicable
(ii) New India's share of Dividend (Dividend for the current year will be accounted during 2007-08 on receipt)	C.Y. : TT\$1003444 P.Y. : TT\$1095000	C.Y. : Nil P.Y. : Nil	C.Y. : N131579061 P.Y. : Not Applicable

B. CHAKRABARTI, *Chairman-cum-managing Director*, **N. S. R. CHANDRA PRASAD**, *Director*, **A. R. SEKAR**, *Director & Company Secretary*

Mumbai,
27th June 2007



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**

Report on Financial Statements

We have audited the financial statements of The New India Assurance Company (Trinidad and Tobago) Limited (the Company) set out on pages 98 to 118 which comprise the balance sheet as at December 31, 2006, and the statements of income and changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes : designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of the Company as at December 31, 2005, were audited by other auditors whose report dated April 20, 2006 expressed an unqualified opinion on those statements. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements, which have been prepared in accordance with International Financial Reporting Standards, present fairly, in all material respects, the financial position of the company as at December 31, 2006 and of its financial performance, changes in equity and cash flows for the year then ended.

Chartered Accountants

Port of Spain,
TRINIDAD AND TOBAGO:

May 17, 2007



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

BALANCE SHEET DECEMBER 31, 2006

	Notes	2006 T.T. \$'000	2005 T. T. \$'000
ASSETS			
Property, plant and equipment	4	803	692
Investment property	5	6,500	6,500
Deferred tax asset	6(i)	7,558	8,039
Reinsurance assets		23,306	21,599
Trade and other receivables	7	17,777	14,746
Investments	8	32,210	33,268
Term deposits		14,060	13,535
Cash and cash equivalents	9	39,986	30,985
Total Assets		142,200	129,364
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	10	17,617	17,617
Capital reserve		5,902	7,491
Catastrophe reserve fund		1,000	800
Statutory surplus reserve		8,552	8,552
Accumulated retained earnings		18,661	16,176
Total Equity		51,732	50,636
LIABILITIES			
Insurance Contracts	11	74,584	62,794
Deferred tax liability	6(ii)	1,996	2,550
Provision for taxation		1,442	1,234
Trade and other payables	12	12,446	12,137
Bank overdraft		-	13
Total Liabilities		90,468	78,728
Total Equity and Liabilities		142,200	129,364

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board

Director

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006 T. T. \$'000	2005 T. T. \$'000
Insurance contracts premium revenue		61,729	49,938
Reinsurers' share of insurance contracts premium revenue		(25,484)	(22,332)
Net insurance contracts premium revenue		36,245	27,606
Gross change in unearned premium provision and unexpired risks		(7,298)	(7,608)
Reinsurers' share of change in unearned premium provision and unexpired risks		510	4,338
Net change in unearned premium provision and unexpired risks		(6,788)	(3,270)
Net insurance revenue		29,457	24,336
Reinsurance commissions		6,712	5,425
Investment and other income	13	3,884	3,603
Total revenue		40,053	33,364
Gross claims incurred		(23,372)	(13,868)
Reinsurers' share of gross claims incurred		6,490	1,407
Net insurance claims incurred		(16,882)	(12,461)
Agents and brokers commissions		(10,205)	(7,963)
Other operating and administrative expenses		(7,455)	(8,481)
Total claims incurred and other expenses		(34,542)	(28,905)
Profit before tax		5,511	4,459
Taxation	6(iii)	(1,520)	(2,381)
Net profit for the year		3,991	2,078

The accompanying notes form an integral part of these financial statements.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	Stated Capital	Capital Reserves	Catastrophe Reserves	Statutory Surplus Reserve	Retained Earnings/	Total
		T. T. \$'000	T. T. \$'000	T. T. \$'000	T. T. \$'000	T. T. \$'000	T. T. \$'000
Balance at 31 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 unrealized gains on revaluation of available-for-sale investments inclusive of deferred taxation		-	420	-	-	-	420
Dividends		-	-	-	-	(1,306)	(1,306)
		<u>17,617</u>	<u>7,491</u>	<u>800</u>	<u>8,552</u>	<u>10,463</u>	<u>44,923</u>
Balance at 31 December, 2005 as previously stated		17,617	7,491	800	8,552	10,463	44,923
Correction of prior period error	23	-	-	-	-	5,713	5,713
Restated balance as at 31 December, 2005		<u>17,617</u>	<u>7,491</u>	<u>800</u>	<u>8,552</u>	<u>16,176</u>	<u>50,636</u>
Net income for the year		-	-	-	-	3,991	3,991
Transfer to catastrophe reserve		-	-	200	-	(200)	-
Net unrealized (loss) on revaluation of available-for-sale investments inclusive of deferred taxation		-	(1,589)	-	-	-	(1,589)
Dividends		-	-	-	-	(1,306)	(1,306)
Balance at 31 December, 2006		<u>17,617</u>	<u>5,902</u>	<u>1,000</u>	<u>8,552</u>	<u>18,661</u>	<u>51,732</u>

The accompanying notes form an integral part of these financial statements.



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 T. T. \$'000	2005 T. T. \$'000
Cash flows from operating activities		
Net income before taxation	5,511	4,459
Adjustments for:		
Loss on sale of fixed assets	6	13
Depreciation	210	186
Foreign exchange gains on investments and fixed deposits	-	(4)
Impairment expense	-	(164)
Operating profit before working capital changes	5,727	4,490
Increase in other receivables and reinsurance assets	(4,738)	(5,550)
Increase in insurance contracts liabilities	11,790	5,064
Increase in other creditors	199	2,351
Corporation taxes paid	(855)	(1,071)
Net cash generated by operating activities	<u>12,123</u>	<u>5,284</u>
Cash flows used in investing activities		
Purchase of investments and fixed deposits	(3,169)	(7,124)
Redemption of investments and fixed deposits	1,583	4,858
Proceeds on disposal of fixed assets	3	26
Additions to fixed assets	(330)	(188)
Net cash used in investing activities	<u>(1,913)</u>	<u>(2,428)</u>
Cash flows from financing activities		
Dividends paid	(1,196)	(1,297)
Net cash used in financing activities	<u>(1,196)</u>	<u>(1,297)</u>
Net increase in cash and cash equivalents	9,014	1,559
Cash and cash equivalents at beginning of year	30,972	29,413
Cash and cash equivalents at end of year	39,986	30,972
Represented by:		
Cash in hand and at bank	38,114	26,919
Bank overdraft	(13)	-
Short-term treasury bills	1,872	4,066
	<u>39,986</u>	<u>30,972</u>

The accompanying notes form an integral part of these financial statements.



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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.

These financial statements were authorized for issue by the Board of Directors on May 17, 2007.

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 January 1, 2006.

3. Statement of accounting policies

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board. These financial statements are prepared on the 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 financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes 3(q) and (r) and note 22.

c) Segmental reporting

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

d) Impairment of assets

Judgement is required to determine whether there are indicators of impairment. If impairment is indicated then the amount is determined using the techniques described in accounting policy (k) (i).

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

e) Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

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

The asset's residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

f) Investment properties

Property held for capital appreciation is classified as investment property and is stated at fair value. 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 amounts 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 derecognized when either its use has changed 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 recognized in the statement of income in the period in which they arise.

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 recognized 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) Insurance receivables

Insurance receivables are recognized 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 statement of income.



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

i) Financial instruments

(i) Classification

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.

Held-to-maturity financial assets comprise fixed or determinable income securities that the company has the positive intention and ability to hold until maturity.

Available-for-sale financial assets are financial assets that are not financial assets at fair value through profit and loss, originated by the Company, or held-to-maturity.

(ii) Recognition

All regular way purchases and sales of financial assets are recognized on the settlement date. From this date, any gains and losses arising from changes in fair value of assets are recognised.

(iii) Measurement

Financial instruments are initially measured at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument. A financial asset is derecognized when the contractual right to receive cash flows expire or when asset is transferred.

Subsequent to initial recognition all available-for-sale assets are measured at fair value, based on if readily available market prices at the close of business on the balance sheet date for listed instruments are available 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. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Gains and loss arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for as changes in the capital reserve until the investment is derecognized 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 statement of income.

All non-trading financial liabilities and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premium and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of income.

j) Cash and cash equivalents

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. These are shown at cost.

k) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (see accounting

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

policy (x)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (k) (i)) and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. 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. Impairment losses are recognised in the statement of income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

(i) Calculation of recoverable amount

The recoverable amount of the Company's held-to-maturity financial assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income, the impairment loss shall be reversed, with the amount of the reversal recognised in the statement of income.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

l) Capital reserve

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

m) 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.

n) 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.

o) 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 event 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.

Investment contracts

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

All contracts held by the Company as at December 31, 2006 have been classified as insurance contracts.

p) Foreign currencies

(i) Functional and presentation currency

These financial statements are presented in TT dollars. All financial information presented in TT dollars has been rounded to the nearest thousand.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

q) 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

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.

r) Insurance contract liabilities

General insurance contract 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 recognized over the period of risk.

Provision for unexpired risk

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 as a percentage of the provision for unearned premiums at the end of the year.

s) Provision for other insurance financial liabilities

A provision is recognised when the Company has a present legal or constructive obligation, as a result of past events, 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.

t) 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.

u) Revenue recognition

Premium income

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

Commission income

The fee is recognized as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized 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 recognized over the term of the contract.



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Investment income

Interest income is recognized 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 amortization of any discount or premium. Investment income also includes dividends which are recognized as received.

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 recognized in the statement of income when the sale transaction occurs.

v) 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.

w) Other income and expenditure

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

x) Taxation

Tax on income comprises current tax from business inside and outside of Trinidad and Tobago and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the balance sheet date, business levy and green fund levy, charged on worldwide income, and any adjustment of tax payable for the previous years.

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

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss).

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of income, except to the extent that it relates to items previously charged or credited directly to equity.

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.

y) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements there were new standards, amendments to standards and interpretations which were in issue but were not yet effective for the year ended December 31, 2006, and have not been applied in preparing these financial statements and are as follows :

- ♦ *IFRS 7 Financial Instruments : Disclosures and the Amendments to IAS 1 Presentation of Financial Statements* : Capital Disclosures require extensive disclosures about the significance

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of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the company's 2007 financial statements, will require extensive additional disclosures with respect to company's financial instruments and share capital.

- ♦ *IFRS 8 Operating Segments* requires segment disclosure based on the components of the company that management monitors in making decisions about operating matters as well as qualitative disclosures on segments. Segments will be reportable based on threshold tests related to revenues, results and assets. IFRS 8 will become mandatory for the company's 2009 financial statements, and will require additional disclosures with respect to the company's operating segments.
- ♦ *IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the company's 2007 financial statements, is not expected to have any impact on the financial statements.
- ♦ *IFRIC 8 Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all goods or services received cannot be specially identified. IFRIC 8 will become mandatory for the company's 2007 financial statements, with retrospective application required. It is not expected to have any impact on the financial statements.
- ♦ *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the company's 2007 financial statements, is not expected to have any impact on the financial statements.
- ♦ *IFRIC 10 Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognized in a previous interim period in respect of goodwill, an investment in an equity instrument for a financial asset carried at cost. IFRIC 10 will become mandatory for the company's 2007 financial statements, and is not expected to have any impact on the financial statements.
- ♦ *IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions* addresses the classification of a share-based payment transaction (as equity or cash-settled), in the financial statements of the entity whose employees are entitled to the share-based payment, where equity instruments of the parent or another group company are transferred in settlement of the obligation. IFRIC 11, which becomes mandatory for the company's 2008 financial statements, is not expected to have any impact on the financial statements.
- ♦ *IFRIC 12 Service Concession Arrangements* addresses the accounting requirements for public-to-private service concession arrangements in private sector entities. IFRIC 12 will become mandatory for the company's 2008 financial statements and is not expected to have any impact on the financial statements.

z) 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 retained earnings by T. T. \$ 5,713 arising from the correction of a prior period error in the deferred tax asset.



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)****4. Fixed assets**

	Leasehold improv- ements	Office equipment & motor vehicles	Total 2006	Total 2005
	T. T. \$'000	T. T. \$'000	T. T. \$'000	T. T. \$'000
Cost				
At beginning of year	355	2,961	3,316	3,265
Additions	12	318	330	188
Disposals	—	(183)	(183)	(137)
At end of year	<u>367</u>	<u>3,096</u>	<u>3,463</u>	<u>3,316</u>
Depreciation				
At beginning of year	354	2,270	2,624	2,534
Current year	1	209	210	186
Disposals	—	(174)	(174)	(96)
At end of year	<u>355</u>	<u>2,305</u>	<u>2,660</u>	<u>2,624</u>
Net written down value	<u>12</u>	<u>791</u>	<u>803</u>	<u>692</u>

5. Investment property

Balance brought forward	6,500	6,500
Balance carried forward	<u>6,500</u>	<u>6,500</u>

6. Taxation**(i) Deferred tax asset**

Unutilised tax losses	7,558	8,039
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The Company has un-utilised tax losses in Trinidad and Tobago of approximately T. T. \$ 30,000 as at December 31, 2006 (2005 : T. T. \$ 32,000).

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

(ii) Deferred tax liability

Unrealised gains on revaluation of available-for-sale investments	(1,967)	(2,498)
Fixed assets	<u>(29)</u>	<u>(52)</u>
	<u>(1,996)</u>	<u>(2,550)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

(iii) Tax charge for the year	2006 T. T. \$'000	2005 T. T. \$'000
Current year - Business levy	88	45
- Green fund levy	44	48
- Provision for taxation in St. Maarten, Dominica and St. Lucia	931	1,014
Deferred tax (income) expense relating to the origination and reversal of temporary differences	(24)	52
Utilisation of tax losses	481	631
Change in tax rate	-	591
	1,520	2,381

The following is a reconciliation between tax loss and accounting profit multiplied by the applicable tax rate.

Accounting profit	5,511	4,459
Tax at the applicable rate	1,378	1,338
Expenses not deductible for tax purposes	32	117
Income exempt from tax	(428)	(294)
Change in tax rate	-	(592)
Other	(37)	1,064
Business levy	88	45
Green fund	44	48
Islands	443	1,014
Tax losses utilized (recognized)	-	(359)
	1,520	2,381

7. Trade and other receivables

Insurance receivables	12,582	10,077
Amounts due from reinsurers		
- New India, Mumbai	1,838	2,245
- Other reinsurers	2,572	1,577
Other receivables	785	847
	17,777	14,746



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8. Investments	2006	2005
	T. T. \$'000	T. T. \$'000
Available-for-sale		
Bonds and other securities	14,231	14,388
Quoted shares	11,344	12,256
	25,575	26,644
Held to maturity		
Bonds	6,635	6,624
Total investments	32,210	33,268

Bonds, securities and deposits pledged with the Inspector of Financial Institutions amounts to T. T. \$ 23,508 at December 31, 2006 (2005 : T. T. \$ 20,996).

9. Cash and cash equivalents		
Cash in hand and at bank	38,114	26,919
Short-term treasury bills	1,872	4,066
	39,986	30,985
10. Stated capital		
Authorised 22,000,000 shares of no par value	-	-
Issued and fully paid 17,418,946 shares of no par value	17,418	17,418
Share premium	199	199
	17,617	17,617

	Notes	2006			2005		
		Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
Provision for claims Reported by policyholders		34,292	(9,705)	24,587	30,547	(8,664)	21,883
Provision for claims incurred but not reported (IBNR)		3,449	(1,065)	2,384	2,702	(910)	1,792
Total claims reported and IBNR	11(a)	37,741	(10,770)	26,971	33,249	(9,574)	23,675
Provision for unearned Premiums	11(b)	33,494	(11,397)	22,097	26,859	(10,932)	15,927
Provision for unexpired Risk	11(c)	3,349	(1,139)	2,210	2,686	(1,093)	1,593
Total insurance contracts Liabilities		74,584	(23,306)	51,278	62,794	(21,599)	41,195

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

(a) The provision for claims reported by policy holders may be analysed as follows :

Notes	2006			2005		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	33,249	(9,574)	23,675	35,793	(12,958)	22,835
Claims incurred	23,372	(6,490)	16,882	13,868	(1,407)	12,461
Claims paid During the year	(18,880)	5,294	(13,586)	(16,412)	4,791	(11,621)
At December 31	37,741	(10,770)	26,971	33,249	(9,574)	23,675

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

Notes	2006			2005		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	26,859	(10,932)	15,927	19,943	(6,988)	12,955
Premium written in the year	61,729	(25,484)	36,245	49,938	(22,332)	27,606
Premium earned during the year	(55,094)	25,019	(30,075)	(43,022)	18,388	(24,634)
At December 31	33,494	(11,397)	22,097	26,859	(10,932)	15,927

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

Notes	2006			2005		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	2,686	(1,093)	1,593	1,994	(699)	1,295
Net incurred and utilised during the year	663	(46)	617	692	(394)	298
At December 31	3,349	(1,139)	2,210	2,686	(1,093)	1,593

12. Trade and other payables

	2006 T. T. \$'000	2005 T. T.\$'000
Sundry creditors and accruals	3,418	3,293
Amounts due to reinsurers	9,028	8,844
	12,446	12,137



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13. Investment and other income	2006	2005
	T. T. \$'000	T. T. \$'000
Investment and other income include the following :		
Interest income	3,682	3,348
Dividend income	310	261
Foreign exchange loss	(108)	(6)
	<u>3,884</u>	<u>3,603</u>
14. Profit before taxation		
Profit before taxation is arrived at after charging :		
Depreciation	210	186
Staff costs	2,955	3,162
Directors' fees	90	73
Interest expense	41	39

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 months 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 assumptions 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 recognized in subsequent financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

16. Financial instrument

(a) 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 judgment 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 estimates 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 issuer or group of issuers. The Company also only makes use of institutions with high creditworthiness.



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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 repaid up or terminated. Commission paid to intermediaries is netted of 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 level 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 payments 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. Segemental reporting

The relevant segemental information for the Company is as follows :

	2006			2005		
	Trinidad & Tobago	Other islands	Total	Trinidad & Tobago	Other islands	Total
Total revenue	24,275	15,778	40,053	22,129	11,235	33,364
Profit before tax	2,758	2,753	5,511	3,583	876	4,459
Total assets	97,533	44,667	142,200	98,539	30,825	129,364
Total liabilities	61,956	28,512	90468	43,948	34,780	78,728
Purchase of fixed assets	115	215	330	188	-	188
Depreciation	161	49	210	168	18	186

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

19. Contingent liabilities

a) July 27, 1990

The company has denied liability for claims intimated arising from the events of July 27, 1990. This is based on legal advice, which is reinforced by reinsurers' common stand that these losses are not covered under treaty workings. 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 transactions

(a) Identity of related party

The company has a related party relationship with its parent and with its directors and executive officers.

(b) Related party transactions

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and condition.

(i) Income and expenses

	2006 T. T. \$'000	2005 T. T. \$'000
Management fees	500	750
Reinsurance premiums	5,999	3,080
Directors' fees	90	73

(c) Transactions with key management personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers. The key management personnel compensation is as follows :

Short-term employee benefits

	2006 T. T. \$'000	2005 T. T. \$'000
Accommodation	121	118
Vehicle	65	65

21. Operating Leases

Non-cancellable operating lease rentals are payable as follows :

	2006 T. T. \$'000	2005 T. T. \$'000
Less than one year	665	662
Between one and five years	3,323	3,310
More than five years	-	-



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 (Contd...)

The company leases the facilities under operating leases. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Lease payments are increased on renewal to reflect market rentals.

During the year ended December 31, 2006 T. T. \$ 662 (2005 : T. T. \$ 640) were recognised as an expense in the statement of income in respect of operating leases.

22. Use of Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the reporting period. Actual results could differ from these estimates.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below :

♦ **Held-to-maturity investments**

The company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these investments to maturity other than for the specific circumstances for example, selling other than an insignificant amount close to maturity it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value, not amortised cost. If the entire class of held-to-maturity investments is compromised the fair value adjustment would not be material.

♦ **Determining fair values**

Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

♦ **Impairment of assets**

The identification of impairment and the determination of recoverable amounts is an intently 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.

♦ **Litigation**

There are certain legal proceeding outstanding against the Company. Appropriate provision has been made in these financial statements to reflect the loss that in management's opinion is likely to occur.

23. Prior Period Adjustment

This relates to recognition of the tax benefit of losses of prior years which were not previously recognized.

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

DIRECTORS' REPORT

The Directors present their annual report together with the financial statements for the year ended 31 December 2006.

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 judgments 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 1 January 2003.

The liabilities include "Due to Insurance Companies" which is due to New India in Mumbai as the re-insurer of the company's operations in certain areas.

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

DIRECTORS

The directors as at 31 December 2006 and their interests in the Share Capital of the company were as follows.

	Shares of Le2.00 each	
	End of year	Beginning of year
B. Chakrabarti	-	-
J. K. Gupta	-	-
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 9,991,000 thus increasing the accumulated loss to Le 51,260,000.

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

BY ORDER OF THE BOARD

CHAIRMAN

19th June 2007
London.



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AUDITORS' REPORT TO THE SHAREHOLDERS OF

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

We have audited the financial statements on pages 121 to 125 which have been prepared under the accounting policies set out on page 123.

Respective responsibilities of Directors and Auditors

As described on page 1 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 judgments 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 Le 59,456,000 and is dependent on the financial support of the directors for the continuance of normal operations.

Opinion

In our opinion the financial statements give true and correct view of the state of the Company's affairs as at 31 December, 2006 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.

FREETOWN

Chartered Accountants

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

PROFIT AND LOSS ACCOUNT – 31 DECEMBER 2006

	Notes	2006 Le 000	2005 Le 000
Investment Income		4,238	6,503
Other Income		-	-
		<u>4,238</u>	<u>6,503</u>
Operating Expenses		(14,229)	(21,429)
Taxation	3	-	-
(Loss) for the financial year	2	<u>(9,991)</u>	<u>(14,926)</u>

Movement on reserves setout in note 9.

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

BALANCE SHEET – 31 DECEMBER 2006

	Notes	2006 Le 000	2005 Le 000
Fixed Assets			
Tangible assets	4	-	-
Investments	5	281,000	60,000
Current Assets			
Debtors	6	8,004	4,595
Deposits, bank and cash balances		14,383	241,046
		<u>22,387</u>	<u>245,641</u>
Creditors			
Amounts falling due within one year	7	(362,843)	(362,843)
		<u>(362,843)</u>	<u>(362,843)</u>
Net Current Liabilities		(340,456)	(117,202)
Total Assets Less Current Liabilities		<u>(59,456)</u>	<u>(57,202)</u>
Capital and Reserves			
Called up share capital	8	500	500
Profit and loss account	9	(51,260)	(41,269)
Exchange equalisation account		(20,910)	(28,647)
Contingency reserves		12,214	12,214
		<u>(59,456)</u>	<u>(57,202)</u>

Approved by the Board

G. Srinivasan Director

K. G. Arora Director



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THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2006

	2006		2005	
	Le 000	Le 000	Le 000	Le 000
OPERATING ACTIVITIES				
Operating loss before taxation	(9,991)		(14,926)	
(Decrease)/increase in creditors	<u>(3,409)</u>		<u>(6,000)</u>	
Net cash out flow from operating activities		(13,400)		(20,926)
FINANCING ACTIVITIES				
Exchange gain	<u>7,737</u>		<u>-</u>	
Net cash inflow from financing activities		7,737		-
Net cash outflow		<u>(5,663)</u>		<u>(20,926)</u>
Analysis of changes in cash and cash equivalents during the year :				
Beginning of year		241,046		261,972
Net cash outflow		<u>(5,663)</u>		<u>(20,926)</u>
End of year		<u>235,383</u>		<u>241,046</u>

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2006

1. ACCOUNTING POLICIES

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

(a) Accounting convention

The financial statements set out on pages 121 to 125 are prepared under the historical cost convention.

2. LOSS FOR THE FINANCIAL YEAR

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

	2006 Le 000	2005 Le 000
Auditors' remuneration	<u>5,000</u>	<u>5,000</u>

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	-	-	-	-



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THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2006

	2006 Le 000	2005 Le 000
5. Investments		
Investments comprised :		
Deposit with Bank of Sierra Leone	60,000	60,000
Deposit with Rokel Commercial Bank Sierra Leone Ltd.	221,000	-
	<u>281,000</u>	<u>60,000</u>
6. Debtors		
Debtors comprised :		
Taxation	2,262	2,262
Sundry Debtors	165	165
Interest Receivable	5,577	2,168
	<u>8,004</u>	<u>4,595</u>
7. Creditors		
Amounts falling due within one year comprised:		
Sundry creditors	8,868	8,868
Amounts due to Insurance Companies	353,975	353,975
	<u>362,843</u>	<u>362,843</u>
8. CALLED UP SHARE CAPITAL		
Called up share capital comprised allotted, called up and fully paid ordinary shares of Le. 2.00 each. The authorised share capital of the company throughout the year was Le 500,000 divided into 250,000 ordinary shares of Le 2.00 each.		
9. PROFIT AND LOSS ACCOUNT		
The movement on this account during the year was as follows.		
	Le 000	
Beginning of year	(41,269)	
Loss for the year	(9,991)	
	<u>(51,260)</u>	

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2006

10. GOING CONCERN

The balance sheet shows that liabilities exceed assets by Le 59,456.

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 2006 as in case of 2002 to 2005 represent only the transactions of the Freetown office.

12. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2006 (2005 - Nil).

13. CONTINGENT LIABILITIES

The Company had denied liability for claims amounting to 8,679,769 United States Dollars and 7,770,556 Liberian Dollars on the Liberia Branch arising from 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 31 DECEMBER 2006

	2006		2005	
	Le 000	Le 000	Le 000	Le 000
Premiums written less reinsurance		-		-
Less increase/decrease in provision for unearned premiums		-		-
Premiums earned		-		-
Commission received from reinsurers		-		-
Claims incurred	-		-	
Commission paid	-		-	
Expenses	14,229		21,429	
Contingency reserve	-		-	
Underwriting (loss)		<u>14,229</u>		<u>21,429</u>
		<u>14,229</u>		<u>21,429</u>
Underwriting (loss) comprised:				
Fire		-		-
Marine		-		-
Motor		-		-
Miscellaneous accident		-		-
Expenses		<u>14,229</u>		<u>21,429</u>
		<u>14,229</u>		<u>21,429</u>



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**REPORT OF THE AUDITORS TO THE MEMBERS OF
PRESTIGE ASSURANCE PLC**

We have audited the financial statements of Prestige Assurance Plc as at 31 December 2006 set out on pages 127 to 143, which have been prepared under the historical cost convention.

RESPECTIVE RESPONSIBILITY OF DIRECTORS AND AUDITORS

In accordance with the Companies and Allied Matters Act, CAP C20 Laws of Federation of Nigeria 2004, the Company's directors are responsible for the preparation of the financial statements. Our responsibility is 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 generally accepted 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.

The financial statements drawn up in conformity with generally accepted accounting principles and the accounting standards issued to date by the Nigerian Accounting Standards Board are in agreement with the books of account, which in our opinion have been properly kept. We have obtained all the information and explanations we required for the purposes of our audit.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December, 2006 and of the profit and cash flow for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act, CAP C20 Laws of Federation of Nigeria, 2004 and the applicable provisions of the Insurance Act of 2003.

Pennal Kerr Forster
Chartered Accountants
Lagos

PRESTIGE ASSURANCE PLC

STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2006

The following are the significant accounting policies adopted by the Company in the preparation of its financial statements.

1. BASIS OF ACCOUNTING

1. The financial statements are prepared under the historical cost convention.
2. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

2. FIXED ASSETS

1. Fixed Assets are stated at cost less accumulated depreciation.
2. Assets on lease are accounted for in accordance with the substance and financial reality of the transaction. Depreciation is provided to write off the related assets over the period of the lease.
3. Income from assets on lease is accrued evenly over the respective period of the leases.

3. DEPRECIATION

Depreciation of fixed assets is calculated on a straight-line basis to write off the assets over their estimated lives at the following rates:

Leasehold land and buildings	2% or amortized over life of lease if less than 50 years
Furniture, Fittings and Equipment	10%
Computers	33 1/3 %
Motor Vehicles	25%
Plant and Machinery	12 1/2 %

Gains or losses on the disposal of fixed assets are included in the profit and loss account.

4. PROVISION FOR UNEXPIRED RISKS

Reserves for unexpired risks are those proportions of the premiums written in a year, less re-insurance, that relate to the period of risks from January in the following accounting year to the subsequent date of expiry of the policies and have been computed in accordance with Section 20(1)(a) of the Insurance Act 2003, which stipulates that provision for unexpired risk shall be calculated on a time apportionment basis of the risks accepted in the year.

5. PROVISION FOR OUTSTANDING CLAIMS/INCURRED BUT NOT YET REPORTED

Full provision is made for the estimated amount of outstanding claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the balance sheet date on the basis of claims notified but not settled in compliance with the provisions of Section 20(1) (b) of the Insurance Act 2003. Similarly, provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at the date, including IBNR.

Differences between the provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the revenue Account of the following year.



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PRESTIGE ASSURANCE PLC

STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2006 (Contd...)

6. CONTINGENCY RESERVE

Contingency reserve has been calculated at 3% of the total premium or 20% of the Net Profit before tax which ever is greater in accordance with Section 21(2) of the Insurance Act 2003 until the accumulated reserve reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (which ever is greater).

7. FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the Naira at the rates of exchange ruling at the transaction dates.

Foreign currency balances are converted to the Naira at the applicable rates of exchange ruling at the balance sheet date. Any profit or loss arising on the conversion of foreign currencies is included in the profit and loss account.

8. INVESTMENTS

Long-term investments are stated at cost on Balance Sheet date while short term investments are stated at cost less provision for diminution in values.

No provision is made for diminution in the market value of government securities as it is the Company's policy to hold such Securities until maturity.

9. INVESTMENT INCOME

Interest and rental income are shown gross and are accounted for on accrual basis. Dividends are accounted for on the basis of the amounts actually received during the year.

10. DEBTORS

Debtors are stated as per book values after provision for specific debts considered doubtful of collection.

11. EMPLOYEES' RETIREMENT BENEFITS

Pension Fund Scheme

The company in line with the provision of the Pension Reform Act 2004 has instituted a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions while the company's contribution is charged to the profit and loss account.

Gratuity Scheme

The Company operates a non-contributory and un-funded defined benefit service gratuity scheme for its employees. The employees' entitlement to retirement benefits under the service gratuity scheme depends on the individual years of service, terminal salary and conditions of service. Benefits payable to employees on retirements or resignation are accrued over the service life of the employee concerned based on current salary at the balance sheet date. The Company's contribution to the service gratuity scheme is charged to the incomes statement.

PRESTIGE ASSURANCE PLC

STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2006 (Contd...)

12. TAXATION

(i) Income Taxation

Income tax payable is provided on taxable profits at the current statutory rate.

(ii) Deferred Taxation

Deferred taxation, which arises principally from timing differences in recognition of items for accounting and taxation purposes, is calculated using the liability method. This represents taxation at the rate of corporate income tax on the difference between the depreciation charged in the accounts and the capital allowances claimable for tax.

13. CLAIMS

Claims paid are stated alongside amounts recoverable from re-insurers.

14. MAINTENANCE EXPENSES

Maintenance expenses are apportioned amongst the various classes of insurance business on the basis of net premium earned in each class.

15. PREMIUM

Full credit is taken for premium receivable upon the issuance of the related policies.

16. COMMISSION

Commissions are accounted for in the profit and loss account in the period they are incurred and calculated on a time basis of the risks accepted in the year.

17. ASSETS ON LEASE

Assets on lease to customers are stated at cost less accumulated depreciation. Depreciation is provided on an appropriate basis to write-off the related assets cost over the period of the lease, and is included in operating expenses. Rental income from assets on lease to customers is credited to lease income on a consistent basis over the lease term.

18. DIVIDEND PAYABLE

Proposed dividends for the year is recognized as a liability after the balance sheet date when Declared and approved by shareholders at the Annual General Meeting.



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**PRESTIGE ASSURANCE PLC
BALANCE SHEET AT 31 DECEMBER 2006**

	Notes	2006 N'000	2005 N'000
Assets			
Non-current assets			
Fixed assets	6	495,627	348,043
Statutory deposit	5	20,000	20,000
Long Term Investment	4	768,055	706,393
Short Term Investments	1	2,281,906	496,768
		3,565,588	1,571,204
Current assets			
Cash and cash equivalents		287,116	159,693
Debtors	2	957,193	639,344
Deferred Acquisition Expenses	3	25,101	16,491
		1,269,410	815,528
Total assets		4,834,998	2,386,731
Equity and liabilities			
Equity			
Share Capital	9	797,652	366,122
Share Premium	10	1,335,829	94,174
Bonus Issue Reserve	11	-	91,530
Statutory Contingency Reserve	12	404,947	284,850
Investment Revaluation Reserve	13	466,928	259,196
General Reserve	14	611,999	324,681
Total equity		3,617,355	1,420,553
Insurance funds	8	298,040	268,918
		298,040	268,918
Non-current liabilities			
Deferred tax liability	19b	66,272	40,697
Current liabilities			
Creditors	13	667,570	488,840
Provision for taxation	19a	185,760	167,724
		853,331	656,564
Total equity and liabilities		4,834,998	2,386,732

Approved by the Board on : 6th June, 2007

DIRECTORS



The accounting policies on pages 127 to 129, the notes on pages 134 to 140 form part of these accounts.

PRESTIGE ASSURANCE PLC

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER, 2006

	2006 N'000	2005 N'000
Gross premium written	1,539,098	1,269,048
Underwriting profits/ (losses):		
General Accident	38,820	27,752
Fire	239,672	91,052
Workmen's Compensation	38,581	19,932
Motor	91,618	87,828
Marine & Aviation	75,266	123,965
	483,957	350,529
Transfer to Statutory Contingency Reserve	(120,097)	(84,850)
	363,860	265,679
Investment income	487,068	370,930
Other (loss)/income	1,609	16,540
Management Expenses	(321,799)	(264,337)
Provision for Bad and Doubtful Debts	(50,351)	(49,411)
Income before taxation	480,387	339,401
Taxation	(193,068)	(139,778)
Proposed Dividend	-	(87,869)
	287,319	111,754

PRESTIGE ASSURANCE PLC (NIGERIA)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2006

	Share Capital N'000	Share Premium N'000	Bonus Issue Reserve N'000	Statutory Contingency Reserve N'000	Investment Revaluation Reserve N'000	General Reserve N'000	Total N'000
Balance at 1 January 2005	244,081	186,902	91,530	200,000	221,873	212,928	1,157,314
Addition/movement in the year	-	-	-	84,850	37,323	-	122,173
Retained Earnings	-	-	-	-	-	111,753	111,753
Bonus issue allotted	122,041	-	-	-	-	-	122,041
Right issue expenses	-	(1,198)	-	-	-	-	(1,198)
Transfer to Bonus Issue Reserve	-	(91,530)	-	-	-	-	(91,530)
Balance at 31 December, 2005	366,122	94,174	91,530	284,850	259,196	324,681	1,420,553
Addition/movement in the year	-	1,360,000	-	120,097	207,733	-	1,687,830
Retained Earnings	-	-	-	-	-	287,319	287,319
Bonus issue allotted/(transferred)	91,530	-	(91,530)	-	-	-	-
Right/Bonus issue expenses	-	(118,345)	-	-	-	-	(118,345)
Public issue allotted	340,000	-	-	-	-	-	340,000
Balance at 31 December, 2006	797,652	1,335,829	-	404,947	466,928	612,000	3,617,356

The accounting policies on pages 127 to 129, the notes on pages 134 to 140 form part of these accounts.



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PRESTIGE ASSURANCE PLC**STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER, 2006**

	2006		2005	
	N'000	N'000	N'000	N'000
Cash Flows from Operating Activities				
Premium received from policy holders	1,373,017		1,007,996	
Commission received	183,614		228,401	
Other operating receipts	1,609		16,540	
Reinsurance receipts in respect of claims	168,817		352,594	
Cash paid to and on behalf of employees	(197,169)		(128,867)	
Reinsurance premium paid	(627,210)		(743,802)	
Other operating cash payments	(169,381)		(272,666)	
Claims paid	(419,598)		(525,051)	
Company Income Tax paid	(149,456)		(76,892)	
Net cash provided by operating activities		164,244		(141,747)
Cash Flows from Investing Activities				
Purchase of fixed assets	(392,335)		(221,150)	
Purchase of investments	(63,555)		(119,997)	
Realisation of /(Addition to) other investments	(1,575,513)		180,830	
Sale of fixed assets	3,139		244	
Dividend received	16,104		9,488	
Interest received	149,918		136,394	
Lease rental received	285,358		224,805	
Profit on sale of investment	32,549		-	
Net Cash provided by investing activities		(1,544,335)		210,614
Cash Flows from Financing Activities				
Expense of Script issue & Filing fees	(118,370)		(10,103)	
Issue of ordinary shares	1,700,000		-	
Dividend paid	(74,115)		(29,164)	
Net cash provided by financing activities		1,507,515		(39,267)
Increase in cash and cash equivalents		127,425		29,600

The accompanying notes form part of this Statement of Cash Flows.

PRESTIGE ASSURANCE PLC

STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER,2006 (Contd...)

	2006 N'000	2005 N'000
1. Reconciliation of Operating Profit to the Cash provided by operating Activities		
Operating profit before tax	600,484	424,250
Stamp duty and Filing fees	25	8,905
Investment income	(487,068)	(370,930)
Depreciation	244,751	201,055
Increase /(Decrease) in unearned premiums	8,481	19,495
Increase /(Decrease) in creditors	252,845	(56,742)
Increase /(Decrease) in claims provisions	20,642	(3,287)
(Increase) /Decrease in debtors	(317,849)	(271,112)
(Increase) /Decrease in deferred acquisition expenses	(8,610)	(16,491)
Tax paid	(149,456)	(76,892)
Cash provided by operating activities	<u>164,245</u>	<u>(141,749)</u>

2. Analysis of Changes in Cash and Cash Equivalents and other liquid Investments

	Cash & Cash Equivalents N'000	Investments N'000	Total N'000
Balance as at 1 Jan. 2006	159,693	1,203,161	1,362,854
Net cash inflow	127,423	-	127,423
Purchase of investments	-	1,639,089	1,639,089
Sales of Investment	-	(32,000)	(32,000)
Investments revaluation Surplus	-	239,711	239,711
	<u>287,116</u>	<u>3,049,961</u>	<u>3,337,078</u>

3. Analysis of the Balance of cash and cash equivalents and other liquid investments

	2006 N'000	2005 N'000	Changes during the year N'000
Cash at Bank and in hand	287,116	159,693	127,423
Total cash and cash equivalents	<u>287,116</u>	<u>159,693</u>	<u>127,423</u>
Investments	<u>3,049,961</u>	<u>1,203,161</u>	<u>1,846,800</u>
	<u><u>3,337,078</u></u>	<u><u>1,362,854</u></u>	<u><u>1,974,223</u></u>



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PRESTIGE ASSURANCE PLC**NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006**

	2006 N'000	2005 N'000
1. SHORT TERM INVESTMENTS		
Commercial Papers	78,056	110,000
Bankers Acceptances	2,054,371	562,944
Government Securities (Market value 130m)	130,000	30,000
Call Deposits	19,410	3,381
Others	68	68
	<u>2,281,906</u>	<u>706,393</u>
2. DEBTORS		
Outstanding Premiums	423,924	249,217
Amounts due from Re-Insurance and Insurance Companies	290,088	174,144
Amounts due from Insurance Brokers and Agents	329,995	288,269
Sundry Debtors & Prepayments	62,821	26,997
	<u>1,106,828</u>	<u>738,628</u>
Provision on doubtful debts	<u>(149,635)</u>	<u>(99,284)</u>
	<u>957,193</u>	<u>639,344</u>
3. DEFFERED ACQUISITION EXPENSES		
Deffered Acquisition Expenses	<u>25,101</u>	<u>16,491</u>
4. LONG TERM INVESTMENTS		
These comprise of:		
(i) Quoted investments		
Ordinary shares		
Balance as at beginning of the year	355,583	297,013
Addition during the year	7,305	21,247
Disposal during the year	(32,000)	-
Excess of market value over the cost transferred to investment revaluation reserve	239,711	37,323
Closing Balance (4.1)	<u>570,599</u>	<u>355,583</u>
(ii) Unquoted investments at cost		
Ordinary shares		
Balance as at beginning of the year	141,185	42,435
Additions during the year	56,272	98,750
	<u>197,457</u>	<u>141,185</u>
	<u>768,055</u>	<u>496,768</u>

The directors are of the opinion that the market value of unquoted investments is not lower than cost.

4.1 Ordinary Shares of quoted investments were valued at market value in line with NAICOM guidelines 2005

5. STATUTORY DEPOSIT

The Company has deposited with the Central Bank of Nigeria the sum of N20,000,000 (2005-N20,000,000).

PRESTIGE ASSURANCE PLC

NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006 (Contd...)

6. FIXED ASSETS

	Plant & Machinery N'000	Leasehold Land & Building N'000	Furniture Fixtures & Fittings N'000	Computer Equipment N'000	Motor Vehicles N'000	Assets on Lease N'000	Total N'000
Cost :							
At 1 January, 2006	14,385	141,227	18,148	20,902	43,074	528,207	765,943
Additions	450	685	1,179	10,619	17,295	362,106	392,335
Disposal	-	-	-	-	(7,031)	(137,237)	(144,269)
At 31 December, 2005	<u>14,835</u>	<u>141,912</u>	<u>19,328</u>	<u>31,522</u>	<u>53,338</u>	<u>753,076</u>	<u>1,014,009</u>
Depreciation:							
At 1 January, 2005	9,512	8,885	10,705	14,250	30,449	344,099	417,900
Charge for the year	1,374	2,440	1,886	8,011	9,622	221,418	244,751
Disposal	-	-	-	-	(7,031)	(137,237)	(144,269)
At 31 December, 2005	<u>10,886</u>	<u>11,325</u>	<u>12,591</u>	<u>22,261</u>	<u>33,040</u>	<u>428,280</u>	<u>518,382</u>
Net book value :							
At 31 December, 2006	<u>3,949</u>	<u>130,586</u>	<u>6,737</u>	<u>9,261</u>	<u>20,298</u>	<u>324,796</u>	<u>495,627</u>
At 31 December, 2005	<u>4,873</u>	<u>132,341</u>	<u>7,443</u>	<u>6,652</u>	<u>12,625</u>	<u>184,108</u>	<u>348,043</u>

7. CREDITORS

	2006 N'000	2005 N'000
Amounts Falling due within one year:		
Amounts due to Re-Insurance and Insurance Companies	154,688	132,402
Amounts due to Insurance Brokers and Agents	129,821	63,598
Amounts due to Policy Holders	69,060	53,887
Sundry Creditors and Accrued charges	249,469	100,029
Lease payable	-	278
Dividend Payable (Note 20)	64,532	138,647
	<u>667,570</u>	<u>488,841</u>

8. INSURANCE FUNDS

Unexpired Risks:		
Accident	15,992	13,561
Fire	33,019	26,624
Workmen's Compensation	45,657	40,373
Motor	39,812	52,259
Marine and Aviation	23,635	16,817
	<u>158,115</u>	<u>149,633</u>
Outstanding Claims:		
Accident	39,460	27,853
Fire	21,080	42,684
Workmen's Compensation	19,571	9,293
Motor	17,289	12,318
Marine and Aviation	42,526	27,137
	<u>139,926</u>	<u>119,285</u>
Total Insurance Funds	<u>298,041</u>	<u>268,917</u>



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PRESTIGE ASSURANCE PLC**NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006 (Contd...)****9. SHARE CAPITAL**
Ordinary Shares of 50k each**AUTHORISED:**

2006 Number	2005 Number		
<u>4,000,000,000</u>	<u>1,000,000,000</u>	<u>2,000,000</u>	<u>500,000</u>

An ordinary resolution was passed at the Extra Ordinary General Meeting held on 7 February 2006 to increase the Authorised share Capital from 1,000,000,000 to 4,000,000,000.

ISSUED AND FULLY PAID:

732,243	Balance as at 1 January	366,122	244,081
183,061	Bonus issue allotted	91,530	122,041
680,000	Public Issue allotted in the year	340,000	-
<u>1,595,304</u>		<u>797,652</u>	<u>366,122</u>

The bonus issue of 183,060,846 Ordinary shares of 50kobo each was approved at the Annual General Meeting held on 27 July 2006.

Subsequent to the Balance Sheet date, over subscription on the public offer of 124,683,500 shares was allotted which brings the total number of shares to 1,719,987,728. In accordance with the offer document, all the shareholders will be entitled to payment of dividend.

10. SHARE PREMIUM

Balance Brought forward	94,174	186,903
Additions in the year	1,360,000	-
Rights/Bonus Issue expenses	(118,345)	(1,198)
	1,335,829	185,704
Transfer to Bonus Issue Reserve (Note 11)	-	(91,530)
	<u>1,335,829</u>	<u>94,174</u>

11. BONUS ISSUE RESERVE

Transfer from Share Premium (Note 10)	-	91,530
---------------------------------------	---	--------

12. STATUTORY CONTINGENCY RESERVE

Balance brought forward	284,850	200,000
Additional provision made during the year	120,097	84,850
At 31 December	<u>404,947</u>	<u>284,850</u>

13. INVESTMENTS REVALUATION RESERVE

Balance as at January	259,196	221,873
Movement during the year	207,733	37,323
At 31 December	<u>466,928</u>	<u>259,196</u>

14. GENERAL RESERVE

At 1 January	324,681	212,928
Retained Earnings	287,319	111,753
At 31 December	<u>611,999</u>	<u>324,681</u>

PRESTIGE ASSURANCE PLC

NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006 (Contd...)

	2006 N'000	2006 N'000	2005 N'000	2005 N'000
	PREMIUM EARNED	UNDER- WRITING PROFIT/ (LOSS)	PREMIUM EARNED	UNDER- WRITING PROFIT
15. PREMIUM EARNED AND UNDERWRITING PROFITS				
Accident Insurance Business	89,561	38,954	79,604	27,752
Fire Insurance Business	339,062	239,672	190,877	91,052
Workmen's Compensation Insurance Business	94,163	38,447	49,600	19,932
Motor Insurance Business	142,563	91,618	113,605	87,828
Marine and Aviation	215,771	75,266	17,479	123,965
	<u>881,121</u>	<u>483,957</u>	<u>451,164</u>	<u>350,528</u>
			2006 N'000	2005 N'000
16. UNDERWRITING EXPENSES				
Acquisition Cost:				
- Commission Paid			138,698	117,833
- Maintenance Expenses			271,428	179,352
			<u>410,126</u>	<u>297,185</u>
17. OTHER OPERATING INCOME				
Sundry Income			1,609	15,051
Gain on exchange			-	1,489
			<u>1,609</u>	<u>16,540</u>
18. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				
This is stated after Charging and (Crediting):				
Directors' Remuneration:				
Fees			475	475
Gratuity			1,140	1,080
Other remuneration			13,685	9,360
Depreciation			244,751	201,055
Auditors' Remuneration			1,750	1,600
Exchange Loss (Gain)			1,605	(1,489)
(Profit) /loss on disposal of fixed assets			3,139	(243)
Lease Rental Income			285,358	(224,805)



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PRESTIGE ASSURANCE PLC**NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006 (Contd...)**

	2006 N'000	2005 N'000
19a. TAXATION		
i) Profit and Loss Account-		
Income Tax on Profit for the year	150,982	136,959
Education Tax	16,510	12,498
	<u>167,492</u>	<u>149,456</u>
Deferred Taxation (19b)	25,576	(9,679)
	<u>193,068</u>	<u>139,778</u>
ii) Balance Sheet-		
Charge for the Year (Income Tax and Education Tax)	167,492	149,456
Balance at 1st January	167,724	95,160
Tax paid	(149,456)	(76,892)
	<u>185,760</u>	<u>167,724</u>
The charge for taxation in these accounts is based on the Companies Income Tax Act. 1979 as amended to date.		
19b. DEFERRED TAXATION		
Balance brought forward	40,697	50,375
Provision made in the year	25,576	(9,679)
	<u>66,272</u>	<u>40,697</u>
The company has adopted the Statement of Accounting Standard SAS 19 on deferred taxation which is now computed using the liability method.		
20. DIVIDENDS		
At 1 January	138,647	50,778
Payments	(74,115)	-
Dividend	-	87,869
	<u>64,532</u>	<u>138,647</u>
At 31 December	64,532	138,647
A final dividend of 15k per 50k share held has been proposed. This is subject to shareholders' ratification.No provision would be made for dividends until ratification at AGM (see note 29)		
21. STAFF		
Average number of persons employed in the financial year and staff costs were as follows:	2006 Number	2005 Number
Managerial	21	19
Senior Staff	26	27
Junior Staff	21	20
	<u>68</u>	<u>66</u>

PRESTIGE ASSURANCE PLC

NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006 (Contd...)

	2006 N'000	2005 N'000
22. STAFF COSTS		
Salaries and welfare	166,420	107,735
Staff gratuity and pension	19,114	12,404
	<u>185,533</u>	120,139
Medical	6,072	5,252
Training	5,564	3,477
	<u>197,169</u>	128,867
Gratuity		
Total liability	30,045	-
Balance b/f	-	-
Provision during the year	10,015	12,404
Payment during the year	-	(12,404)
	<u>20,030</u>	-
Liability Balance as at December - to be amortised over 2 year		
23. CHAIRMAN'S AND DIRECTORS' EMOLUMENTS, PENSIONS AND COMPENSATION FOR LOSS OF OFFICE:		
Emoluments:		
Chairman	100	100
Other Directors	375	375
Gratuity	1,140	1,080
Other Emolument of Executives	13,685	9,360
Emolument of highest paid director	13,685	9,360
	<u>13,685</u>	9,360
The number of directors excluding the chairman whose emoluments were within the following ranges were:		
	Number	Number
N	Nil	Nil
N 10,000	Nil	Nil
10,001	Nil	Nil
20,001	Nil	Nil
30,001	Nil	Nil
40,001	Nil	Nil
50,001	5	5
60,001	5	5
70,001	5	5
80,001	5	5
above N80,000	1	1
EMOLUMENTS WAIVED		
Number of directors who have waived their rights to receive emoluments	Nil	Nil



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NOTES ON THE ACCOUNTS YEAR ENDED 31 DECEMBER, 2006 (Contd...)

24. EMPLOYEES REMUNERATION AT HIGHER RATES

The number of employees in respect of emoluments within the following ranges were:

Number	Number	2006	2005
N60,001	N70,000	0	0
70,001	80,000	0	0
80,001	90,000	0	0
90,001	100,000	0	0
100,001	110,000	0	1
120,001	130,000	2	3
130,001	140,000	4	6
140,001	150,000	2	3
150,001	160,000	4	5
160,001	170,000	4	23
240,001	250,000	3	10
260,001	270,000	8	1
280,001	290,000	11	8
400,001	and above	10	6
		2006	2005
		N'000	N'000

25. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the year.

Profit after tax for the year attributable to ordinary shareholders	407,416	284,472
Weighted average number of shares in issue	972,197	732,243
Basic earnings per share (kobo)	41.91	38.85

26. CAPITAL COMMITMENTS

There are no capital commitments in the year

27. CONTINGENT LIABILITIES

There is no material contingent liability other than in the normal course of business.

28. COMPARATIVE FIGURES

Certain figures in 2005 financial statements were re-classified to conform with 2006 presentation and enhance comparability.

29. CHANGE OF ACCOUNTING POLICY

Previously, proposed dividends declared after the balance sheet date were presented in the financial statement as current liabilities. Beginning with the year 2006, the current year's proposed dividends will only be recognised when approved and declared by the shareholders at the Annual General Meeting. Proposed dividends, after the balance sheet date will be recognised as current liabilities at point of approval in line with SAS 23. Had the change in accounting for dividend not been made, dividends would have been appropriated in the current year and retained earning transferred to reserves would have been lower by N257,998,159.

PRESTIGE ASSURANCE PLC

INSURANCE REVENUE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006 N'000	2005 N'000
Accident		
Amount of fund at beginning of year		
Provision for un-earned premiums	13,427	22,775
Provision for outstanding claims	27,853	21,728
Premiums less reinsurances	92,127	70,391
Commissions received	38,671	48,579
	<u>172,078</u>	<u>163,472</u>
Commissions paid	22,192	24,241
Claims paid (net of recoveries)	14,762	40,529
Expenses of management	40,718	29,535
Profit/(loss) transferred to income statement	38,820	27,886
Amount of fund at end of year		
Provisions for un-earned premiums	16,126	13,427
Provisions for outstanding claims (net)	39,460	27,853
	<u>172,078</u>	<u>163,472</u>
FIRE		
Amount of fund at beginning of year		
Provision for un-earned premiums	26,624	20,719
Provision for outstanding claims	42,684	48,370
Premiums less reinsurances	345,458	196,782
Commissions received	83,420	116,062
	<u>498,184</u>	<u>381,932</u>
Commissions paid	56,866	58,816
Claims paid (net of recoveries)	34,305	87,903
Expenses of management	113,241	74,854
Profit transferred to income statement	239,672	91,052
Amount of fund at end of year		
Provision for un-earned premiums	33,019	26,624
Provision for outstanding claims (net)	21,080	42,684
	<u>498,184</u>	<u>381,932</u>



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PRESTIGE ASSURANCE PLC**INSURANCE REVENUE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2006 (Contd...)**

	2006 N'000	2005 N'000
WORKMEN COMPESATION		
Amount of fund at beginning of year		
Provision for un-earned premiums	40,508	2,873
Provision for outstanding claims	9,293	4,868
Premiums less reinsurances	99,312	87,101
Commissions received	760	0
	<u>149,873</u>	<u>94,842</u>
Commissions paid	9,709	4,350
Claims paid (net of recoveries)	18,275	8,583
Expenses of management	18,214	12,310
Profit/(Loss) transferred to income statement	38,581	19,798
Amount of fund at end of year		
Provision for un-earned premiums	45,523	40,508
Provision for outstanding claims (net)	19,571	9,293
	<u>149,873</u>	<u>94,842</u>
MOTOR		
Amount of fund at beginning of year		
Provision for un-earned premiums	52,259	37,307
Provision for outstanding claims	12,318	14,616
Premiums less reinsurances	130,116	128,556
Commissions received	20,579	17,144
	<u>215,272</u>	<u>197,624</u>
Commissions paid	16,644	7,775
Claims paid (net of recoveries)	16,324	12,384
Expenses of management	33,586	25,061
Profit/(loss) transferred to income statement	91,618	87,828
Amount of fund at end of year		
Provisions for un-earned premiums	39,812	52,259
Provisions for outstanding claims (net)	17,289	12,318
	<u>215,272</u>	<u>197,624</u>
MARINE AND AVIATION		
Amount of fund at beginning of year		
Provision for un-earned premiums	16,817	46,465
Provision for outstanding claims	27,137	32,989
Premiums less reinsurances	222,590	145,139
Commissions received	40,184	46,615
	<u>306,727</u>	<u>271,209</u>
Commissions paid	33,287	22,651
Claims paid (net of recoveries)	66,344	43,048
Expenses of management	65,669	37,592
Profit transferred to income statement	75,266	123,965
Amount of fund at end of year		
Provision for un-earned premiums	23,635	16,817
Provision for outstanding claims (net)	42,526	27,137
	<u>306,727</u>	<u>271,209</u>

PRESTIGE ASSURANCE PLC

UNDERWRITING MAINTENANCE - EXPENSES IN RESPECT OF THE
TOTAL INSURANCE BUSINESS FOR THE YEAR ENDED 31ST DECEMBER 2006 (Contd...)

	2006 N'000	2005 N'000
Salaries	166,420	107,735
Contribution to Employees:		
Pension Fund	19,114	12,404
Travelling Expenses	39,685	28,069
Postage, Telephones and Telegrams	6,892	3,809
Entertainment and Hotel Accommodation	18,252	11,540
Motor vehicle Expenses	6,097	4,272
Conveyance Expenses	2,128	1,291
Industrial Training Fund	1,206	1,505
Staff Training	5,564	3,477
Medical	6,072	5,252
	<u>271,428</u>	<u>179,352</u>
Other Expenses of Management		
Directors' fees	475	475
Audit fees	1,750	1,600
Advertising	6,205	2,867
Printing and Stationery	3,547	2,452
Office Rent and Maintenance	11,964	7,348
Insurance Levy	10,000	6,000
Association's fees and subscriptions	8,273	4,726
Donations	600	587
Residential Expenses	6,763	8,360
Bank charges	3,564	1,741
Insurance	5,439	2,210
Miscellaneous Expenses	8,034	6,766
Legal & Professional charges	7,514	7,864
Directors expenses	1,285	975
Stamp Duty and Filing fees	25	8,905
Depreciation	244,751	201,055
Finance charge	5	406
Exchange loss	1,605	-
	<u>321,799</u>	<u>264,337</u>

**INFORMATION REGARDING EMPLOYEES IN FOREIGN BRANCHES DRAWING A REMUNERATION OF RS.24,00,000
AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2007**

Information as per section 217(2A) of Companies Act 1956 for the year ended 31.03.2007.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE- RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOY- MENT HELD	PLACE
ABE M.	28	SR MANAGER	3,927,617	B.COM.	13/2/79	51	N.A	TOKYO
AKIMOTO K.	22	IWAKUNI SUB B.M.	2,605,198	B.Com.	1/9/84	46	N.A.	HIROSHIMA
ELANKUMARAN	17	MANAGER FOR OSAKA BR.	2,526,186	B.Sc.,FIII, MBA	27/11/89	44	N.A.	OSAKA
GARDNER BROWN	41	BRANCH MANAGER	4,270,305	Chartered Insurer FCII	0/0/2002	60	Guardian Insurance	LONDON
A. GANESAN	23	MANAGER	3,934,222	M.Com, FIII,ACWA	1984	47	Office of CAG India	LONDON
T. AOKI	2	ASST. MANAGER	2,628,831	B.Com	2/1/05	37	Generali	TOKYO
M.A.KHARAT	27	C.E.O.	4,180,152	M.A,LLB,FIII	28/8/79	50	N.A.	TOKYO
A.OSHIUMI	21	SR.CLERK	2,562,942	B.Com	12/8/85	45	-	TOKYO
K. ITO	3	DY.BM	2,885,264	-	16/4/2003	53	Saison	NAGOYA
K.KISHIDA	35	SR.CLERK	2,480,111	-	13/9/71	59	-	GIFU
K.G. ARORA	35 1/2	C.E.O.	5,418,929	M.Com, CIP,FIII,ACI, FBMS, MBIM,CPCU	1974	52	Indian Investment Centre Govt. of India	LONDON
S.YAMAGUCHI	21	MANAGER	2,468,676	B.Com	1/4/86	43	-	SAPPORO
IWAKIRI K.	16	DY.BM	2,665,627	B.Com.	25/6/90	59	N.A.	HIMEJI
IWATANI K.	22	FUKUYAMA SUB B.M.	2,662,440	B.COM.	1/4/84	45	N.A.	HIROSHIMA
KATO S.	28	SR. CLERK	3,242,409	B.A.	1/4/78	54	N.A.	SAPPORO
KOTERAZAWA. M.	31	BR.MANAGER	3,578,100	B.Com.	15/3/76	53	N.A.	HIMEJI
Y.OKUDA	36	GIFU SUB BM	3,206,348		3/1/71	54		GIFU
MASUI Y.	18	MANAGER	3,082,914	B.COM.	27/3/89	55	N.A.	HIROSHIMA
MEKAWA H	6	MANAGER	2,785,919	B.COM.	4/9/00	47	Nittan Capital Group	TOKYO
M SAITO	5	MANAGER	2,684,854	B.Com	9/1/01	51	RSA	TOKYO N
MACKENNEY	40	SR. U/W MANAGER.	4,910,847	ACII	1999	60	SUN ALLIANCE	LONDON
NISHIKIMI Y.	1	Sr. MANAGER	2,521,986		1/3/06	60		SAPPORO



INFORMATION REGARDING EMPLOYEES IN FOREIGN BRANCHES DRAWING A REMUNERATION OF RS.24,00,000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2007

Information as per section 217(2A) of Companies Act 1956 for the year ended 31.03.2007.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE-RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOY-MENT HELD	PLACE
NAMIKI K.	33	SECRETARY	3,457,371	B.A.	25/2/74	53	N.A.	TOKYO
NOMURA N.	40	Sr. Clerk	2,802,776	B.Com.	3/1/67	58	N.A.	TOKYO
S.DOI	33	CLERK	2,535,578	B.Com.	22/10/74	58	N.A.	TOKYO
H.DOI	0	MANAGER	2,564,770		1/5/06	44	N.A.	TOKYO
SABA RATNASABAPATHY	29	CHIEF ACCOUNTANT	3,740,399	FCEA	1995	54	HENLEY INDUSTRIES	LONDON
SASAOKA H.	27	SR..CLERK	2,875,228	GRADUATE	1/4/79	48	N.A.	SAPPORO
SATO H.	33	Sr. MANAGER	4,675,661	B.COM	1/3/74	55	N.A.	TOKYO
SHIMODA N.	17	MANAGER.	2,870,234	HIGH SCHOOL	10/4/89	54	N.A.	HIROSHIMA
TAKASE O.	15	DEPUTY B.MANAGER	3,515,075	B.A.	1/10/91	51	Lumberments	OSAKA
TERAMOTO K.	34	BR.MANAGER.	3,781,363	B.COM	3/1/73	59	N.A.	HIROSHIMA
DONNA STROULGER	24	UNDER WRITER	3,546,806	PART 1 OF CII	2005	41	LAYTON BLACKHAM	LONDON
SUJAY BANARJI	25	MANAGER FOR AUSTRALIA	4,447,050	M.A., AllI	1/6/82	49	N.A.	SYDNEY
YOSHIMARA S.	27	BR. MANAGER	2,868,360	B.Com.	1/8/79	52	N.A.	OKAYAMA
T. SHIRAKURA	2	Dy. CEO	4,012,796	B.Com	1/2/05	57	Tokio Marine	TOKYO
MARIAN ATHAYDE	29	UNDER WRITER & CLAIMS ADMN.	2,971,017	SECRETARY	1988	48	BLUE STAR LTD.	LONDON
PANNA SHAH	29	ASST. ACCOUNTANT	2,756,139	BOOK KEEPING	1993	52	P S J ALEXANDER & CO	LONDON
DENEST AKINTAJU	19	ACCOUNTANT	2,414,145	BSc IN BUSINESSS ADMN. ACA- NIGERIA	2005	42	CAN INSURANCE	LONDON
NEIL CLARKE	18	UNDERWRITER	2,407,232	GCSE	1999	38	AXA GUARDIAN INSURANCE	LONDON
T. KANAMORI	2	MANAGER	2,870,993	B.COM	13/1/2005	50	Generali	NAGOYA
A. BORGHAIN	22	MANAGER	2,438,199	MVsc, AllI	30/4/1985	51	N.A.	TOKYO



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दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - *The New India Assurance Co. Ltd.*

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NOTES

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