

INDEPENDENT AUDITORS' REPORT

To the Members of STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and Revenue Account, the Profit and Loss Account and Receipts and Payments Account of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements have been drawn in accordance with the insurance act, 1938. The Insurance Regulatory and Development Authority Act, 1999. Insurance Regulatory And Development Authority (IRDA) (Preparation of Financial statements and Auditor's Report of Insurance companies) Regulations, 2002 read with Section 211 of the companies Act, 1956, to the extent applicable.

Management's Responsibility for the Financial Statements

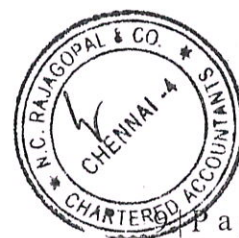
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipts and Payments Account of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211, provisions of sub sections (1), (2) and (5) of Section 211 and sub section (5) of Section 227 of the Companies Act, provisions of Section 11 of the Insurance Act read with the IRDA Regulations/Guidelines/Circulars/orders. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, The Insurance Regulatory and Development Authority Act, 1999 and The Companies Act, 1956 to the extent applicable and give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Revenue Account, of the operating loss for the year ended on that date;
- c) in the case of Profit and Loss Account, the loss for the year ended on that date;
- d) in the case of Receipts and Payments Account, receipts and payments for the year ended on that date.
- e) Investments of the Company have been valued in accordance with the Provisions of the Insurance Act and the Regulations
- f) The Accounting policies selected by the insurer are appropriate and are in compliance with the applicable Accounting Standards and with the Accounting Principles, as prescribed in the regulations or any order or direction issued by the Authority in this behalf.

Emphasis of Matter

Without qualifying our report, we draw attention to Note No. 26 of the Financial Statements regarding amounts recoverable under contractual obligation of Rs 830,104 thousands, which has been considered good and recoverable by the company.

Report on Other Legal and Regulatory Requirements - As required under provisions Of Section 227(3) of the Companies Act, 1956 and IRDA regulations

We report that

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 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, the Revenue Account, Profit and Loss Account, and Receipts and Payments Account dealt with by this Report are in agreement with the books of account.
- d) the financial accounting system of the Company is centralised and therefore accounting returns are not required to be submitted by branches
- e) in our opinion, the Balance Sheet, Profit and Loss Account, and Receipts and Payments Account comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read together with IRDA Regulations/Circulars/Orders
- f) The estimates of claims Incurred But Not Reported [IBNR] and claims Incurred But Not Enough Reported [IBNER] have been certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such are



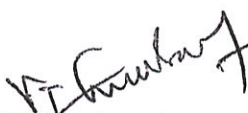
appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority [IRDA] and Actuarial Society of India in concurrence with IRDA. We have relied on the appointed Actuary's certificate in this regard

- g) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

- i. We have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2014 and there is no apparent mistake or material inconsistency therein with the financial statements
- ii. The Company has complied with the terms and conditions of registration stipulated by IRDA vide their letter dated 16th March, 2006.
- iii. We have verified the cash balances at the corporate office of the Company and investments of the Company
- iv. The Company is not a trustee of any trust
- v. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act relating to application and investment of policyholders' funds
- vi. All expenses of management in respect of Miscellaneous Insurance Business have been fully debited to the Miscellaneous Revenue Accounts

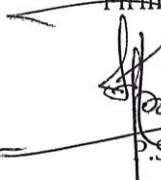
For N.C. Rajagopal & Co.,
Chartered Accountants
Firm No: 003398S


V Chandrasekaran
Partner
Membership No: 24844



Place: Chennai
Dated: 08.05.2014

For Rajagopal & Badri Narayanan
Chartered Accountants

Firm No: 003024S

P.S. Prabhakar
Partner
Membership No: 20909



Form B - RA
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDA : **129/16.03.2006**

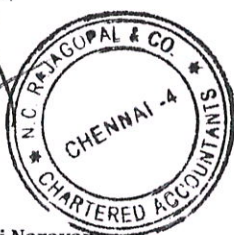
REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014
FIRE BUSINESS

		(Rs.'000)			
Particulars	Schedule	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
1 Premiums earned (Net)	1 A	-	-	-	-
2 Profit/ (Loss) on sale/redemption of Investments		-	-	-	-
3 Others (to be specified)		-	-	-	-
4 Interest, Dividend & Rent - (Gross)		-	-	-	-
TOTAL (A)		-	-	-	-
1 Claims Incurred (Net)	2 A	-	-	-	-
2 Commission	3 A	-	-	-	-
3 Operating Expenses related to Insurance Business	4	-	-	-	-
4 Premium Deficiency		-	-	-	-
TOTAL (B)		-	-	-	-
Operating Profit/(Loss) from Fire Business C= (A - B)		-	-	-	-
APPROPRIATIONS					
Transfer to Shareholders' Account		-	-	-	-
Transfer to Catastrophe Reserve		-	-	-	-
Transfer to Other Reserves		-	-	-	-
TOTAL (C)		-	-	-	-
Significant accounting policies	16				
Notes to financial statements	17				

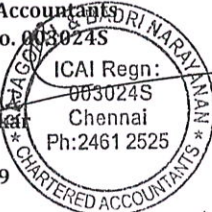
As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Fire Business have been fully debited in the Fire Revenue Account as expenses.

As Per Our Report of Even Date attached

For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No-0033985
V.Chandrasekaran
Partner
M.No.24844



For Rajagopal & Badri Narayanan
Chartered Accountants
Firm Reg No. 0030245
P.S.Prabhakar
Partner
M.No.20909



Place: Chennai - 600 034
Date: 08-May-2014

For And On Behalf of Board of Directors

V.Jagannathan
Chairman Cum Managing Director

V.P.Nagarajan
Director

S.Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

Form B - RA
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDA : 129/16.03.2006

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014
MARINE BUSINESS

(Rs.'000)

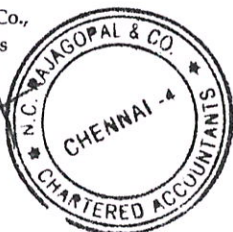
Particulars	Schedule	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
1 Premiums earned (Net)	1 B	-	-	-	-
2 Profit/ (Loss) on sale/redemption of Investments		-	-	-	-
3 Others (to be specified)		-	-	-	-
4 Interest, Dividend & Rent - (Gross)		-	-	-	-
TOTAL (A)		-	-	-	-
1 Claims Incurred (Net)	2 B	-	-	-	-
2 Commission	3 B	-	-	-	-
3 Operating Expenses related to Insurance Business	4	-	-	-	-
4 Premium Deficiency		-	-	-	-
TOTAL (B)		-	-	-	-
Operating Profit/(Loss) from Marine Business C= (A - B)		-	-	-	-
APPROPRIATIONS					
Transfer to Shareholders' Account		-	-	-	-
Transfer to Catastrophe Reserve		-	-	-	-
Transfer to Other Reserves		-	-	-	-
TOTAL (C)					
Significant accounting policies	16				
Notes to financial statements	17				

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Marine Business have been fully debited in the Marine Revenue Account as expenses.

As Per Our Report of Even Date attached

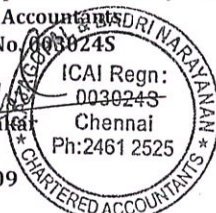
For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No. 0033985

V.Chandrasekaran
Partner
M.No.24844



For Rajagopal & Badri Narayanan
Chartered Accountants
Firm Reg No. 0030245

P.S. Prabhakar
Partner
M.No.20909



Place: Chennai - 600 034
Date: 08-May-2014

For And On Behalf of Board of Directors

V.Jagannathan
Chairman Cum Managing Director

V.F.Nagarajan
Director

S.Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014
MISCELLANEOUS BUSINESS

(Rs.'000)

Particulars	Schedule	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
1 Premiums earned (Net)	1 D	1,732,710	6,753,950	1,376,943	5,112,286
2 Profit/ (Loss) on sale/redemption of Investments		712	8,329	(202)	(5,340)
3 Others (Refer Note No.25 of Sch 17)		161,606	161,606	5,731	5,731
4 Interest, Dividend & Rent - (Gross)		81,700	255,188	56,845	145,823
TOTAL (A)		1,976,728	7,179,073	1,439,317	5,258,500
1 Claims Incurred (Net)	2 D	1,198,050	4,539,456	734,279	3,229,733
2 Commission	3 D	66,358	366,602	36,322	137,542
3 Operating Expenses related to Insurance Business	4	935,106	3,318,646	1,107,080	3,186,352
4 Premium Deficiency		-	-	-	-
TOTAL (B)		2,199,514	8,224,704	1,877,681	6,553,627
Operating Profit/(Loss) from Miscellaneous Business C= (A - B)		(222,786)	(1,045,631)	(438,364)	(1,295,127)

APPROPRIATIONS

Transfer to Shareholders' Account		(222,786)	(1,045,631)	(438,364)	(1,295,127)
Transfer to Catastrophe Reserve		-	-	-	-
Transfer to Other Reserves (to be specified)		-	-	-	-
TOTAL (C)		(222,786)	(1,045,631)	(438,364)	(1,295,127)
Significant accounting policies	16				
Notes to financial statements	17				

As required by Section 40C(2) of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Miscellaneous Business have been fully debited in the Miscellaneous Revenue Account as expenses.

As Per Our Report of Even Date attached

For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No. 0033985

V.Chandrasekaran
Partner
M.No.24844



For Rajagopal & Badri Narayanan
Chartered Accountants
Firm Reg No. 003024S

P.S.P. abhakar
Partner
M.No.20909



For And On Behalf of Board of Directors

V.Jagannathan
Chairman Cum Managing Director

V.P. Nagarajan
Director

S. Ramaswamy
Chief Financial Officer

C.M. Kannan Unni
Company Secretary

Place: Chennai - 600 034
Date: 08-May-2014

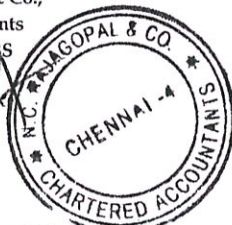
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDA : 129/16.03.2006
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

(Rs.'000)

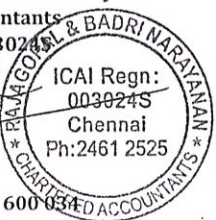
Particulars	Schedule	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
1 OPERATING PROFIT/(LOSS)					
(a) Fire Insurance		-	-	-	-
(b) Marine Insurance		-	-	-	-
(c) Miscellaneous Insurance		(222,786)	(1,045,631)	(438,364)	(1,295,127)
2 INCOME FROM INVESTMENTS					
(a) Interest, Dividend & Rent - (Gross)		11,781	109,366	10,664	38,762
(b) Profit on sale of investments		-	3,829	203	46
Less: Loss on sale of investments		(715)	(259)	-	(1,465)
3 OTHER INCOME (Refer Note No.25 of Sch 17)		-	-	1,524	1,524
TOTAL (A)		(211,720)	(932,695)	(425,973)	(1,256,260)
4 PROVISIONS (Other than taxation)					
(a) For diminution in the value of investments		-	-	-	-
(b) For doubtful debts		-	-	-	-
(c) Others		-	-	-	-
5 OTHER EXPENSES					
(a) Expenses other than those related to Insurance Business		-	-	-	-
(b) Bad debts written off		-	-	-	-
(c) Others		-	-	-	-
Amortisation Expenses (Refer Note No.21 of Sch 17)		(70)	541	47	(106)
TOTAL (B)		(70)	541	47	(106)
Profit Before Tax (A-B)		(211,650)	(933,236)	(426,020)	(1,256,154)
Provision for Taxation					
(a) Current Tax		-	-	-	-
(b) Deferred Tax		-	-	-	-
Profit After Tax		(211,650)	(933,236)	(426,020)	(1,256,154)
APPROPRIATIONS					
(a) Interim dividends paid during the year		-	-	-	-
(b) Proposed final dividend		-	-	-	-
(c) Dividend distribution tax		-	-	-	-
(d) Transfer Contingency reserve for Unexpired Risk		-	-	-	-
Balance of profit/ (loss) brought forward from last year		-	(2,618,443)	-	(1,362,290)
Balance carried forward to Balance Sheet		(211,650)	(3,551,680)	(426,020)	(2,618,444)
Significant accounting policies	16				
Notes to financial statements	17				
Earnings per share - Basic			(2.82)		(4.47)
- Diluted			(2.82)		(4.47)

As Per Our Report of Even Date attached

For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No: 003398S
V. Chandrasekaran
Partner
M.No.24844



For Rajagopal & Badri Narayanan
Chartered Accountants
Firm Reg No. 003024S
P.S. Prabhakar
Partner
M.No.20909
Place: Chennai - 600 034
Date: 08-May-2014



For And On Behalf of Board of Directors

V. Jagannathan
Chairman Cum Managing Director

V.P. Nagarajan
Director

S. Ramaswamy
Chief Financial Officer

C.M. Kannan Unni
Company Secretary

FORM B - B3
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDA : 129/16.03.2006
BALANCE SHEET AS AT 31st MARCH 2014

(Rs.'000)

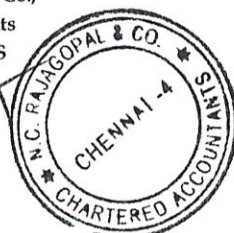
Particulars	Schedule	31st March 2014	31st March 2013
SOURCES OF FUNDS			
SHARE CAPITAL	5	3,338,605	3,269,462
SHARE APPLICATION MONEY		-	-
RESERVES AND SURPLUS	6	2,108,852	2,081,887
FAIR VALUE CHANGE ACCOUNT		-	-
BORROWINGS	7	-	-
DEFERRED TAX LIABILITY		-	-
TOTAL		5,447,457	5,351,349
APPLICATION OF FUNDS			
INVESTMENTS	8	3,513,295	2,807,191
LOANS	9	-	-
FIXED ASSETS	10	598,676	530,835
CURRENT ASSETS			
Cash and Bank Balances	11	2,155,038	1,818,445
Advances and Other Assets	12	2,310,828	2,339,409
Sub-Total (A)		4,465,866	4,157,854
CURRENT LIABILITIES	13	1,579,352	1,350,702
PROVISIONS	14	5,102,708	3,412,273
Sub-Total (B)		6,682,060	4,762,975
NET CURRENT ASSETS (C) = (A - B)		(2,216,194)	(605,121)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		3,551,680	2,618,444
TOTAL		5,447,457	5,351,349
Significant accounting policies	16		
Notes to financial statements	17		

As Per Our Report of Even Date Attached

For And On Behalf of Board of Directors

For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No. 003398S

V.Chandrasekaran
Partner
M.No.24844



V.Jagannathan
Chairman Cum Managing Director

V.P.Nagarajan
Director

For Rajagopal & Badri Narayanan
Chartered Accountants
Firm Reg No. 003024S

P.S. Bhaskar
Partner
M.No.20909



S.Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

Place: Chennai - 600 034
Date: 08-May-2014

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 1A

PREMIUM EARNED [NET] FIRE BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Premium from direct business written	-	-	-	-
Add: Premium on reinsurance accepted	-	-	-	-
Less : Premium on reinsurance ceded	-	-	-	-
Net Premium	-	-	-	-
Adjustment for change in reserve for unexpired risks	-	-	-	-
Total Premium Earned (Net)	-	-	-	-

SCHEDULE - 1B

PREMIUM EARNED [NET] MARINE CARGO BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Premium from direct business written	-	-	-	-
Add: Premium on reinsurance accepted	-	-	-	-
Less : Premium on reinsurance ceded	-	-	-	-
Net Premium	-	-	-	-
Adjustment for change in reserve for unexpired risks	-	-	-	-
Total Premium Earned (Net)	-	-	-	-



SCHEDULE - 1C
PREMIUM EARNED [NET]
MARINE HULL BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Premium from direct business written	-	-	-	-
Add: Premium on reinsurance accepted	-	-	-	-
Less : Premium on reinsurance ceded	-	-	-	-
Net Premium	-	-	-	-
Adjustment for change in reserve for unexpired risks	-	-	-	-
Total Premium Earned (Net)	-	-	-	-

SCHEDULE - 1D
PREMIUM EARNED [NET]
MISCELLANEOUS BUSINESS

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Premium from direct business written	3,576,286	10,910,784	2,701,264	8,602,135
Add: Premium on reinsurance accepted	12,526	228,883	6,847	6,847
Less : Premium on reinsurance ceded	416,067	2,704,384	297,693	2,470,617
Net Premium	3,172,745	8,435,283	2,410,418	6,138,365
Adjustment for change in reserve for unexpired risks	1,440,035	1,681,333	1,033,475	1,026,079
Total Premium Earned (Net)	1,732,710	6,753,950	1,376,943	5,112,286

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



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 2A

CLAIMS INCURRED [NET]

FIRE BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Claims paid				
Direct	-	-	-	-
Add :Re-insurance accepted	-	-	-	-
Less :Re-insurance Ceded	-	-	-	-
Net Claims paid	-	-	-	-
Add Claims Outstanding at the end of the year	-	-	-	-
Less Claims Outstanding at the beginning	-	-	-	-
Total Claims Incurred	-	-	-	-

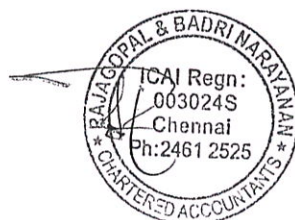
SCHEDULE - 2B

CLAIMS INCURRED [NET]

MARINE CARGO BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Claims paid				
Direct	-	-	-	-
Add :Re-insurance accepted	-	-	-	-
Less :Re-insurance Ceded	-	-	-	-
Net Claims paid	-	-	-	-
Add Claims Outstanding at the end of the year	-	-	-	-
Less Claims Outstanding at the beginning	-	-	-	-
Total Claims Incurred	-	-	-	-



SCHEDULE - 2C
CLAIMS INCURRED [NET]
MARINE HULL BUSINESS ACCOUNT

(Rs.'000)

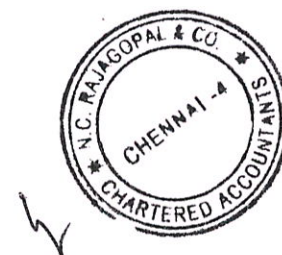
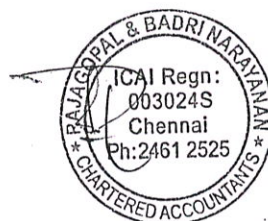
Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Claims paid				
Direct	-	-	-	-
Add :Re-insurance accepted	-	-	-	-
Less :Re-insurance Ceded	-	-	-	-
Net Claims paid	-	-	-	-
Add Claims Outstanding at the end of the year	-	-	-	-
Less Claims Outstanding at the beginning	-	-	-	-
Total Claims Incurred	-	-	-	-

SCHEDULE - 2D
CLAIMS INCURRED [NET]
MISCELLANEOUS BUSINESS

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Claims paid				
Direct (Refer Note No.22 of Sch 17)	1,493,288	5,836,419	1,077,464	5,424,126
Add :Re-insurance accepted	(9,946)	161,846	89	541
Less :Re-insurance Ceded	586,328	1,651,703	526,689	2,073,818
Net Claims paid	897,014	4,346,562	550,864	3,350,849
Add Claims Outstanding at the end of the year	1,000,796	1,000,796	807,902	807,902
Less Claims Outstanding at the beginning	699,760	807,902	624,487	929,018
Total Claims Incurred	1,198,050	4,539,456	734,279	3,229,733

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



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 3A

COMMISSION

FIRE BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Commission paid				
Direct	-	-	-	-
Add: Re-insurance Accepted	-	-	-	-
Less: Commission on Re-insurance Ceded	-	-	-	-
Net Commission	-	-	-	-
Break-up of the expenses (Gross) incurred to procure business :				
Agents	-	-	-	-
Brokers	-	-	-	-
Corporate Agency	-	-	-	-
Referral	-	-	-	-
Others	-	-	-	-
TOTAL	-	-	-	-

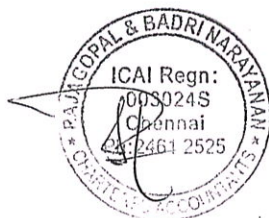
SCHEDULE- 3B

COMMISSION

MARINE CARGO BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Commission paid				
Direct	-	-	-	-
Add: Re-insurance Accepted	-	-	-	-
Less: Commission on Re-insurance Ceded	-	-	-	-
Net Commission	-	-	-	-
Break-up of the expenses (Gross) incurred to procure business :				
Agents	-	-	-	-
Brokers	-	-	-	-
Corporate Agency	-	-	-	-
Referral	-	-	-	-
Others	-	-	-	-
TOTAL	-	-	-	-



SCHEDULE- 3C
COMMISSION
MARINE HULL BUSINESS ACCOUNT

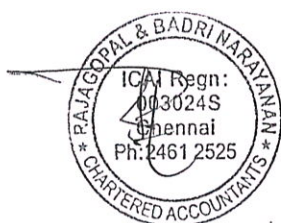
(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
Commission paid				
Direct	-	-	-	-
Add: Re-insurance Accepted	-	-	-	-
Less: Commission on Re-insurance Ceded	-	-	-	-
Net Commission	-	-	-	-
Break-up of the expenses (Gross) incurred to procure business :				
Agents	-	-	-	-
Brokers	-	-	-	-
Corporate Agency	-	-	-	-
Referral	-	-	-	-
Others	-	-	-	-
TOTAL	-	-	-	-

SCHEDULE- 3D
COMMISSION
MISCELLANEOUS BUSINESS

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
COMMISSION PAID				
Direct	385,211	1,103,112	277,878	787,781
Add: Re-insurance Accepted	1,383	5,711	1,712	1,712
Less: Commission on Re-insurance Ceded	320,236	742,221	243,268	651,951
Net Commission	66,358	366,602	36,322	137,542
Break-up of the expenses (Gross) incurred to procure Business :				
Agents	371,996	1,056,467	265,078	745,389
Brokers	12,664	45,729	12,644	41,849
Corporate Agency	551	916	157	543
Referral	-	-	-	-
Others	-	-	(1)	-
TOTAL	385,211	1,103,112	277,878	787,781



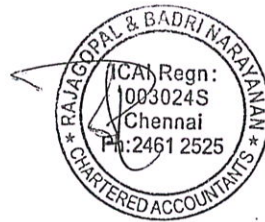
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 4

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(Rs.'000)

Particulars	For the Quarter Jan to Mar '14	31st March 2014	For the Quarter Jan to Mar '13	31st March 2013
1 Employees' remuneration & welfare benefits (Refer Note No.15 of Sch 17)	598,857	2,068,383	598,323	1,781,520
2 Travel, conveyance and vehicle running expenses	25,880	76,856	17,815	75,466
3 Training expenses	7,207	28,556	4,961	17,883
4 Rents, rates & taxes	69,211	199,563	65,930	183,588
5 Repairs	(3,646)	63,425	(61)	50,886
6 Printing & Stationery	40,387	198,044	52,424	145,715
7 Communication	28,874	89,234	22,324	67,206
8 Legal & professional charges	(27)	41,124	3,475	43,875
9 Auditors' fees, expenses etc				
(a) as auditor	2,250	2,250	1,300	1,800
(b) as adviser or in any other capacity, in respect of				
(i) Taxation matters	750	750	700	700
(ii) Insurance matters	-	-	-	-
(iii) Management services; and	-	-	-	-
(c) in any other capacity	-	500	677	677
(d) Out of Pocket Expenses	461	879	215	573
10 Advertisement and publicity	52,979	180,745	194,612	359,081
11 Interest & Bank Charges	9,293	11,754	4,870	9,771
12 Others				
- Donation	76	971	170	1,012
- Director's Sitting Fees	120	360	80	320
- Software Expenses	42,427	154,668	57,895	127,202
- Miscellaneous Expenses	34,295	99,886	19,237	59,140
- Amortization Expenses (Refer Note No.21 of Sch 17)	175	1,263	88	(398)
13 Depreciation	25,536	99,435	62,045	260,335
TOTAL	935,106	3,318,646	1,107,080	3,186,352



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 5

SHARE CAPITAL

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Authorised Capital 350,000,000 (Previous Year - 350,000,000) Equity Shares of Rs10/- each	3,500,000	3,500,000
2 Issued Capital 333,860,522 (Previous Year - 333,730,402) Equity Shares of Rs10/- each	3,338,605	3,337,304
3 Subscribed Capital 333,860,522 (Previous Year - 326,946,161) Equity Shares of Rs10/- each	3,338,605	3,269,462
4 Called-up / paid up Capital 333,860,522 (Previous Year - 326,946,161) Equity Shares of Rs10/- each (Out of above 3,234,100 (previous year 3,104,000) equity shares of Rs.10/- each issued for consideration other than cash.)	3,338,605	3,269,462
Less : Calls unpaid	-	-
Add : Equity Shares forfeited (Amount originally paid up)	-	-
Less : Par Value of Equity Shares bought back	-	-
Less : Preliminary Expenses Expenses including commission or brokerage on Underwriting or subscription of shares	-	-
TOTAL	3,338,605	3,269,462

SCHEDULE - 5A

SHARE CAPITAL

PATTERN OF SHAREHOLDING

[As certified by the Management]

Shareholder	Current Year		Previous Year	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian	248,069,372	74.30%	245,677,852	75.14%
Foreign	85,791,150	25.70%	81,268,309	24.86%
Others	-	-	-	-
TOTAL	333,860,522	100%	326,946,161	100%

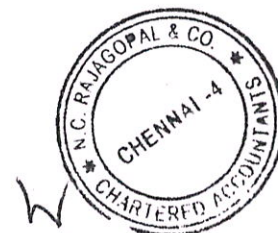


SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 6 RESERVES AND SURPLUS

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	2,108,852	2,081,887
(Refer Note No:17 of Sch 17)		
4 General Reserves	-	138,870
Less: Debit balance in Profit and Loss Account	-	(138,870)
Less: Amount utilized for Buy-back	-	-
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	-	-
TOTAL	2,108,852	2,081,887

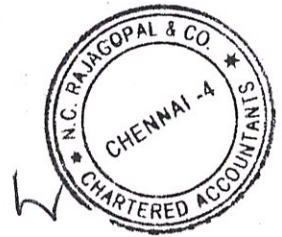


SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 7 BORROWINGS

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Debentures/ Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others (to be specified)	-	-
TOTAL	-	-



Schedule -8
INVESTMENTS

(Rs.'000)

	Particulars	31st March 2014	31st March 2013
LONG TERM INVESTMENTS			
1	Government securities and Government guaranteed bonds including Treasury Bills *	1,685,541	1,530,255
2	Other Approved Securities	-	-
3	Other Investments	-	-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	650,137	350,321
	(e) Other Securities (to be specified)	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	76,926	76,926
4	Investments in Infrastructure and Social Sector	599,861	549,689
5	Other than Approved Investments	-	-
SHORT TERM INVESTMENTS			
6	Government securities and Government guaranteed bonds including Treasury Bills	150,597	-
7	Other Approved Securities	-	-
8	Other Investments	-	-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(a) Derivative Instruments	-	-
	(b) Debentures / Bonds	50,000	150,000
	(c) Other Securities	-	-
	(d) Subsidiaries	-	-
	(e) Investment Properties-Real Estate	-	-
9	Investments in Infrastructure and Social Sector	300,233	150,000
10	Other than Approved Investments	-	-
	TOTAL	3,513,295	2,807,191

* Includes Government Securities of B.V Rs. 449,694 (Previous Year Rs.109,351) held under Sec.7 of Insurance Act, 1938.

Aggregate Market Value of Quoted Investments other than equity shares.	3,364,753	2,722,409
Aggregate Book Value of Quoted Investments other than equity shares	3,436,369	2,730,265
Aggregate Book Value of Un-Quoted Investments - Investment Properties	76,926	76,926
Aggregate Market Value of Investment Properties	421,365	421,365
Historical cost of Mutual Funds valued on Fair Value basis	-	-



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 9 LOANS

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others (to be specified)	-	-
Unsecured	-	-
TOTAL	-	-
2 BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others (Inter Corporate Deposit)	-	-
TOTAL	-	-
3 PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard	-	-
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions	-	-
(aa) In India	-	-
(bb) Outside India	-	-
TOTAL	-	-
4 MATURITY-WISE CLASSIFICATION		
(a) Short Term	-	-
(b) Long Term	-	-
TOTAL	-	-



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 10
FIXED ASSETS

Particulars		Cost/ Gross Block				Depreciation				Net Block	
		Opening	Additions	Deductions	Closing	Upto Last Year	For The Year	On Sales/ Adjustments	To Date	As at year end	Previous Year
1	Goodwill	-	-	-	-	-	-	-	-	-	-
2	Intangibles - IT Software	526,829	16,201	-	543,030	432,850	32,556	-	465,406	77,624	93,979
3	Land - Freehold (Refer Note No.8 of Sch 17)	75,600		-	75,600	-	-	-	-	75,600	75,600
4	Leasehold Property	-	-	-	-	-	-	-	-	-	-
5	Buildings	-	-	-	-	-	-	-	-	-	-
6	Furniture & Fittings	110,966	25,055	670	135,351	27,826	10,577	124	38,279	97,072	83,140
7	Information Technology Equipment	284,700	73,245	4,186	353,759	119,051	49,057	931	167,177	186,582	165,649
8	Vehicles	17,219	117	-	17,336	4,068	1,639	-	5,707	11,629	13,151
9	Office Equipment	94,385	15,596	1,277	108,704	16,445	5,606	220	21,831	86,873	77,940
	Total	1,109,699	130,214	6,133	1,233,780	600,240	99,435	1,275	698,400	535,379	509,459
	Capital work in progress	21,376	41,921	-	63,297	-	-	-	-	63,297	21,376
	Grand Total	1,131,075	172,135	6,133	1,297,077	600,240	99,435	1,275	698,400	598,676	530,835
	Previous Year	985,839	209,215	63,979	1,131,075	339,995	260,335	90	600,240	-	-



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE- 11

CASH AND BANK BALANCES

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Cash (including cheques, drafts and stamps)	388,559	211,041
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	1,403,145	1,415,934
(bb) Others	185,500	-
(b) Current Accounts	177,834	191,470
(c) Others (to be specified)	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
TOTAL	2,155,038	1,818,445



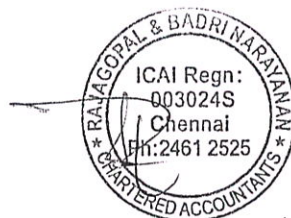
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE – 12

ADVANCES AND OTHER ASSETS

(Rs.'000)

Particulars	31st March 2014	31st March 2013
A ADVANCES		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	84,594	80,654
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source (Net of Provisions for Tax amounting Rs.64,411; Previous Year 64,411)	49,222	49,222
6 Others		
- Travel Advance	1,011	790
- Rental Advance	110,617	101,212
- Telephone Deposit	300	279
- Staff Advance	45,266	30,017
- Other Advances	167,023	36,132
- Security Deposits (Refer Note No.24 of Sch 17)	10,731	8,409
TOTAL (A)	468,764	306,715
B OTHER ASSETS		
1 Income accrued on investments	126,676	102,764
2 Outstanding Premiums (Refer Note No.27 of Sch 17)	196,458	176,493
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	655,792	730,373
6 Due from subsidiaries/ holding	-	-
7 Deposit with RBI [Pursuant to section 7 of Insurance Act, 1938]	-	-
8 Others		
- Amounts Recoverable under Contractual Obligations (Refer Note No.26 of Sch 17)	830,104	1,009,754
- Service Tax	33,034	13,310
TOTAL (B)	1,842,064	2,032,694
TOTAL (A+B)	2,310,828	2,339,409



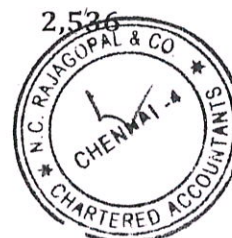
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 13

CURRENT LIABILITIES

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Agents' Balances	86,747	59,899
2 Balances due to other insurance companies	9,402	5,800
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	56,780	45,955
5 Unallocated Premium *	66,726	55,516
6 Sundry creditors	333,602	357,900
7 Due to subsidiaries/ holding company	-	-
8 Claims Outstanding	1,000,796	807,901
9 Due to Officers/ Directors	-	-
10 Others		
- Excess Collection @	7,547	2,420
- Refund of Premium #	17,752	15,311
TOTAL	1,579,352	1,350,702
Agewise Analysis - Unallocated Premium *	No.of cases	Amt in Rs.'000s
1-6 months	11,986	62,541
7-12 months	2,066	3,695
13-18 months	599	490
19-24 months	-	-
25-30 months	-	-
31-36 months	-	-
Beyond 36 months	-	-
Total	14,651	66,726
Agewise Analysis - Excess Collection @	No.of cases	Amt in Rs.'000s
1-6 months	6,253	6,561
7-12 months	986	905
13-18 months	61	76
19-24 months	2	5
25-30 months	-	-
31-36 months	-	-
Beyond 36 months	-	-
Total	7,302	7,547
Agewise Analysis - Refund of premium #	No.of cases	Amt in Rs.'000s
1-6 months	1,915	15,814
7-12 months	621	1,938
13-18 months	-	-
19-24 months	-	-
25-30 months	-	-
31-36 months	-	-
Beyond 36 months	-	-
Total	2,536	17,752

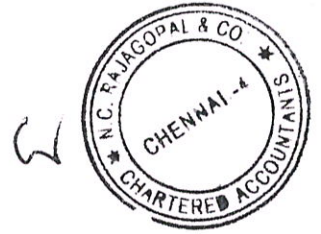
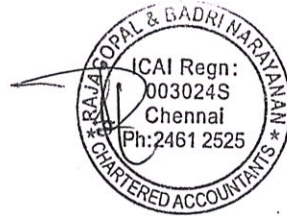


SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 14 PROVISIONS

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Reserve for Unexpired Risk	5,081,220	3,399,887
2 For taxation (less advance tax paid and taxes deducted at source NIL ; Previous Year Rs. NIL)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others	-	-
- Provision for Gratuity	21,488	12,386
TOTAL	5,102,708	3,412,273



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

(Rs.'000)

Particulars	31st March 2014	31st March 2013
1 Discount Allowed in issue of shares/ debentures	-	-
2 Others	-	-
TOTAL	-	-



SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting practices and accounting requirements prescribed by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Accounting Regulations') and amendments if any, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the requirements of the Companies Act, 1956 ('the Companies Act'), to the extent applicable.

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

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of certain assets and liabilities as of the Balance sheet date, reported amount of certain revenues and expenses for the year and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Revenue recognition for insurance business

3.1 Premium

Premium (net of Service tax) is recognized as income over the contract period or period of risk, as appropriate and for premium receivable on installment basis, it is recognized on installment due dates after adjusting for unearned premium (unexpired risk) and premium deficiency, if any. Subsequent revisions to or cancellations of premium are accounted for in the year in which they occur.

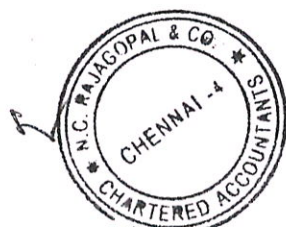
Premium deficiency is recognized whenever expected claims cost, related expenses and maintenance cost exceed related reserve for unexpired risk in Miscellaneous Revenue Accounts.

3.2 Investment Income

Interest income on investment is recognized on accrual basis.

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

Profit or Loss on sale of securities is recognized on trade date. Cost of securities is arrived on weighted average cost basis.



3.3 Income from reinsurance business

Commission on reinsurance business is recognized as income on accrual basis.

4. Reserve for Unexpired risk

Reserve for unexpired risks is created as the amount representing that part of the premium written which is attributable to and allocated to the succeeding accounting periods and shall not be less than 50% of the Net Premium as prescribed for Miscellaneous line (as the company is transacting only health insurance products) under Section 64(1)(ii)(b) of the Insurance Act or as per the directives issued by IRDA from time to time.

5. Premium received in advance

This represents premium received during the year, where the risk commences subsequent to the balance sheet date.

6. Reinsurance

Reinsurance is ceded in the year in which risk commences and recognized over the contract period or the period of risk, whichever is appropriate as per the treaty arrangements. Any subsequent revision to or cancellation of premium is recognized in the year in which they occur. Unearned premium on reinsurance ceded is carried forward to the period of risk and set off against related unearned premium.

Premium on excess of loss reinsurance cover is accounted as premium ceded as per the reinsurance arrangements.

7. Acquisition cost

Acquisition costs are those that vary with and are primarily cost that are related to acquisition of new and renewal contracts and are expensed in the year in which they are incurred.

8. Claims

Claims incurred represents claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER). It also includes legal and investigation fees and exclusive expenditure incurred in claim processing and settlement.

Estimated liability for outstanding claims in respect of direct business is provided on the basis of claims reported till the end of the financial year. IBNR and IBNER represent that amount of claims that may have been incurred during the accounting period but have not been reported / not enough reported. The appointed actuary for the purpose has certified the said amount on the basis of available statistical data.



9. Investments

Investments are made in accordance with the Insurance Act, 1938 and the Insurance Regulatory & Development Authority (Investment) (Amendment) Regulations, 2001.

Investments are recorded at cost on trade date including acquisition charges (such as brokerage, transfer stamps etc), if any, and exclude interest accrued upto the date of purchase. Investments maturing within or intended to be held for a period of less than twelve months from the balance sheet date are classified as 'Short term investments' while those maturing beyond or intended to be held for a period of twelve months or above from the balance sheet date are classified as 'Long term investments'.

Debt Securities

The net realized gains/losses on debt securities are the difference between the net sale consideration and the amortized cost, which is computed on weighted average basis.

Debt securities, which include government securities are considered as 'held-to-maturity' and are measured at historical cost. Accretion of discount and amortization of premium relating to debt securities is recognized over the holding or maturity period on a straight line basis.

Mutual Funds

All mutual fund investments are valued at realisable Net Asset Value and any unrealised gains or losses is accounted at each balance sheet date in "Fair Value Change Account" and carried forward to the Balance Sheet.

Profit / (loss) on actual sale of units of a particular mutual fund shall include the accumulated fair value change thereof and is recycled to the profit and loss account.

Investments though not separately classified in the accounts, are identified on aggregate basis with policy holders and share holders funds on same line as investment income.

Investment income is allocated to the Miscellaneous Revenue accounts and the Profit and Loss Account based on the ratio of average "Technical Funds" and "Shareholders' Funds" respectively (average of funds at the beginning and at the end of the year).

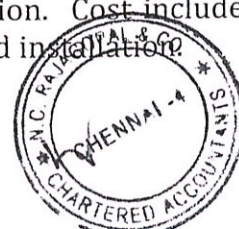
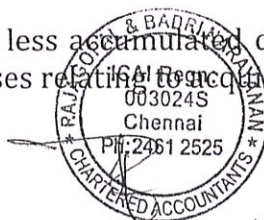
'Technical Funds' in relation to policyholders' funds are the aggregate of outstanding claims, estimates for IBNR, IBNER, Contingency reserve and reserve for unexpired risk. "Shareholders' Funds" are the aggregate of funds available to the Company's shareholders.

Fair value of investments is computed for quoted investments on the basis of the last available market price/yield-to-maturity valuation.

Investment properties are recorded at historical cost.

10. Fixed Assets and Intangibles

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and any incidental expenses relating to acquisition and installation.



Depreciation is provided on a straight line basis pro-rata for the period of use at the rates prescribed in the Schedule XIV to the Companies Act, 1956 except in the case of networking equipments included in Information Technology Equipments, where depreciation is provided at 20% which is higher than those prescribed in the schedules to Companies Act, 1956.

Depreciation on assets purchased/disposed off during the year is provided on pro-rata basis with reference to the date of purchase/disposal.

Intangibles assets representing computer software are stated at cost less amortization. Computer software including improvements is amortized over a period of five years, being the management's estimate of the useful life of such intangibles.

All assets including intangibles individually costing less than Rs,5000/- are fully depreciated/amortized in the year in which it is acquired.

Impairment of Assets

The company assess at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is recognized in the Profit & Loss Account. The recoverable amount is higher of the net selling price of the assets and their value in use.

11. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period available to equity shareholders by the weighted average number of equity shares outstanding during the period.

12. Operating expenses

Operating expenses relating to insurance business is net off co-insurers administration fee received and are allocated to the miscellaneous revenue account, since the company is transacting only Health insurance products.

13. Retirement Benefits

Provident fund contributions and ESI contributions are made to the respective authorities at the prescribed rates and charged to Miscellaneous Revenue account and Profit & Loss account.

Defined Benefit Plan – Retirement gratuity liability is funded with Insurance Company through contributions to an approved gratuity trust. Liability therefore at each Balance sheet date is arrived at by external actuarial valuation by the fund manager using the projected unit credit method. Differential liability therefore is recognized in the accounts each year.

The Actuarial gains/losses are recognized in the Revenue accounts.



14. Foreign Currency transactions

Transactions in foreign currency are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the year-end.

Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

15. Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income-tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is a virtual certainty that such deferred tax assets can be realised against future taxable profits. Other deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which, such deferred tax assets can be realised.

Deferred tax asset is reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/certain to be realized.

16. Contingencies

In accordance with Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets issued by ICAI, to the extent applicable to the company, provisions are created in respect of obligations as a result of past events and it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These will be reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.



SCHEDULE 17

NOTES TO FINANCIAL STATEMENTS

1. Star Health and allied Insurance Company limited ('the Company') was incorporated under the Companies Act, 1956 on 17th June 2005. The Company received its Certificate of Registration from the Insurance Regulatory and Development Authority to transact General Insurance Business from 16th March 2006.
2. The details of contingent liabilities in respect of the following are given under:

	Particulars	As at 31 st Mar 2014	As at 31 st Mar 2013
a)	Partly paid investments	NIL	NIL
b)	Underwriting commitments relating to investment activities	NIL	NIL
c)	Claims, other than those under policies, not acknowledged as debts	NIL	NIL
d)	Guarantees given by or issued on behalf of the Company	NIL	NIL
e)	Reinsurance obligations to the extent not provided for in the accounts	NIL	NIL

f) Statutory demands/liabilities in dispute, not provided for :

- During the financial year 2009-10, the company has received a Show Cause notice from Income Tax Authorities for non deduction of Tax at Source under section 194J of the Income Tax Act- 1961, in respect of cashless claims for payments made to the hospitals. In the absence of any demand from the Income tax authorities the amount is not quantifiable. A Stay Order has been obtained by the company from the Honorable High Court of Madras restraining further proceedings in this matter. The company has also obtained a legal opinion in its favor on this matter.
- The Company has received Income Tax Assessment Orders for various Assessment Years with demands aggregating to Rs.626,758 thousands as per the details given below, on account of applying the provisions of Sec 115 JB of Income Tax Act, 1961 and other disallowances under the Income Tax Act- 1961. The Company has filed individual writ petitions, for each of the Assessment years, before the Honorable High Court of Madras which has granted interim stay. In the opinion of the company, strengthened by judicial decisions, the said demands are not sustainable and hence no provision is considered necessary in the books.

Assessment Year	Amount(Rs.'000)	Receipt of Order in the Financial Year
2009-10	245,820	2011-12
2010-11	133,724	2012-13
2011-12	247,214	2013-14
Total	626,758	



3. Commitment made for Investment and Fixed Asset.

Particulars	Amount (Rs ' 000)	
	31st March 2014	31st March 2013
Commitments made and outstanding for loans and investments	NIL	NIL
Estimated Amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20,000	77,382

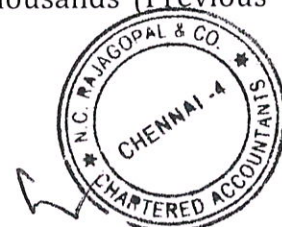
4. The assets of the Company are free from encumbrances.

5. The Company is required to maintain solvency ratio on the basis of premium or claims whichever is higher. However, during the current financial year the Company has calculated the Required Solvency margin (RSM) on the basis of premium (RSM 1) as per the dispensation given by IRDA vide their letters ref. no.FNA/HSR/LR/002/2012-13 dated 6th Feb, 2013 and FNA/HSR/LR/006/2013-14 dated 7th Oct, 2013. Considering this, the Available Solvency Margin as at 31-03-2014 is 1.50 times.

6. Investments:

Particulars	Amount (Rs ' 000)	
	31st March 2014	31st March 2013
Contracts for sale where payments are overdue	NIL	NIL
Contracts for purchases due for delivery on the balance sheet date. (since received)	NIL	NIL
Non-Performing Investment	NIL	NIL

7. Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments for the non-cancellable period of the operating leases are recognized as an expense over the lease term. Lease payments debited to the profit and loss account during the year amounts to Rs. 171,600 thousands (Previous Year: Rs. 157,568 thousands).



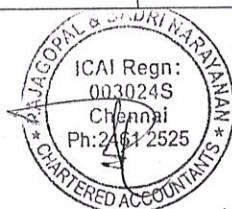
Minimum Lease Payments	Amount (Rs ' 000)	
	31 st March 2014	31 st March 2013
Not later than one year	171,333	144,910
Later than 1 year but not later than 5 years	235,159	238,402
Later than 5 years	35,163	21,527

8. Land in Fixed Assets schedule represents freehold landed property of 1.4 acres with a book value of Rs.75,600 thousands. On this land, one of the public sector undertaking is staking a claim of right of way on an extent of 0.39 acres (having book value Rs.21,060 thousands) based on a statutory right. This issue was brought to the notice of the vendor of land, who has agreed to substitute the land or compensate any loss to the company. Hence, no provision is considered necessary for impairment.

9. Disclosure as per AS – 15 “Employee Benefits”

Gratuity

Particulars	Amount (Rs'000)	
	31-03-2014	31-03-2013
Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%
Attrition rate	1-3%	1-3%
Expected Return on Plan Assets	8%	8%
Mortality Rate Table	LIC (1994-1996)	LIC (1994-1996)
Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	34,987	21,491
Interest cost	2,799	1,719
Current Service Cost	6,621	5,651
Benefits Paid	(2,386)	(1,484)
Actuarial (gain) / loss on obligation	11,462	7,610
Present value of obligations as at end of year	53,482	34,987
Table showing changes in the fair value of plan assets - LIC Fund		
Fair value of plan assets at beginning of year	23,195	14,439
Expected return on plan assets	2,795	1,979
Contributions	11,984	8,261
Benefits paid	(2,386)	(1,484)
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at the end of year	35,588	23,195



Actuarial (Gain)/Loss recognized		
Actuarial (gain) /loss on obligation	11,462	7,610
Actuarial (gain) / loss on plan assets	-	-
Actuarial (gain) / loss recognized in the year	11,462	7,610
The amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of year	53,482	34,987
Fair value of plan assets as at the end of the year	35,588	23,195
Funded status	(17,894)	(11,792)
Net (Liability) Recognized in the Balance Sheet	(17,894)	(11,792)
Expenses Recognized in statement of Profit & loss		
Current Service cost	6,621	5,651
Interest Cost	2,799	1,719
Expected return on plan assets	(2,795)	(1,979)
Net Actuarial (gain) / loss recognized in the year	11,462	7,610
Expenses to be recognized in the profit & loss	18,086	13,001

10. Claims Outstanding:

Pending for	No. of Claims	Amount (Rs.'000)
Less than 6 months	31,090	849,858
More than 6 months	880	55,299
More than 1 year	156	28,044
More than 2 years	228	17,854
Total	32,354	951,054

The claims were outstanding predominantly due to non-submission of essential documents by the insured. As at the year end, there are Nil Claims (Previous year – Nil claims) outstanding for a period exceeding six months from the date when settlement has been agreed.

11. In accordance with the Company's Accounting policy for Deferred Taxation, the net deferred tax asset of Rs. 553,673 thousands (Previous Year: Rs. 788,473 thousands) as per the calculation given below has not been recognized in the absence of virtual certainty.



The details of Net Deferred Tax Asset / Liability are as under:

(Rs.'000)

Timing Difference on Account of	As At 31st March 2014		As At 31st March 2013	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Carried Forward Loss	-	-	-	-
• On Depreciation Loss	110,151	-	115,354	-
• On Business Loss	237,466	-	727,420	-
• URR Differences	266,846	-	-	-
Depreciation differences	-	60,790	-	54,301
Total	614,463	60,790	842,774	54,301
Net Deferred Tax Asset / (Liability)	553,673		788,473	
Deferred Tax Expense / (Income) recognized in Profit & Loss Account	-		-	

12. The sector wise gross written premium is as follows:

Sector	For the year ended 31 st March 2014				For the year ended 31 st March 2013			
	No. of policies	No. of Lives	GWP Rs. '000	%	No. of policies	No. of Lives	GWP Rs. '000	%
Rural	198,627	639,209	1,171,851	11.0	451,285	1,943,905	3,180,605	37.0
Social	343,206	5,478,180	2,709,305	25.0	300,239	4,121,154	2,220,059	26.0
Others	973,697	3,069,632	7,029,628	64.0	565,093	1,412,827	3,201,471	37.0
Total	1,515,530	9,187,021	10,910,784	100	1,316,617	7,477,886	8,602,135	100

13. Premium Income recognized based on the varying risk pattern is Nil (Previous year – Nil).

14. Extent of Risk retained and Re-insured

Particulars	31 st March 2014	31 st March 2013
Risk Retained (%)	75.21%	71.36%
Risk Re-insured (%)	24.79%	28.64%



15. Managerial Remuneration (as per applicable statutes) paid to the Managing Director is included in the Employee benefits and details are as follows:

(Rs '000)		
Particulars	31 st March 2014	31 st March 2013
Salary	9,873	11,847
Allowances and Perquisites *	2,932	20,868
Gratuity	-	1,669
Total	12,805	34,384

* Includes 130,100 equity shares having face value of Rs.10 per share amounting to Rs. 1,301,000/- (Previous Year Rs. 10,040,000/-) allotted to Chairman cum Managing Director as sweat equity shares along with related tax liability amounting to Rs. 983,475/- (Previous Year Rs.10,469,904/-)

16. Related Party Disclosure:

A) KEY MANAGERIAL PERSONNEL (With whom transactions have taken place)

Mr. V Jagannathan & Mr.Mohammed Hassan

(Rs '000)		
Transactions during the year	31 st March 2014	31 st March 2013
Lease Rentals paid	-	2,419
Remuneration paid	12,805	34,384
Share Capital Allotted	1,301	10,040
Balance Outstanding at the end of the year		
Share Capital	69,443	68,225
Remuneration paid to relatives of KMP	-	513

There are no amounts written off/written back during the year, relating to the above transactions.

17. During the year, the company has incurred share issue expenses of Rs. 5,192 thousands (Previous Year 38,082 thousands) on account of private placement of equity shares, which has been adjusted against the Share Premium. The balance of Share Premium account as on 31.3.2014 is Rs. 2,108,852 thousands (Previous Year Rs. 2,081,887 thousands)



18. Disclosure as per AS – 20 “ Earnings Per Share “

(Rs '000)			
S.No.	Particulars	31 st March 2014	31 st March 2013
1	Net Profit /(Loss) Attributable to Shareholders	(933,235)	(1,256,150)
2	Weighted Average No. of Equity Shares Issued for Basic EPS	331,202,579	281,068,674
3	Weighted Average No. of Equity Shares Issued for Diluted EPS	331,202,579	281,068,674
4	Basic Earnings Per Share of Rs.10/- each	Rs.(2.82)	Rs.(4.47)
5	Diluted Earnings Per Share of Rs.10/- each	Rs.(2.82)	Rs.(4.47)

19. Segment Reporting :

The Company carries on non-life insurance business in India. The Company has provided primary segmental information, in Annexure 1, as required by Accounting Standard 17 – ‘Segment Reporting’ issued by ICAI, read with Accounting Regulations.

20. Summary of Financial Statements and Accounting Ratios:

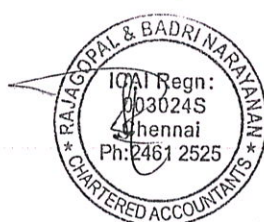
A summary of financial statements and Accounting Ratios as per the formats prescribed by the IRDA in its circular dated 29th April, 2003 is provided in Annexure 2 and Annexure 3.

21. Amortizations of premium / (Accretion of discount) on investments details are as follows:

(Rs '000)

Particulars	31 st March 2014	31 st March 2013
Revenue Account		
Fire	NIL	NIL
Marine	NIL	NIL
Miscellaneous	1,263	(398)
Profit & Loss Account		
Share Holders	541	(106)
Total	1,804	(504)

22. Certain specific costs relating to processing and settlement of health claims amounting to Rs. 185,868 thousands which were accounted under operating expenses related to insurance business till previous financial year, have been included under claims costs in the current financial year amounting to Rs. 139,401 thousands (net of re-insurance recovery).



23. Penal actions by various Statutory Authorities:

S.No.	Authority	Non-Compliance/ Violation	Amount in Rs.'000		
			Penalty Awarded	Penalty Paid	Penalty Waived / Reduced
1	Insurance Regulatory and Development Authority			NIL	
2	Service Tax Authorities			NIL	
3	Income Tax Authorities			NIL	
4	Any other Tax Authorities			NIL	
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA			NIL	
6	Registrar of Companies / NCLT / CLB / Department of Corporate Affairs or any Authority under Companies Act, 1956			NIL	
7	Penalty awarded by any Court / Tribunal for any matter including claim settlement but excluding compensation			NIL	
8	Securities and Exchange Board of India *			NIL	
9	Competition Commission of India			NIL	
10	Any other Central / State / Local Government / Statutory Authority			NIL	

Note: Previous Year Figures for the above items are also "Nil".

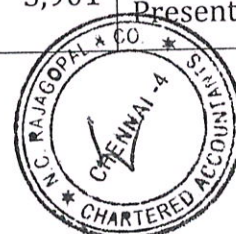
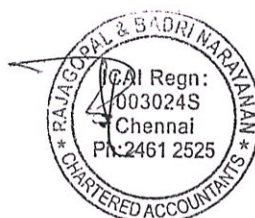
24. Security deposit includes Rs.3,417 thousands (Previous Year 3,235 thousands) being amount deposited by the company with the courts against disputed claims. Pending disposal of the case, in the opinion of the company the said amount is considered good and recoverable.

25. Other income represents amount recovered from Aarogyashri Trust towards amounts charged off in earlier years. Previous year other income represents amount received towards compensation arising out of contractual obligations.



26. Pending acknowledgement of balance of Rs. 830,104 thousands (Previous Year Rs. 1,009,966 thousands) by the Aarogyasri Trust, the same is considered good and recoverable based on the legal opinion obtained and the same is considered for solvency margin vide IRDA letter Ref: FNA/HSH/LR/003/2012-13 dated 21st Feb, 2013.
27. An amount of Rs. 157,538 thousands being outstanding premiums recoverable towards RSBY Scheme exceeding a period of 180 days has been considered good for the purpose of computation of solvency margin based on the dispensation letter Ref: FNA/GCM/LR/001/2013-14 dated 7th May, 2014 issued by the authority.
28. For the current Financial year the company has exceeded the limits prescribed under section 40C of The Insurance Act 1938, read with Rule 17E, with respect to limits on management expenses. Based on the facts submitted by the company, IRDA vide their letter ref no. FNA/HSH/LR/005/2013-14 dated 17th May, 2013 has exempted the company from complying the provisions of Section 40C of The Insurance Act 1938, for the current financial year.
29. Certain Balances included under Advances and Other Assets are subject to yearend confirmation. However, in the opinion of the management, all the balances are good and recoverable.
30. Previous Year figures have been reclassified / regrouped, wherever necessary, to confirm to the current year's classification.

Particulars	31 st March 2014	31 st March 2013		Reason
	Grouping	Grouping	Amount (Rs. '000)	
Brokerage Others	Schedule 4: Rent Rates & Taxes	Schedule 4: Repairs & Maintenance	738	For Better Presentation
Revenue Stamps	Schedule 4: Rent Rates & Taxes	Schedule 4: Communication	394	For Better Presentation
Annual Maintenance Contract	Schedule 4: Software Expenses	Schedule 4: Repairs & Maintenance	18,388	For Better Presentation
Fees Payable Under IRDA Act	Schedule 4: Rent Rates & Taxes	Schedule 4: Legal & Professional Charges	12,276	For Better Presentation
Policy Stamp Expense	Schedule 4: Rent Rates & Taxes	Schedule 4: Others	3,901	For Better Presentation

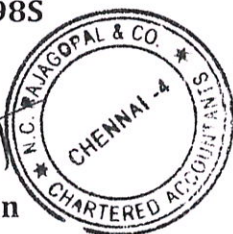


Combi Premium Shri-Ram	Schedule 13: Balances due to other insurance companies	Schedule 13:Sundry Creditors	3,958	For Better Presentation
Shri Ram Control A/C- Combi Product	Schedule 13: Balances due to other insurance companies	Schedule 13:Sundry Creditors	2,414	For Better Presentation
Coinurance Control Accounty	Schedule 12: Balances due from other insurance companies	Schedule 13: Balances due to other insurance companies	4,256	For Better Presentation

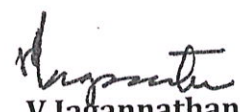
**As per our Report of even date
attached**

**For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No: 003398S**


**V.Chandrasekaran
Partner
M.No: 24844**



**For And On
Behalf of Board of
Directors**


**V.Jagannathan
Chairman Cum
Managing
Director**

**For Rajagopal & Badri Narayanan
Chartered Accountants
Firm Reg No: 003024S**


**P.S.Prabhakar
Partner
M.No:20909**




**V.P.Nagarajan
Director**


**S.Ramaswamy
Chief Financial
Officer**


**C.M.Kannan Unni
Company
Secretary**

**Place : Chennai - 600 034
Date : 08th May, 2014**

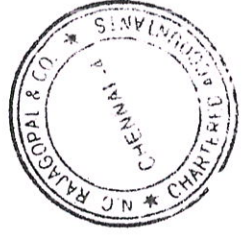
20. Segment reporting

Annexure 1

The Company's business is organised on a National basis and caters to the non-life insurance business. Accordingly, the Company has provided primary segmental information as per Accounting Standard 17 - 'Segment Reporting' issued by ICAI.

Since the business operations of the Company are entirely in India, the same is considered as one geographical segment.

(For the year ended 31st March 2014)													(Rs. '000)
Particulars	Fire	Marine Cargo	Marine Hull	Aviation	Motor	Workmen's Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total
Gross Direct Premium	-	-	-	-	-	-	-	-	239,240	10,671,544	-	-	10,910,784
Premium Inward	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Written Premium	-	-	-	-	-	-	-	-	163,163	8,043,237	-	-	8,206,400
Premium earned (net)	-	-	-	-	-	-	-	-	132,751	6,621,200	-	-	6,753,950
Profit on sale / redemption of investments	-	-	-	-	-	-	-	-	183	8,146	-	3,570	11,899
Others	-	-	-	-	-	-	-	-	3,544	158,062	-	-	161,606
Interest (net of amortisation)	-	-	-	-	-	-	-	-	5,567	248,357	-	108,825	362,749
Total segmental revenue	-	-	-	-	-	-	-	-	142,045	7,035,765	-	112,395	7,290,204
Claims incurred (net)	-	-	-	-	-	-	-	-	58,275	4,481,181	-	-	4,539,456
Commission received / (paid), net	-	-	-	-	-	-	-	-	8,038	358,564	-	-	366,602
Operating expenses related to insurance business	-	-	-	-	-	-	-	-	72,740	3,244,643	-	-	3,317,383
Total segmental expenses	-	-	-	-	-	-	-	-	139,053	8,084,388	-	-	8,223,441
Segmental (loss) / profit	-	-	-	-	-	-	-	-	2,992	(1,048,622)	-	112,395	(933,236)
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for income, FBT, Deferred Tax Asset and wealth tax MAT	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	(933,236)



(Rs. '000)

(For the year ended 31st March 2013)

Particulars	Fire	Marine Cargo	Marine Hull	Aviation	Motor	Workmen's Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total
Gross Direct Premium	-	-	-	-	-	-	-	-	164,995	8,437,140	-	-	8,602,135
Premium Inward	-	-	-	-	-	-	-	-	98,562	6,039,804	-	-	6,138,366
Net Written Premium	-	-	-	-	-	-	-	-	109,004	5,003,282	-	-	5,112,286
Premium earned (net)	-	-	-	-	-	-	-	-	(102)	(5,238)	-	(1,419)	(6,759)
Profit on sale / redemption of investments	-	-	-	-	-	-	-	-	110	5,621	-	1,524	7,255
Others	-	-	-	-	-	-	-	-	2,805	143,416	-	38,868	185,089
Interest (net of amortisation)	-	-	-	-	-	-	-	-	111,817	5,147,082	-	38,973	5,297,871
Total segmental revenue	-	-	-	-	-	-	-	-	50,055	3,179,678	-	-	3,229,733
Claims incurred (net)	-	-	-	-	-	-	-	-	2,638	134,904	-	-	137,542
Commission received / (paid), net	-	-	-	-	-	-	-	-	61,124	3,125,626	-	-	3,186,750
Operating expenses related to insurance business	-	-	-	-	-	-	-	-	113,817	6,440,208	-	-	6,554,025
Total segmental expenses	-	-	-	-	-	-	-	-	(2,000)	(1,293,126)	-	38,973	(1,256,154)
Segmental (loss) / profit	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate Provision for income, FBT, Deferred Tax Asset and wealth tax, MAT	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	(1,256,154)



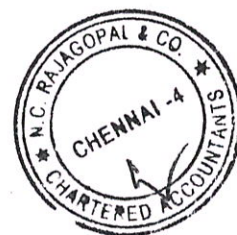
Summary of Financial Statements		Rs. in Lakhs							
Sl No	Particulars	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-09	2007-08	2006-07
OPERATING RESULTS									
1	Gross Premiums Written	109,108	86,021	108,506	122,755	96,164	50,986	16,819	2,251
2	Net Premium Income#	84,353	61,384	80,991	91,168	67,155	35,983	11,953	978
3	Income from investments (net)@	2,635	1,405	1,215	1,251	717	584	172	20
4	Other income -Transfer fee etc	1,616	57	-	-	-	-	-	-
5	Total Income	88,604	62,846	82,206	92,420	67,872	36,567	12,125	998
6	Commissions (Net)	3,666	1,375	465	(883)	(1,267)	(1,228)	(814)	(303)
7	Brokerage	-	-	-	-	-	-	-	-
8	Operating Expenses	33,192	31,864	20,278	9,077	9,311	6,269	3,477	179
9	Claims, increase in Unexpired Risk Reserve and Other outgoes	62,208	42,558	77,564	83,843	59,286	31,684	9,854	639
##	Operating Profit/loss	(10,462)	(12,951)	(16,101)	383	543	(158)	(392)	483
NON OPERATING RESULTS									
##	Total income shareholders' account	1,129	390	655	784	479	686	708	697
##	Profit/(loss) before tax	(9,332)	(12,562)	(15,445)	1,167	1,022	527	316	(439)
##	Provision for tax	-	-	(691)	428	496	403	188	(180)
##	Profit/(loss) after tax	(9,332)	(12,562)	(14,754)	739	526	124	128	(259)
MISCELLANEOUS									
##	Policyholders' Account								
	Total funds	52,789	38,663	32,709	28,323	19,601	8,633	2,410	297
	Total investments	32,638	24,859	13,453	20,173	16,536	3,919	2,100	264
	Yield on investments	8.86%	7.53%	7.42%	7.00%	6.74%	12.69%	8.79%	7.85%
##	Shareholders' Account								
	Total funds	23,143	10,383	17,344	18,108	16,757	10,699	10,359	10,244
	Total investments	13,988	6,608	7,244	12,898	14,087	4,790	8,955	9,076
	Yield on investments	8.86%	7.53%	7.42%	7.00%	6.74%	12.69%	8.79%	7.85%
##	Paid up equity capital	33,386	32,695	27,877	20,299	16,433	10,930	10,860	10,500
##	Net worth	18,958	27,329	29,171	26,011	16,175	10,673	10,602	10,115
##	Total assets		74,959	66,893	71,765	59,121	24,956	15,378	10,821
##	Yield on total investments	8.86%	7.53%	7.42%	7.00%	6.74%	12.69%	8.79%	7.85%
##	Basic Earnings per share (Rs.)*	(2.82)	(4.47)	(6.78)	0.40	0.42	0.11	0.12	(0)
##	Diluted Earnings per share (Rs.)*	(2.82)	(4.47)	(6.78)	0.31	0.25	0.11	0.12	(0)
##	Book Value per share (Rs.)	5.68	8.36	10.46	12.81	9.84	9.77	9.90	9.63
##	Total Dividend	-	-	-	-	-	-	-	-
##	Dividend per share (Rs.)	-	-	-	-	-	-	-	-
#	Net of reinsurance								
@	Net of losses								
* EPS has been calculated in accordance with AS-20 Basic & Diluted (Face Value Rs.10/-									
	Profit / (Loss) for the year	(9,332)	(12,562)	(14,754)	739	526	124	128	(259)
	Share capital & Reserves	18,958	27,329	29,171	26,011	16,175	10,673	10,602	10,115
	Weighted Average Number of Shares at the end of the year	331,202,579	281,068,674	221,363,160	186,035,508	124,689,370	109,183,333	107,100,000	105,000,000

Note: The Company continues to determine the Policyholders' Fund and the Shareholders' Fund on the same basis as determined in the earlier years (Refer Point 9 of Schedule 16 relating to Accounting Policy), due to practical difficulty in determining the Policyholders' Fund in accordance with IRDA Circular INV/CIR/008/2008-09 dated 22.08.09 (annexure II) and hence have allocated the Investment and associated income on the same basis.



Ratios for Non-life Insurance Companies

Sl No	Performance Ratio	2013-14	2012-13
1	Gross premium growth rate (segment wise) (Gross premium for the current year divided by gross premium for the previous year)	Schedule 1	Schedule 1
2	Gross premium to shareholders' fund ratio: (Gross premium for the current year divided by the paid up capital plus free reserves)	5.76	3.15
3	Growth rate of shareholders' funds: (Shareholders' funds as at the current balance sheet date divided by the shareholders' funds at the previous balance sheet date)	-31%	-6%
4	Net retention ratio (segment wise) (Net premium divided by gross premium)	Schedule 2	Schedule 2
5	Net commission ratio (segment wise) (Commission net of reinsurance for a class of business divided by net premium)	Schedule 3	Schedule 3
6	Expenses of Management to gross direct premium ratio (Expenses of Management divided by the total gross direct premium)	0.41	0.46
7	Combined ratio: (Claims paid plus expenses divided by gross premium)	0.94	1.09
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.72	0.69
9	Underwriting balance ratio (segment wise) (Underwriting profit divided by net premium for the respective class of business)	Schedule 4	Schedule 4
10	Operating profit ratio (Underwriting profit plus investment income divided by net premium)	-0.11	-0.20
11	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.44	0.50
12	Net earnings ratio (Profit after tax divided by net premium)	-0.11	-0.20
13	Return on networth (Profit after tax divided by net worth)	-0.49	-0.46
14	Reinsurance ratio (Risk reinsured divided by gross premium)	0.25	0.29



Accounting Ratios - Schedule 1

Gross premium growth rate

Segment	Growth (%)	
	2013-14	2012-13
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	45%	-6%
Health Insurance	26%	-21%
Others	-	-
Total	27%	-21%

Accounting Ratios - Schedule 2

Net retention ratio

Segment	% to GP	
	2013-14	2012-13
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	68%	60%
Health Insurance	75%	72%
Others	-	-
Total	75%	71%

Accounting Ratios - Schedule 3

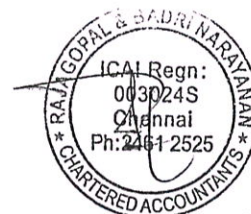
Net commission ratio

Segment	% to NP	
	2013-14	2012-13
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	4%	2%
Health Insurance	4%	2%
Others	-	-
Total	4%	2%

Accounting Ratios - Schedule 4

Underwriting balance ratio

Segment	% to NP	
	2013-14	2012-13
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	-18%	-28%
Health Insurance	-15%	-23%
Others	-	-
Total	-16%	-23%



MANAGEMENT REPORT

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

1. The Company received the Certificate of Registration under the provisions of sub-section (2A) of section 3 of the Insurance Act, 1938 from the Insurance Regulatory and Development Authority, to transact the business of general insurance, from 16th March 2006 and continues to be valid. The fee for renewal of the Certificate of Registration has been paid for 2014-15 and the company has received the Certificate of Renewal of Registration.
2. All dues payable to the Statutory Authorities have been duly paid.
3. The shareholding pattern and the transfer of shares during the period ended 31st March 2014 are in accordance with the statutory or regulatory requirements.
4. No funds of the policyholders have been invested directly or indirectly outside India.
5. The Company has maintained the required Solvency Margin, on the basis of premium (RSM 1) as per the dispensation given by IRDA vide their letter ref. no. FNA/HSH/LR/002/2012-13 dated 6th Feb, 2013 and after considering the other dispensations given by IRDA vide their letters ref. no FNA/HSH/LR/003/2012-13 dated 21st Feb, 2013, FNA/HSH/LR/006/2013-14 dated 7th Oct, 2013 and FNA/GCM/LR/001/2013-14 dated 7th May, 2014.
6. The values of all the assets have been reviewed on the date of the Balance Sheet and that in 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 headings - "Loans", "Investments", "Interest", "Dividends and Rents accruing but not due", "Outstanding premiums", "Interest, Dividends and Rents outstanding", "Amounts due from other persons or Bodies carrying on insurance business", "Advances", "Cash" and the several items specified under "Other Accounts" except Debt Securities which are shown at amortized cost.
7. Company is exposed to a variety of risks, such as quality of risks underwritten, fluctuations in the value of assets and higher expenses in the initial years of operation etc. The Company monitors these risks closely and takes effective remedial steps to address these risks. The Company, through an appropriate reinsurance programme has kept its risk exposure at a level commensurate with its capacity.
8. The Company does not have operations outside India and therefore does not have any country/currency fluctuation risks.
9. Ageing of claims indicating the trends in average claim settlement during the preceding five years are as follows:

FINANCIAL YEAR	NO. OF DAYS TO SETTLE CLAIMS (DATE OF INTIMATION VS DATE OF SETTLEMENT)	CLAIM SETTLED WITHIN 30 DAYS	CLAIM SETTLED WITHIN 31 TO 90 DAYS	CLAIM SETTLED WITHIN 91 TO 180 DAYS	CLAIM SETTLED WITHIN 181 TO 365 DAYS	CLAIM SETTLED AFTER ONE YEAR
2013-2014	15	230,180	17,843	975	144	645
2012-2013	15	205,309	9,767	3,964	880	231
2011-2012	8	26,847	54,944	22,140	11,048	0
2010-2011	47	20,527	25,874	28,896	17,745	5,835
2009-2010	34	13,114	20,564	9,009	4,468	42

10. Investments in Government Securities and other Debt Securities have been considered as "Held to Maturity (HTM)" and have been measured at historical cost subject to amortization.

The market value of investments in Debt Securities including Government Securities have been ascertained by reference to the quotations published on the last working day of the financial year by FIMMDA. The market value of Debt Securities including Government Securities which were not quoted on the last working day of the Financial year have been ascertained on the basis of prevailing Yield to Maturity provided by FIMMDA. The aggregate investments as per Schedule 8 annexed to the Balance Sheet and the Fixed Deposits held with Banks (included in Schedule 11) stood at Rs. 5,101,940 thousands as at 31st March 2014. The investment income, net of amortization including profit on sale of investments was Rs. 374,648 thousands for the year ended 31st March 2014. The weighted average yield on all the income bearing Investments (Excluding Real Estate) was 8.86%. The weighted average yield on all Investments (Including Real Estate) was 8.71%.

Market Value of Investment in Property is ascertained on the basis of valuation report.

11. The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Significant weighing of the assets has been made towards low risk investments such as Government Securities, Treasury bills and other good quality Debt instruments.

All the investments have been duly serviced and there are no non-performing assets as on the Balance Sheet date.

12. Director's Responsibility Statements:

- I. In the preparation of financial statements, the applicable Accounting Standards, principles and policies have been followed along with proper explanations relating to material departures, if any.
- II. The management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2014 and of the operating Loss of the Company for the financial year ended 31st March 2014.

March 2014 and of the Net Loss of the Company for the financial year ended 31st March 2014.

- III. 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 and Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Management has prepared the financial statements on a going concern' basis.
- V. The Management has put in place an internal audit system commensurate with the size and nature of the business and it is operating efficiently.
13. There are no payments other than those arising in the normal course of the Company's Insurance business, made to individuals, firms, companies and organizations in whom / which the directors of the company are interested.

For And On Behalf Of Management



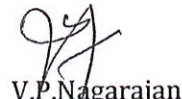
V. Jagannathan
Chairman cum Managing Director



S. Ramaswamy
CFO



C.M. Kannan Unni
Company Secretary



V.P. Nagarajan
Director

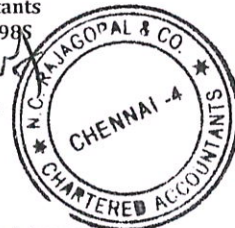
Place : Chennai

Date : 08th May, 2014.

STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED		
Registration No. and Date of Registration with the IRDA: 129/16.03.2006		
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014		
PARTICULARS	31st March, 2014 (Rs.'000)	31st March, 2013 (Rs.'000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	11,149,306	8,442,116
Other receipts	161,606	-
Receipts/(Payments) to the re-insurers, net of commissions and claims	(232,277)	1,768,351
Payments to co-insurers, net of claims recovery	-	-
Payments of claims	(5,986,634)	(5,444,807)
Payments of commission and brokerage	(1,079,187)	(772,082)
Payments of other operating expenses	(3,245,429)	(2,786,152)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	21,541	5,324
Income taxes refund/(paid)	-	-
Service tax paid	(19,725)	-
Other payments	-	-
Cash flows before extraordinary items	-	-
Cash flow from extraordinary operations	-	-
Net cash flow from operating activities	769,200	1,212,750
Cash flows from investing activities		
Purchase of fixed assets	(172,135)	(139,211)
Proceeds from sale of fixed assets	87	843
Purchases of investments	(5,644,135)	(4,710,572)
Loans disbursed	-	-
Sales of investments	4,775,416	2,592,755
Repayments received	-	-
Rents/Interests/Dividends received	340,861	146,882
Investments in money market instruments and in liquid mutual funds (Net)	-	-
Expenses related to investments	(220)	(121)
Net cash flow from investing activities	(700,126)	(2,109,423)
Cash flows from financing activities		
Proceeds from issuance of share capital	94,808	1,061,917
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from financing activities	94,808	1,061,917
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	-	-
Net increase/ (decrease) in cash and cash equivalents:	163,882	165,244
Cash and Cash equivalents at the beginning of the year	402,511	237,267
Cash and cash equivalents at the end of the year *	566,393	402,511
Note * Fixed Deposit of Rs.1,588,645 thousands (Previous year- Rs.1,415,934 thousands) shown under schedule 11 of financial statements considered under investing activities.		

As per our report of even date attached
For N.C.Rajagopal & Co.,
Chartered Accountants
Firm Reg No. 003398S

V.Chandrasekaran
Partner
M.No.24844



For Rajagopal & Badrinarayanan
Chartered Accountants
Firm Reg No. 003024S
ICAI Regn: 003024S
Chennai
Ph:2461 2525
P.S. Prabhakar
Partner
M.No.20909



V.Jagannathan
Chairman Cum Managing Director

V.P.Nagarajan
Director

S Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

Place: Chennai - 34
Date: 08-05-2014