

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

1. 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, 2016, and Revenue Accounts, the Profit and Loss Account and Receipts and Payments Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

In accordance with the provisions of Section 11 of the Insurance Act, 1938 ("the Insurance Act") read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and the provision of section 129 of the Companies Act 2013 ("the Act"), the Balance Sheet, the Revenue Accounts and the Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule III of The Act. The Balance Sheet, the Revenue Accounts and the Profit and Loss Account, are, therefore, drawn up in conformity with the Regulations.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Receipts and Payments Statement of the Company in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Sub section (1) of Section 129 of The Act, provisions of Section 11 of the Insurance Act read with the IRDAI Regulations/Guidelines/Circulars/orders. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates



that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the Company's Directors, 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 on the financial statements.

4. 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 Act, 1999 and The Companies Act, 2013 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, 2016;
- b) in the case of Revenue Accounts, of the operating profit for the year ended on that date;



- c) in the case of Profit and Loss Account, the profit for the year ended on that date;
- d) in the case of Receipts and Payments Statement, 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, attention is invited to the following

- i. Note no. 5 of schedule 17 regarding extension of time granted by IRDAI to comply with IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 and,
- ii. Note no. 21 of Schedule 17 regarding change in accounting policy of providing Unexpired Risk Reserve (URR), its consequential impact on URR provisioning and profits of the company.

5. Report on Other Legal and Regulatory Requirements - As required under provisions of Section 143(3) of the Act and IRDAI regulations

We report that

- a) We have sought and 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 Accounts, Profit and Loss Account, and Receipts and Payments Statement dealt with by this Report are in agreement with the books of account.
- d) The financial accounting system of the Company is centralized 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 Statement comply with the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014 read together with IRDAI 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 of India [IRDAI] and Actuarial Society of India in concurrence with IRDAI. 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure (A).
- i) In our opinion and to the best of our information and according to the explanations given to us
- i) The Company has disclosed the impact of pending litigations on its financial position in Note No.2 of Schedule 17 to the Financial statements
- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
6. Further, according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
- a. We have reviewed the Management Report attached to the financial statements for the financial year ended March 31, 2016 and there is no apparent mistake or material inconsistency therein with the financial statements.
- b. The Company has complied with the terms and conditions of registration stipulated by IRDAI vide their letter dated 16th March, 2006.
- c. We have verified the cash balances at the corporate office of the Company and investments of the Company.
- d. The Company is not a trustee of any trust.
- e. 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.

- f. 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
Registration No:003398S


V Chandrasekaran

Partner

Membership No: 024844



For Rajagopal & Badri Narayanan
Chartered Accountants
Registration No 003024S



P.S.Prabhakar

Partner

Membership No: 020909



Place: Chennai
Date: 18-May-2016

ANNEXURE (A) REFERRED TO IN PARAGRAPH (5)(h) OF OUR REPORT OF EVEN DATE

TO THE MEMBERS OF STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

We have audited the Internal Financial Controls over financial reporting of **STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED** as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of



financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For N. C. Rajagopal & Co.,
Chartered Accountants**

**Registration No:
003398S**

**V Chandrasekaran
Partner**

Membership No: 024844



**For Rajagopal & Badri Narayanan
Chartered Accountants**

Registration No 003024S

**P.S.Prabhakar
Partner**

Membership No: 020909



Place: Chennai

Dated: 18-May-2016

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016
FIRE BUSINESS

(Rs.'000)

Particulars	Schedule	For the Quarter Jan to Mar '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 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: 18-May-2016

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 IRDAI : **129/16.03.2006**

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016
MARINE BUSINESS

(Rs.'000)

Particulars	Schedule	For the Quarter Jan to Mar '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 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: 18-May-2016

For And On Behalf of Board of Directors

V. Jagannathan
V.Jagannathan
Chairman Cum Managing Director

V.P. Nagarajan
V.P.Nagarajan
Director

S. Ramaswamy
S/Ramaswamy
Chief Financial Officer

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

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016
MISCELLANEOUS BUSINESS

						(Rs.'000)
Particulars	Schedule	For the Quarter Jan to Mar '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015	
1 Premiums earned (Net)	1 D	5,632,007	15,138,716	2,812,230	10,179,295	
2 Profit/ (Loss) on sale/redemption of Investments (Refer Note No.6(b) of Sch 17)		69,455	70,114	5,208	15,223	
3 Others		-	-	-	-	
4 Interest, Dividend & Rent - (Gross)		60,012	572,058	119,823	404,736	
TOTAL (A)		5,761,474	15,780,889	2,937,261	10,599,254	
1 Claims Incurred (Net)	2 D	2,200,008	8,145,542	1,716,474	6,510,591	
2 Commission	3 D	66,620	610,586	357,306	1,010,122	
3 Operating Expenses related to Insurance Business	4	1,187,968	4,539,480	1,492,467	4,552,221	
4 Premium Deficiency		-	-	-	-	
TOTAL (B)		3,454,596	13,295,609	3,566,247	12,072,934	
Operating Profit/(Loss) from Miscellaneous Business C= (A - B)		2,306,878	2,485,280	(628,986)	(1,473,680)	
APPROPRIATIONS						
Transfer to Shareholders' Account		2,306,878	2,485,280	(628,986)	(1,473,680)	
Transfer to Catastrophe Reserve		-	-	-	-	
Transfer to Other Reserves (to be specified)		-	-	-	-	
TOTAL (C)		2,306,878	2,485,280	(628,986)	(1,473,680)	
Significant accounting policies	16					
Notes to financial statements	17					

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

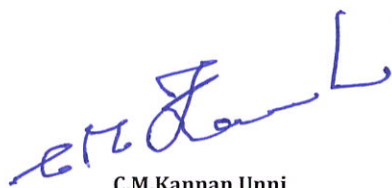
Place: Chennai - 600 034
Date: 18-May-2016

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 - PL
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDAI : 129/16.03.2006
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016

(Rs.'000)

Particulars	Schedule	For the Quarter Jan to Mar '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
1 OPERATING PROFIT/(LOSS)					
(a) Fire Insurance		-	-	-	-
(b) Marine Insurance		-	-	-	-
(c) Miscellaneous Insurance		2,306,878	2,485,280	(628,986)	(1,473,680)
2 INCOME FROM INVESTMENTS					
(a) Interest, Dividend & Rent - (Gross)		53,653	161,350	26,303	88,845
(b) Profit on sale of investments (Refer Note No.6(b) of Sch 17)		19,637	19,776	1,143	3,342
Less: Loss on sale of investments		-	-	-	-
3 OTHER INCOME		-	-	-	-
TOTAL (A)		2,380,168	2,666,406	(601,540)	(1,381,493)
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 (Refer Note No.27 of Sch 17)		830,326	830,326	-	-
(c) Others		-	-	-	-
i) Amortisation Expenses (Refer Note No.22 of Sch 17)		1,158	2,484	196	250
ii) Sweat Equity Shares (Refer Note No.15 (b) of Sch 17)		11,998	11,998	12,646	12,646
iii) Management expenses allocated (Refer Note No.29 of Sch 17)		451,696	451,696	-	-
iv) Donation		370	4,143	166	6,119
TOTAL (B)		1,295,548	1,300,647	13,008	19,015
Profit Before Tax (A-B)		1,084,620	1,365,759	(614,548)	(1,400,509)
Provision for Taxation					
(a) Current Tax		141,480	141,480	-	-
Less: MAT Credit Entitlement		(141,480)	(141,480)	-	-
(b) Deferred Tax		-	-	-	-
Profit After Tax		1,084,620	1,365,759	(614,548)	(1,400,509)
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		-	(4,952,190)	-	(3,551,680)
Balance carried forward to Balance Sheet		1,084,620	(3,586,431)	(614,548)	(4,952,189)
Significant accounting policies	16				
Notes to financial statements	17				
Earnings per share - Basic		-	0.0037	-	(4.13)
- Diluted		-	0.0037	-	(4.13)

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

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

P.S.Prabhakar
Partner
M.No.20909
Place: Chennai - 600 034
Date: 18-May-2016



V.P.Nagarajan
Director

S.Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

Form B - BS
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDAI : 129/16.03.2006
BALANCE SHEET AS AT 31st MARCH 2016

(Rs.'000)

Particulars	Schedule	31st March 2016	31st March 2015
SOURCES OF FUNDS			
SHARE CAPITAL	5	3,869,921	3,621,441
SHARE APPLICATION MONEY		-	-
RESERVES AND SURPLUS	6	3,317,550	2,749,276
FAIR VALUE CHANGE ACCOUNT		-	-
BORROWINGS	7	-	-
DEFERRED TAX LIABILITY		-	-
TOTAL		7,187,471	6,370,717
APPLICATION OF FUNDS			
INVESTMENTS	8	8,067,147	5,018,372
LOANS	9	-	-
FIXED ASSETS	10	654,127	584,654
CURRENT ASSETS			
Cash and Bank Balances	11	2,719,394	3,277,917
Advances and Other Assets	12	2,279,613	2,076,885
Sub-Total (A)		4,999,007	5,354,802
CURRENT LIABILITIES	13	2,380,471	2,097,218
PROVISIONS	14	7,738,771	7,442,082
Sub-Total (B)		10,119,242	9,539,300
NET CURRENT ASSETS (C) = (A - B)		(5,120,235)	(4,184,498)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		3,586,431	4,952,189
TOTAL		7,187,471	6,370,717
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

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

V.P.Nagarajan
Director

P.S.Prabhakar
Partner
M.No.20909



S.Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

Place: Chennai - 600 034
Date: 18-May-2016

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 1A

PREMIUM EARNED [NET]

FIRE BUSINESS ACCOUNT

(Rs.'000)

Particulars	For the Quarter Jan to Mar '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
Premium from direct business written	7,212,856	20,073,425	5,224,991	14,691,941
Add: Premium on reinsurance accepted	390	2,938	1,462	3,871
Less : Premium on reinsurance ceded	770,004	4,678,890	408,085	2,157,756
Net Premium	6,443,242	15,397,473	4,818,368	12,538,056
Adjustment for change in reserve for unexpired risks (Refer Note No.21 of Sch 17)	811,234	258,757	2,006,138	2,358,761
Total Premium Earned (Net)	5,632,008	15,138,716	2,812,230	10,179,295

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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
Claims paid				
Direct (Refer Note No.23 of Sch 17)	3,123,141	10,652,298	2,085,029	7,443,345
Add :Re-insurance accepted	243	1,154	331	666
Less :Re-insurance Ceded	1,009,385	2,554,183	475,892	1,173,956
Net Claims paid	2,113,999	8,099,269	1,609,468	6,270,055
Add Claims Outstanding at the end of the year	1,287,605	1,287,605	1,241,332	1,241,332
Less Claims Outstanding at the beginning	1,201,596	1,241,332	1,134,326	1,000,796
Total Claims Incurred	2,200,009	8,145,542	1,716,474	6,510,591

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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
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 '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
COMMISSION PAID				
Direct	844,527	2,216,965	565,343	1,549,405
Add: Re-insurance Accepted	97	735	365	968
Less: Commission on Re-insurance Ceded	778,005	1,607,114	208,402	540,251
Net Commission	66,619	610,586	357,306	1,010,122
Break-up of the expenses (Gross) incurred to procure Business :				
Agents	781,695	2,105,581	552,232	1,495,505
Brokers	23,217	67,837	12,220	50,311
Corporate Agency	32,578	36,510	891	3,589
Referral	-	-	-	-
Others	7,037	7,037	-	-
TOTAL	844,527	2,216,965	565,343	1,549,405



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 4

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(Rs.'000)

Particulars	For the Quarter Jan to Mar '16	31st March 2016	For the Quarter Jan to Mar '15	31st March 2015
1 Employees' remuneration & welfare benefits (Refer Note No.15 (a) of Sch 17)	1,425,408	3,676,247	817,273	2,669,367
2 Travel, conveyance and vehicle running expenses	53,186	110,064	15,616	84,092
3 Training expenses	12,372	51,766	7,391	34,078
4 Rents, rates & taxes	125,255	297,663	71,522	245,449
5 Repairs	29,674	97,363	27,295	102,837
6 Printing & Stationery	78,190	170,956	43,216	247,021
7 Communication	46,507	90,180	29,395	85,243
8 Legal & professional charges	60,983	95,888	22,935	59,389
9 Auditors' fees, expenses etc				
(a) as auditor	3,000	3,000	2,250	2,250
(b) as adviser or in any other capacity, in respect of				
(i) Taxation matters	1,000	1,000	750	750
(ii) Insurance matters	-	-	-	-
(iii) Management services; and	-	-	-	-
(c) in any other capacity	-	1,000	180	780
(d) Out of Pocket Expenses	207	707	326	802
10 Advertisement and publicity	199,375	469,279	284,775	569,968
11 Interest & Bank Charges	10,399	24,201	4,907	12,110
12 Others				
- Director's Sitting Fees	200	650	250	930
- Software Expenses	76,785	171,725	43,630	155,248
- Miscellaneous Expenses	40,437	124,292	31,692	93,878
- Amortization Expenses (Refer Note No.22 of Sch 17)	2,501	8,808	894	1,139
- In House Claim Processing Cost (Refer Note No.23 of Sch 17)	(578,575)	(578,575)	-	-
- Management Expenses allocated to Profit and Loss account (Refer Note No.29 of Sch 17)	(451,696)	(451,696)	-	-
13 Depreciation	52,761	174,963	88,171	186,889
TOTAL	1,187,970	4,539,480	1,492,467	4,552,221



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

**SCHEDULE – 5
SHARE CAPITAL**

(Rs.'000)

	Particulars	31st March 2016	31st March 2015
1	Authorised Capital 600,000,000 (Previous Year - 450,000,000) Equity Shares of Rs10/- each	6,000,000	4,500,000
2	Issued Capital 386,992,109 (Previous Year - 362,732,365) Equity Shares of Rs10/- each	3,869,921	3,627,324
3	Subscribed Capital 386,992,109 (Previous Year - 362,732,365) Equity Shares of Rs10/- each	3,869,921	3,627,324
4	Called-up / paid up Capital 386,992,109 (Previous Year - 362,144,067) Equity Shares of Rs10/- each (Out of above 4,316,719 (previous year 3,234,100) equity shares of Rs.10/- each issued for consideration other than cash.)	3,869,921	3,621,441
	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	3,869,921	3,621,441

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	287,704,013	74.34%	269,736,976	74.48%
Foreign	99,288,096	25.66%	92,407,091	25.52%
Others	-	-	-	-
TOTAL	386,992,109	100%	362,144,067	100%



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 6

RESERVES AND SURPLUS

(Rs.'000)

Particulars	31st March 2016	31st March 2015
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium (Refer Note No:17 of Sch 17)	3,317,550	2,749,276
4 General Reserves	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilized for Buy-back	-	-
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	-	-
TOTAL	3,317,550	2,749,276



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 7 BORROWINGS

(Rs.'000)

Particulars	31st March 2016	31st March 2015
1 Debentures/ Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others (to be specified)	-	-
TOTAL	-	-



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

**Schedule -8
INVESTMENTS**

(Rs.'000)

Particulars	31st March 2016	31st March 2015
LONG TERM INVESTMENTS		
1 Government securities and Government guaranteed bonds including Treasury Bills	3,500,579	3,019,736
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	1,411,987	951,133
(e) Other Securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	25,108	81,905
4 Investments in Infrastructure and Social Sector	2,294,714	865,600
5 Other than Approved Investments	245,258	-
SHORT TERM INVESTMENTS		
6 Government securities and Government guaranteed bonds including Treasury Bills	349,512	-
7 Other Approved Securities	-	-
8 Other Investments		
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	140,000	-
(a) Derivative Instruments	-	-
(b) Debentures / Bonds	50,000	-
(c) Other Securities	-	-
(d) Subsidiaries	-	-
(e) Investment Properties-Real Estate	-	-
9 Investments in Infrastructure and Social Sector	49,989	99,998
10 Other than Approved Investments	-	-
TOTAL	8,067,147	5,018,372
Aggregate Market Value of Quoted Investments other than equity shares.	7,983,169	4,999,247
Aggregate Book Value of Quoted Investments other than equity shares	7,902,038	4,936,467
Aggregate Book Value of Un-Quoted Investments - Investment Properties	25,108	81,905
Aggregate Market Value of Investment Properties	25,108	160,468
Historical cost of Mutual Funds valued on Fair Value basis	-	-



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 9 LOANS

(Rs.'000)

Particulars	31st March 2016	31st March 2015
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

		(Rs. '000)									
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	581,479	189,444	-	770,923	494,642	51,753	-	546,396	224,527	86,837
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	148,393	17,193	-	165,586	42,308	27,031	-	69,339	96,247	106,085
7	Information Technology Equipment	395,756	113,151	-	508,907	264,981	70,305	-	335,285	173,622	130,775
8	Vehicles	16,453	626	-	17,078	8,089	2,260	-	10,349	6,729	8,364
9	Office Equipment	122,410	14,906	-	137,316	70,641	22,756	-	93,398	43,918	51,769
10	Others	-	-	-	-	216	858	-	1,074	1,493	2,351
	Total	1,342,658	335,319	-	1,677,977	880,877	174,963	-	1,055,841	622,136	461,781
	Capital work in progress	122,873	127,808	218,690	31,991	-	-	-	-	31,991	122,873
	Grand Total	1,465,531	463,127	218,690	1,709,968	880,877	174,963	-	1,055,841	654,127	584,654
	Previous Year	1,297,077	173,388	4,922	1,465,531	698,400	186,889	4,411	880,877	-	-



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE- 11 CASH AND BANK BALANCES

(Rs.'000)

Particulars	31st March 2016	31st March 2015
1 Cash (including cheques, drafts and stamps)	501,852	371,559
2 Bank Balances		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	878,400	1,702,626
(bb) Others	898,000	771,000
(b) Current Accounts	441,142	432,732
(c) Others (to be specified)	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
TOTAL	2,719,394	3,277,917



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 12

ADVANCES AND OTHER ASSETS

(Rs.'000)

Particulars	31st March 2016	31st March 2015
A ADVANCES		
1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	46,656	50,523
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source (Net of Provisions for Tax amounting ; Previous Year 64,706)	-	49,222
6 Others		
- Travel Advance	380	421
- Rental Advance	146,885	125,259
- Telephone Deposit	401	326
- Staff Advance	34,060	38,947
- Other Advances	33,419	50,309
- Security Deposits (Refer Note No.26 of Sch 17)	17,939	13,724
TOTAL (A)	279,740	328,731
B OTHER ASSETS		
1 Income accrued on investments	373,284	234,007
2 Outstanding Premiums (Refer Note No.28 of Sch 17)	389,109	351,155
3 Agents' Balances	-	-
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business (including reinsurers)	1,079,717	295,046
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.27 of Sch 17)	-	830,089
- Service Tax	16,283	37,857
- MAT Credit Entitlement	141,480	-
TOTAL (B)	1,999,873	1,748,154
TOTAL (A+B)	2,279,613	2,076,885



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 13

CURRENT LIABILITIES

(Rs.'000)

	Particulars	31st March 2016	31st March 2015
1	Agents' Balances	191,410	141,739
2	Balances due to other insurance companies	1,729	1,048
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	86,517	119,237
5	Unallocated Premium	140,365	117,901
6	Sundry creditors	664,730	452,860
7	Due to subsidiaries/ holding company	-	-
8	Claims Outstanding	1,287,605	1,241,332
9	Due to Officers/ Directors	-	-
	Sweat Equity Shares Pending Allotment	-	12,646
10	Unclaimed Amount of policyholders (Refer Note No.24 of Sch 17)	8,115	10,455
11	Others	-	-
	TOTAL	2,380,471	2,097,218



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 14 PROVISIONS

(Rs.'000)

Particulars	31st March 2016	31st March 2015
1 Reserve for Unexpired Risk (Refer Note No.21 of Sch 17)	7,698,737	7,439,980
2 For taxation (less advance tax paid and taxes deducted at source Rs.179,662 ; Previous Year Rs. NIL)	26,478	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others	-	-
- Provision for Gratuity	13,556	2,102
TOTAL	7,738,771	7,442,082



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 15

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

(Rs.'000)

Particulars	31st March 2016	31st March 2015
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, 2013 ('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 has been created at 50% of the Net Written Premium of the preceding 12 months as per the directives issued by IRDAI 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 In House claims processing expenditure calculated at the rate of 3% of Gross Premium pertaining to Health (Retail & Group) Segment.

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.

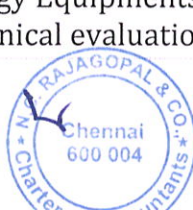
Fair value of investments is computed for quoted investments on the basis of the last available market price/yield-to-maturity valuation.

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 based on the useful life prescribed in the Schedule II to the Companies Act, 2013 except in the case of networking equipments included in Information Technology Equipments, where the useful life is estimated to be 5 years based on the internal technical evaluations.



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.

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

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

Capital Work-in-progress represents in-house development of Computer Software which is not ready for its intended use.

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 are allocated to the miscellaneous revenue account, since the company is transacting only in Health Segment.

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. MAT Credit Entitlement

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

17. 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.

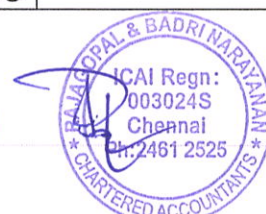


SCHEDULE 17

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 of India to transact General Insurance Business from 16th March 2006.
2. The Company has no contingent liabilities in respect of the following as at 31st March, 2016 as well as in the previous financial year:
 - Partly paid investments - NIL
 - Underwriting commitments relating to investment activities - NIL
 - Claims, other than those under policies, not acknowledged as debts - NIL
 - Guarantees given by or issued on behalf of the Company - NIL
 - 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 F.Year
2009-10	245,820	2011-12
2010-11	133,724	2012-13
2011-12	247,214	2013-14
Total	626,758	



- The Company is of the view that retrospective payment of Bonus is not appropriate and accordingly for bonus computation such retrospective amendment has not been taken in consideration. The additional liability on account of retrospective amendment is Rs.14,831 thousands. The retrospective amendment is being challenged by various parties in the High Court and based on the final outcome on determination of the court cases would be accounted for on that date.
 - Reinsurance obligations to the extent not provided for in the accounts - NIL
3. Commitment made for Investment and Fixed Asset.

Particulars	Amount (Rs ' 000)	
	31st March 2016	31st March 2015
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)	126,000	27,127

4. The assets of the Company are free from encumbrances.
5. At the request of the company, IRDAI vide their letter Reference: FNA/HSH/COM/001/2013-14/193 dated 07.01.2016 has granted the company a time period upto 31st August 2016 to comply with IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000. Accordingly, as at the year end the company is following the provisions of section 64VA (1) of the Insurance Act as regards maintenance of solvency margin.
6. Investments:
- (a)

Particulars	Amount (Rs ' 000)	
	31st March 2016	31st March 2015
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

(b) Profit on sale of investments includes surplus arising out of sale of investment property of Rs.88,786 thousands (PY: NIL) , allocated to Revenue and Profit and Loss Account in accordance with the Accounting Policy of the Company.



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. 230,746 thousands (PY: 198,290 thousands)

Minimum Lease Payments	Amount (Rs ' 000)	
	31 st March 2016	31 st March 2015
Not later than one year	215,451	180,386
Later than 1 year but not later than 5 years	275,418	236,483
Later than 5 years	28,943	18,701

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

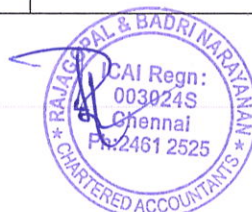
Particulars	Amount (Rs'000)	
Assumptions	31-03-2016	31-03-2015
Discount Rate	8.00%	8.00%
Salary Escalation	3.00%	3.00%
Attrition rate	3%	1-3%
Expected Return on Plan Assets	8%	8%
Mortality Rate Table	LIC (1994-1996)	LIC (1994-1996)
Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	58,813	54,164
Interest cost	4,505	4,333
Current Service Cost	8,026	12,077
Benefits Paid	(4,710)	(2,995)
Actuarial (gain) / loss on obligation	18,457	(8,766)
Present value of obligations as at end of year	85,092	58,813
Table showing changes in the fair value of plan assets - LIC Fund		
Fair value of plan assets at beginning of year	59,662	35,588
Expected return on plan assets	5,023	4,935
Contributions	10,885	22,134



Benefits paid	(4,710)	(2,995)
Actuarial gain / (loss) on plan assets	676	-
Fair value of plan assets at the end of year	71,536	59,662
Table showing changes in the fair value of plan assets - LIC Fund		
Fair value of plan assets at beginning of year	59,662	35,588
Actual return on plan assets	5,698	4,935
Contributions	10,885	22,134
Benefits paid	(4,710)	(2,995)
Fair value of plan assets at the end of year	71,536	59,662
Funded Status	(13556)	849
Excess of actual over estimated return on plan assets	-	-
Actuarial (Gain)/Loss recognized		
Actuarial (gain) /loss on obligation	18,457	(8,766)
Actuarial (gain) / loss on plan assets	(676)	-
Actuarial (gain) / loss recognized in the year	17,782	(8,766)
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	85,092	58,813
Fair value of plan assets as at the end of the year	71,536	59,662
Funded status	(13556)	849
Net (Liability) Recognized in the Balance Sheet	(13556)	849
Expenses Recognized in statement of Profit & loss		
Current Service cost	8,026	12,077
Interest Cost	4,505	4,333
Expected return on plan assets	(5,023)	(4,935)
Net Actuarial (gain) / loss recognized in the year	17,782	(8,766)
Expenses to be recognized in the profit & loss	25,290	2,709

10. Claims Outstanding:

Pending for	No. of Claims	Amount (Rs.'000)
Less than or equal to 6 months	24,380	1,092,408
More than 6 months Less than or equal to 1 year	375	46,330
More than 1 year Less than or equal to 2 year	43	23,526
More than 2 years	90	24,762
Total	24,888	1,187,026



The claims were outstanding predominantly due to non-submission of essential documents by the insured. As at the year end, there are Nil Claims (PY – 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. 621,823 thousands (PY: Rs. 981,482 thousands) as per the calculation given below has not been recognized in the absence of virtual certainty.

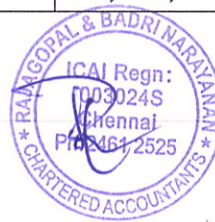
The details of Net Deferred Tax Asset / Liability are as under:

(Rs.'000)

Timing Difference on Account of	As At 31st March 2016		As At 31st March 2015	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Carried Forward Loss	-	-	-	-
• On Depreciation Loss	162,788	-	145,347	-
• On Business Loss	507,745	-	513,336	-
• URR Differences	-	-	361,824	-
Depreciation differences	-	45,320	-	39,025
Provision for Gratuity	-	4,692	-	-
Total	670,533	50,012	1,020,507	39,025
Net Deferred Tax Asset / (Liability)	620,521		981,482	
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 2016				For the year ended 31 st March 2015			
	No. of policies	No. of Lives	GWP Rs. '000	%	No. of policies	No. of Lives	GWP Rs. '000	%
Rural	335,223	928,055	2,406,968	12.0	255,508	751,092	1,660,278	11.0
Social	427,496	1,240,551	3,819,696	19.0	372,172	3,670,777	3,107,434	21.0
Others	1,552,022	4,655,887	13,846,762	69.0	1,238,817	4,005,059	9,924,230	68.0
Total	2,314,741	6,824,493	20,073,425	100	1,866,497	8,426,928	14,691,941	100



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

14. Extent of Risk retained and Re-insured

Particulars	31 st March 2016	31 st March 2015
Risk Retained (%)	76.71%	85.32%
Risk Re-insured (%)	23.29%	14.68%

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

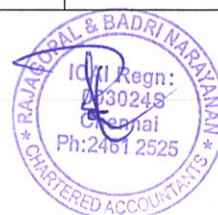
(Rs '000)		
Particulars	31 st March 2016	31 st March 2015
Salary	9,873	9,873
Allowances and Perquisites	541	548
Total	10,414	10,421

(b) The company has charged an amount of Rs. 11,998 thousands (PY: Rs.12,646 thousands) in the Profit & Loss Account towards Sweat Equity Shares issued to Chairman Cum Managing Director. This consists of Rs. 4943 thousands by way of 494,321 equity shares at face value of Rs. 10/- each (PY: 588,298 equity shares at face value of Rs.10) and the balance towards the related tax liability. These shares were allotted vide Board Meeting held on 31/03/2016 on receipt of approval from the Insurance Regulatory & Development Authority of India on 31/03/2016. However with respect to previous year, the sweat equity shares were allotted vide Board Meeting held on 10/04/2015 on receipt of approval from the Insurance Regulatory & Development Authority of India on 08/04/2015.

16. Related Party Disclosure:

A) **KEY MANAGERIAL PERSONNEL (KMP) AND RELATIVES OF KMP (With whom transactions have taken place)**

(Rs '000)						
Transactions during the year	Key Managerial Personnel (KMP)		Relative of Key Managerial Personnel (KMP)		Total	
Transactions during the year	31 st March 2016	31 st March 2015	31 st March 2016	31 st March 2015	31 st March 2016	31 st March 2015
Lease Rentals paid	-	-	-	-	-	-
Remuneration paid	17,469	17,184	-	-	17,469	17,184
Share Capital Allotted*	36,584	6,303	12,195	9,091	48,779	15,394



Balance Outstanding at the end of the year	-	-	-	-	-	-
Share Capital	112,330	75,746	21,286	9,091	133,616	84,837

*Includes value of Sweat Equity Shares of Rs.4,943 thousands (PY: Rs.5,883 thousands)

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. 5,968 thousands (PY 10,100 thousands) on account of issue of equity shares, which has been adjusted against the Share Premium. The balance of Share Premium account as on 31.3.2016 is Rs. 3,317,550 thousands (PY Rs. 2,749,275thousands)

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

(Rs '000)			
S.No.	Particulars	31 st March 2016	31 st March 2015
1	Net Profit /(Loss) Attributable to Shareholders	1,366,379	(1,400,509)
2	Weighted Average No. of Equity Shares Issued for Basic EPS	370,724,596	339,129,785
3	Weighted Average No. of Equity Shares Issued for Diluted EPS	370,724,596	339,129,785
4	Basic Earnings Per Share of Rs.10/- each	Rs.0.00369	Rs.(4.13)
5	Diluted Earnings Per Share of Rs.10/- each	Rs.0.00369	Rs.(4.13)

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 IRDAI in its circular dated 29th April, 2003 is provided in Annexure 2 and Annexure 3.

21. During the year the company has changed the method of accounting of providing reserve for unexpired risk at the rate of 50% of Net Written Premium as against the accounting policy of providing not less than 50% of the Net Written Premium as prescribed for miscellaneous line under section 64(1)(ii)(b) of the Insurance Act or as per the directions issued by IRDAI from time to time.



Consequent to the change in accounting policy, the reserve for unexpired risk (URR) created as at the year end is lower by Rs.1,826,573 thousands (PY:NIL), and the profit for the year is higher by an equal amount.

22. Amortizations of premium / (Accretion of discount) on investments details are as follows:
(Rs '000)

Particulars	31 st March 2016	31 st March 2015
Revenue Account		
Fire	NIL	NIL
Marine	NIL	NIL
Miscellaneous	8,808	1,139
Profit & Loss Account		
Share Holders	2,484	250
Total	11,292	1,389

23. During the year the Company has transferred from Operating Expenses (Ref: Schedule 4 of the Financial Statements under "Others - In House Claims Processing Cost") to Claims cost an amount of Rs. 578,575 thousands (PY NIL) being 3% of the gross premium pertaining to Health (Retail and Group) segment towards In House Claims processing expenditure based on the Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016. However the company in the previous financial year, had identified and transferred exclusive expenditure incurred towards processing and settlement of health claims to Claims cost from various expenses grouped under Operating Expense.

Consequent to this change in the accounting policy, the cost of incurred claims has increased by Rs. 268,520 thousands with a corresponding decrease in the Operating Expenses under schedule 4 to the same extent.

24. Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders
(For the Year ended 31st March 2016)
(Rs '000)

Particulars	Total Amount	AGE-WISE ANALYSIS						
		1-6 months	7-12 months	13-18 months	19- 24 months	25 - 30 months	31 - 36 months	Beyond 36 Months
claims settled but not paid to the policyholders	-	-	-	-	-	-	-	-
sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-	-



Excess Premium / Refunds (Due to the Insured)	8,114.53	8,114.53	-	-	-	-	-	-
Cheques issued but not encashed by the policyholder/ insured	-	-	-	-	-	-	-	-

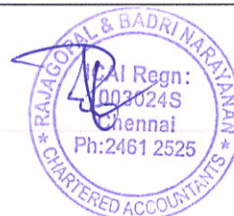
(For the Year ended 31st March 2015)

(Rs '000)

Particulars	Total Amount	AGE-WISE ANALYSIS						
		1-6 months	7-12 months	13-18 months	19- 24 months	25 - 30 months	31 - 36 months	Beyond 36 Months
claims settled but not paid to the policyholders	-	-	-	-	-	-	-	-
sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-	-
Excess Premium / Refunds (Due to the Insured)	10,455	10,455	-	-	-	-	-	-
Cheques issued but not encashed by the policyholder/ insured	-	-	-	-	-	-	-	-

25. 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 of India		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: PY Figures for the above items are also "Nil".

26. Security deposit includes Rs. 5,500 thousands (PY 2,887 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.
27. During the year, the company with the approval of the board has written off Rs.830,326 thousands due from Aarogyasri Healthcare Trust as the same is considered to be irrecoverable.
28. An amount of Rs. 389,109 thousands (PY Rs. 351,155 thousands) being outstanding premiums recoverable towards RSBY Scheme is considered good and recoverable.
29. During the current financial year the company has exceeded the limits prescribed under section 40C of The Insurance Act 1938, read with Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016, with respect to limits on management expenses by an amount of Rs.451,694 thousands, and the same has been allocated to profit and loss a/c. This matter has been intimated by the company to IRDAI which has been acknowledged.
30. 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.



31. PY figures have been reclassified / regrouped, wherever necessary, to confirm to the current year's classification.

Particulars	31 st March 2016	31 st March 2015		Reason
	Grouping	Grouping	Amount (Rs. '000)	
Donation	Profit and Loss A/c	Schedule 4: Operating Expenses	4,401	As per IRDAI's Disclosure Requirement
Web Aggregator	Schedule 3: Commission	Schedule 4: Operating Expenses	6,626	As per IRDAI's Disclosure Requirement

As per our Report of even date
attached

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

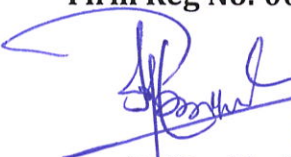

V.Chandrasekaran
Partner
M.No: 24844



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 : 18-May-2016

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 2016)													(Rs. '000)
Particulars	Fire	Marine Cargo	Marine Hull	Aviation	Motor	Workmens Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total
Gross Direct Premium	-	-	-	-	-	-	-	-	521,808	19,551,617	-	-	20,073,425
Premium Inward	-	-	-	-	-	-	-	-	-	2,938	-	-	2,938
Net Written Premium	-	-	-	-	-	-	-	-	376,481	15,020,993	-	-	15,397,474
Premium earned (net)	-	-	-	-	-	-	-	-	332,290	14,806,427	-	-	15,138,717
Profit on sale / redemption of investments	-	-	-	-	-	-	-	-	1,823	68,292	-	19,776	89,891
Others - Sweat Equity Shares	-	-	-	-	-	-	-	-	-	-	-	(11,998)	(11,998)
Pending Allotment	-	-	-	-	-	-	-	-	-	548,608	-	158,865	722,115
Interest (net of amortisation)	-	-	-	-	-	-	-	-	14,642	15,423,327	-	166,643	15,938,724
Total segmental revenue	-	-	-	-	-	-	-	-	348,754	15,423,327	-	166,643	15,938,724
Claims incurred (net)	-	-	-	-	-	-	-	-	128,753	8,016,790	-	-	8,145,543
Commission received / (paid), net	-	-	-	-	-	-	-	-	15,872	594,714	-	-	610,586
Operating expenses related to insurance business	-	-	-	-	-	-	-	-	110,779	4,419,893	-	451,696	4,982,368
Total segmental expenses	-	-	-	-	-	-	-	-	255,404	13,031,397	-	451,696	13,738,497
Segmental (loss) / profit	-	-	-	-	-	-	-	-	93,351	2,391,930	-	(285,053)	2,200,227
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	-	834,468	834,468
Provision for income, FBT, Deferred Tax Asset and wealth tax, MAT	-	-	-	-	-	-	-	-	-	-	-	141,480	141,480
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	-	(141,480)	1,365,759



(For the year ended 31st March 2015)													(Rs. '000)
Particulars	Fire	Marine Cargo	Marine Hull	Aviation	Motor	Workmens Compensation / Employers Liability	Public / Product Liability	Engineering	Personal Accident	Health Insurance	Others	Investment of Shareholders funds	Total
Gross Direct Premium	-	-	-	-	-	-	-	-	326,847	14,365,094	-	-	14,691,941
Premium Inward	-	-	-	-	-	-	-	-	-	3,871	-	-	3,871
Net Written Premium	-	-	-	-	-	-	-	-	221,281	12,316,775	-	-	12,538,056
Premium earned (net)	-	-	-	-	-	-	-	-	179,022	10,000,273	-	-	10,179,295
Profit on sale / redemption of investments	-	-	-	-	-	-	-	-	339	14,884	-	3,341	18,564
Others	-	-	-	-	-	-	-	-	-	-	-	(12,646)	(12,646)
Interest (net of amortisation)	-	-	-	-	-	-	-	-	8,979	394,618	-	88,594	492,191
Total segmental revenue	-	-	-	-	-	-	-	-	188,340	10,409,775	-	79,291	10,677,404
Claims incurred (net)	-	-	-	-	-	-	-	-	80,339	6,430,252	-	-	6,510,591
Commission received / (paid), net	-	-	-	-	-	-	-	-	22,472	987,650	-	-	1,010,122
Operating expenses related to insurance business	-	-	-	-	-	-	-	-	101,247	4,449,835	-	6,119	4,557,200
Total segmental expenses	-	-	-	-	-	-	-	-	204,058	11,867,737	-	6,119	12,077,913
Segmental (loss) / profit	-	-	-	-	-	-	-	-	(15,718)	(1,457,962)	-	73,172	(1,400,509)
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for income, FBT, Deferred Tax Asset and wealth tax, MAT	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	(1,400,509)



Summary of Financial Statements		Rs. in Lakhs									
Sl No	Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-09	2007-08	2006-07
OPERATING RESULTS											
1	Gross Premiums Written	200,734	146,919	109,108	86,021	108,506	122,755	96,164	50,986	16,819	2,251
2	Net Premium Income#	153,975	125,381	84,353	61,384	80,991	91,168	67,155	35,983	11,953	978
3	Income from investments (net)@	6,422	4,200	2,635	1,405	1,215	1,251	717	584	172	20
4	Other income - Transfer fee etc	-	-	1,616	57	-	-	-	-	-	-
5	Total Income	160,396	129,580	88,604	62,846	82,206	92,420	67,872	36,567	12,125	998
6	Commissions (Net)	6,106	10,101	3,666	1,375	465	(883)	(1,267)	(1,228)	(814)	(303)
7	Brokerage	-	-	-	-	-	-	-	-	-	-
8	Operating Expenses	45,395	45,525	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	84,043	88,694	62,208	42,558	77,564	83,843	59,286	31,684	9,854	639
10	Operating Profit/loss	24,853	(14,739)	(10,462)	(12,951)	(16,101)	383	543	(158)	(392)	483
NON OPERATING RESULTS											
11	Total income shareholders' account	(11,195)	734	1,129	390	655	784	479	686	708	697
12	Expenses charged to Profit and Loss A/c	-	-	-	-	-	-	-	-	-	-
13	Profit/(loss) before tax	13,658	(14,005)	(9,332)	(12,562)	(15,445)	1,167	1,022	527	316	(439)
14	Provision for tax	-	-	-	-	(691)	428	496	403	188	(180)
15	Profit/(loss) after tax	13,658	(14,005)	(9,332)	(12,562)	(14,754)	739	526	124	128	(259)
MISCELLANEOUS											
16	Policyholders' Account										
	Total funds	90,751	75,799	52,789	38,663	32,709	28,323	19,601	8,633	2,410	297
	Total investments	67,900	51,673	32,638	24,859	13,453	20,173	16,536	3,919	2,100	264
	Yield on investments	8.48%	8.86%	8.86%	7.53%	7.42%	7.00%	6.74%	12.69%	8.79%	7.85%
17	Shareholders' Account										
	Total funds	25,098	16,572	23,143	10,383	17,344	18,108	16,757	10,699	10,359	10,244
	Total investments	18,778	11,297	13,988	6,608	7,244	12,898	14,087	4,790	8,955	9,076
	Yield on investments	8.48%	8.86%	8.86%	7.53%	7.42%	7.00%	6.74%	12.69%	8.79%	7.85%
18	Paid up equity capital	38,699	36,214	33,386	32,695	27,877	20,299	16,433	10,930	10,860	10,500
19	Net worth	36,010	14,185	18,958	27,329	29,171	26,011	16,175	10,673	10,602	10,115
20	Total assets	137,203	109,578	109,578	74,959	66,893	71,765	59,121	24,956	15,378	10,821
21	Yield on total investments	8.48%	8.86%	8.86%	7.53%	7.42%	7.00%	6.74%	12.69%	8.79%	7.85%
22	Basic Earnings per share (Rs.)*	0.00	(4.13)	(2.82)	(4.47)	(6.78)	0.40	0.42	0.11	0.12	(0)
23	Diluted Earnings per share (Rs.)*	0.00	(4.13)	(2.82)	(4.47)	(6.78)	0.31	0.25	0.11	0.12	(0)
24	Book Value per share (Rs.)	9.31	3.92	5.68	8.36	10.46	12.81	9.84	9.77	9.90	9.63
25	Total Dividend	-	-	-	-	-	-	-	-	-	-
26	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/- each)											
	Profit / (Loss) for the year	13,658	(14,005)	(9,332)	(12,562)	(14,754)	739	526	124	128	(259)
	Share capital & Reserves	36,010	14,185	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	370,724,596	339,129,785	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 IRDAI 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	2015-16	2014-15
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)	5.57	10.36
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)	154%	-25%
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)	0.36	0.42
7	Expenses of Management to net written premium ratio (Expenses of Management divided by the net written premium)	0.47	0.49
8	Net Incurred Claims to Net Earned Premium	0.54	0.64
9	Combined ratio: (Net Incurred Claims divided by net earned premium + Expenses of Management divided by Net written premium)	1.01	1.13
10	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.58	0.69
11	Underwriting balance ratio (segment wise) (Underwriting profit divided by net premium for the respective class of business)	Schedule 4	Schedule 4
12	Operating profit ratio (Underwriting profit plus investment income divided by net premium)	0.17	-0.11
13	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.37	0.39
14	Net earnings ratio (Profit after tax divided by net premium)	0.09	-0.11
15	Return on networth (Profit after tax divided by net worth)	0.38	-0.99
16	Reinsurance ratio (Risk reinsured divided by gross premium)	0.23	0.15



Accounting Ratios - Schedule 1

Gross premium growth rate

Segment	Growth (%)	
	2015-16	2014-15
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	60%	37%
Health Insurance	36%	35%
Others	-	-
Total	37%	35%

Accounting Ratios - Schedule 2

Net retention ratio

Segment	% to GP	
	2015-16	2014-15
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	72%	68%
Health Insurance	77%	86%
Others	-	-
Total	77%	85%

Accounting Ratios - Schedule 3

Net commission ratio

Segment	% to NP	
	2015-16	2014-15
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	4%	8%
Health Insurance	4%	8%
Others	-	-
Total	4%	8%

Accounting Ratios - Schedule 4

Underwriting balance ratio

Segment	% to NP	
	2015-16	2014-15
Fire	-	-
Marine	-	-
Motor	-	-
Workmen's Compensation/ Employers Liability	-	-
Public/Product Liability	-	-
Engineering	-	-
Personal Accident	13%	-19%
Health Insurance	12%	-15%
Others	-	-
Total	12%	-15%



MANAGEMENT REPORT

In accordance with part IV Schedule B of the Insurance Regulatory and Development Authority of India (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 of India, 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 2015-16.
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 2016 are in accordance with the statutory or regulatory requirements.
4. No funds of the policyholders have been invested directly or indirectly outside India.
5. At the request of the company, IRDAI vide their letter Reference: FNA/HSB/COM/001/2013-14/193 dated 07.01.2016 has granted the company a time period of six months i.e., upto 31st August 2016 to comply with IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000. Accordingly, as at the year end the company is following the provisions of section 64VA(1) of the Insurance Act as regards maintenance of solvency margin.
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. (a) 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.

(b) During the year under report, the company has exceeded the limits prescribed under section 40C of The Insurance Act 1938, read with Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016, with respect to limits on management expenses. The Company has already written to IRDAI Authorities for the excess expenditure on management and awaiting for their approval.

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
2015-2016	30	316,048	2,980	179	50	18
2014-2015	15	254,420	4,801	252	68	26
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

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. 9,843,546 thousands as at 31st March 2016. The investment income, net of amortization including profit on sale of investments was Rs. 812,623 thousands for the year ended 31st March 2016. The weighted average yield on all the income bearing Investments (Excluding Real Estate) was 8.48%. The weighted average yield on all Investments (Including Real Estate) was 9.41%.

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.

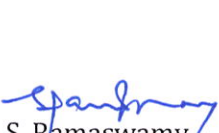
12. Director's Responsibility Statements:

- 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 2016 and of the Operating Profit of the Company for the financial year ended 31st March 2016 and of the Net Profit of the Company for the financial year ended 31st March 2016.
 - 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, 2013, 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 : 18-May-2016.

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 2016		
PARTICULARS	31st March, 2016 (Rs.'000)	31st March, 2015 (Rs.'000)
Cash flows from operating activities		
Premium received from policyholders, including advance receipts	20,025,814	14,639,903
Other receipts	-	-
Receipts/(Payments) to the re-Insurers, net of commissions and claims	(1,301,582)	(91,157)
Payments to co-insurers, net of claims recovery	-	-
Payments of claims	(10,654,263)	(7,431,510)
Payments of commission and brokerage	(2,156,006)	(1,488,915)
Payments of other operating expenses	(4,609,624)	(4,241,036)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(4,098)	105,977
Income taxes refund/(paid)	(65,780)	-
Service tax paid	21,574	(18,900)
Other payments	-	-
Cash flows before extraordinary items	1,256,035	1,474,362
Cash flow from extraordinary operations	-	-
Net cash flow from operating activities	1,256,035	1,474,362
Cash flows from investing activities		
Purchase of fixed assets	(244,437)	(173,388)
Proceeds from sale of fixed assets	-	300
Purchases of investments	(2,473,341)	(3,959,304)
Loans disbursed	-	-
Sales of investments	200,390	1,586,421
Repayments received	-	-
Rents/Interests/Dividends received	594,501	386,492
Investments in money market instruments and in liquid mutual funds (Net)	-	-
Expenses related to investments	(370)	(242)
Net cash flow from investing activities	(1,923,258)	(2,159,723)
Cash flows from financing activities		
Proceeds from issuance of share capital	805,929	923,259
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from financing activities	805,929	923,259
Effect of Foreign exchange rates on Cash and Cash Equivalents, net	-	-
Net increase/ (decrease) in cash and cash equivalents:	138,707	237,898
Cash and Cash equivalents at the beginning of the year	804,291	566,393
Cash and cash equivalents at the end of the year *	942,998	804,291
Note * Fixed Deposit of Rs.1,776,400 thousands (Previous year- Rs.2,473,626 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



V.Jagannathan
Chairman Cum Managing Director

For Rajagopal & Badrinarayanan
Chartered Accountants
Firm Reg No. 003024S

P.S.Pradhakkar
Partner
M.No.20909



V.P.Nagarajan
Director

S.Ramaswamy
Chief Financial Officer

C.M.Kannan Unni
Company Secretary

Place: Chennai - 34
Date: 18-May-2016