

**ANNUAL STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2007**

AUDIT CERTIFICATE

I have audited the attached Balance Sheet of Insurance Regulatory and Development Authority as at 31st March 2007 and the Income and Expenditure Account, Receipts and Payments Account. Preparation of these financial statement is the responsibility of the Authority. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Based on our audit, I report that:

1. I have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. Subject to observations in the Audit Report annexed herewith, I report that the Balance Sheet and the Income and expenditure Account / Receipt and Payment Account deal with by this report are properly drawn up and are in agreement with the books of accounts.
3. In my opinion and to the best of my information and according to the explanations given to me:
4. (i) the accounts give the information required under the earlier prescribed format of accounts:
(ii) the said Balance Sheet, Income and Expenditure Account / Receipts and Payments accounts read together with the Accounting Policies and Notes thereon, and other matters mentioned in the Audit Report annexed herewith give a true and fair view.
 - a. In so far as it relates to the Balance Sheet of the state of affairs of the Insurance Regulatory and Development Authority as at 31st March 2007 and
 - b. In so far as it relates to the Income and Expenditure Account of the surplus for the year ended on that date.

Place: New Delhi
Date: 26.11.07

Sd/-
Director General of Audit
Central Revenues

AUDITOR'S REPORT

AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD FOR THE YEAR 2006-07

Introduction

The Insurance Regulatory and Development Authority (Authority) was established on 19 April 2000 under Insurance Regulatory and Development Authority Act, 1999 with its headquarters at New Delhi, which was shifted to Hyderabad in August 2002. The main function of the Authority are to protect the interest of policy holders, bring about speedy and orderly growth of the insurance industry and set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates.

The audit of the accounts of the Authority was conducted under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 17 of the IRDA Act, 1999.

During 2006-07, the Authority's income was Rs. 82.32 crore, mainly from fees received from various insurance companies / agents on account of registration, renewal charges and income from investments etc. The receipts of the Authority are being held in bank accounts despite directions of the Ministry of Finance for keeping the funds in Public Accounts of India as non-interest bearing account. As of 31 March 2007, funds amounting to Rs. 233.78 crore were kept in interest bearing deposits with schedule banks.

Comments on accounts

2 Balance Sheet

2.1 Liabilities

2.1.1 IRDA Fund – Rs. 8.93 lakh

As per Section 16 of IRDA Act, 1999, all the Government grants, fees and charges received by Authority are to be credited to IRDA fund after meeting day to day expense. The Authority had credited Rs. 8.93 lakh to the IRDA fund, which represented the value of assets transferred by Interim Regulatory Authority during the year 2000-01. The surplus funds of Rs. 196.83 crore after meeting the expenditure were kept in 'Surplus and Funds' which should have been transferred to IRDA fund.

Place: New Delhi
Date: 26.11.07

Though this matter was pointed out during 2002-03 to 2005-06, the Authority has not credited the surplus to the IRDA fund. As a result IRDA fund was understated to the extent of Rs. 196.83 crore.

The Authority stated (September 2006) that as per the format of account notified under IRDA (Form of Annual Statement of Accounts and Records) Rule, 2001, the excess of income over expenditure was to be added to the head 'Surplus and Fund' and any deviation in this exhibition will be a violation in the Rules made by Government of India in consultation with the CAG of India.

The reply of the Authority is not tenable as the heading IRDA funds is clearly depicted on the liability side of the Balance sheet in the format of accounts and surplus fund can be transferred to this head without any change in the format of account.

2.1.2. Non provision of rent due to LIC

No provision for expenditure on account of rent dues for 2006-07 (Rs. 24.72 lakh), variable charges and parking charges (Rs. 2.67 lakh), telephone, electricity and water charges (Rs. 0.83 lakh) had been made resulting in understatement of expenses and understatement of Sundry Debtors by the same amount.

3 General

3.1 Physical verification of fixed assets

Physical verification of the fixed asset had not been conducted during 2006-07.

4 Format of Accounts

The Authority has not adopted the common format of accounts introduced vide Ministry of Finance, Controller General of Accounts D.O.No. CDN/MF-CGA/98-99/Pt.file/576-627 dated 3.1.2002 and further clarification issued vide O.M.No.F.N.10(1)/Misc./2005/TA/450-490 dated 23.7.2006.

5 Deficiencies, warranting the attention of the management which have not been included in the audit report, have been brought to the notice of the Executive Director (Admn), IRDA through a management letter issued separately for corrective and remedial action.

Sd/-
Director General of Audit
Central Revenues

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Balance Sheet as at 31st March 2007

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	GENERAL FUND			FIXED ASSETS [See Note 1]	
893,244	i) IRDA Fund [See Note 4]	893,244	24,006,503	-Gross Block	30,220,890
-	-At beginning of the year	-	14,146,334	-Less:Depreciation	17,639,842
893,244	-Receipts in the year	893,244	9,860,168	-Net Block	12,581,047
	-Balance at end of the year		-	-Capital Work-in-Progress	-
	ii) Capital Fund			INVESTMENTS [See Note 2]	
-	-Capital Grants	-		(Method of Valuation - at Cost)	-
-	-Balance at the beginning of the year	-		- i) Securities of Central and State Government	-
-	Add: Value of Fixed Assets received as grants during the year	-		ii) Units	-
				iii) Fixed Deposits with scheduled Bank	2,337,834,143
857,913,846	iii) Surplus and Funds	1,295,133,873	1,606,001,000	iv) Others	-
	-Balance as per last Balance Sheet				
	Add: Excess of Income over expenditure as per			CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]	
437,220,027	Income and Expenditure Account - Annexed	673,146,935			
	Less: Excess of Expenditure Over Income as per Income			i) Deposits	981,154
	and Expenditure Account - Annexed			ii) Loans & Advances to Staff	25,607,257
1,295,133,873	- Balance at the end of the year	1,968,280,807	981,038	iii) Amount Due from Insurance Companies & Other	69,100
			15,071,029	iv) Other Current Assets	98,753,216
	iv) Gift and Donations		48,892,921	v) Cash & Bank Balances	
				a) Cash in Hand	45,000
	v) Other Balances		12,291	b) Cash in Transit	-
			32,709	c) Bank Balances	6,083,017
			8,444,945		
	LOANS				
	- i) Secured (stating the security offered for the purpose)				
	- ii) Unsecured				
	- iii) Loan from Government of India				
	- iv) Other Loans				

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Balance Sheet as at 31 st March 2007

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE PREVIOUS YEAR (Rs.)		ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
		CURRENT YEAR	PREVIOUS YEAR		
	CURRENT LIABILITIES AND PROVISIONS [See Note 5]				
51,336	i) SUNDRY CREDITORS:				
	-for Capital Items	51,336			
47,843,910	-for Other Items	56,885,314			
106,500	ii) PROVISIONS:				
	-Provision for doubtful debts and advances	106,500			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
	1. Unspent Grants	-			
	2. Interest payable to Government/Other Loans	-			
	3. Provident, Retirement & Other Welfare Funds:				
361,040	(a) Provident Fund	-			
	(b) Other Welfare Funds	-			
5,900,382	(c) Retirement Benefit Fund and Staff Benefit Fund:	7,549,089			
	4. Others (Specify)				
1,488,905	-other Liabilities (Tax deducted at source)	1,210,790			
337,519,414	-Registration Renewal fee received in Advance	446,884,106			
66,597	-Soft Furnishing Recovery	92,747			
1,689,365,201		2,481,953,934	1,689,365,201		2,481,953,934

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

Notes

- The information relating to Fixed Assets is given in Annexure I.
- The information relating to Investments is given in Annexure II.
- The information relating to Current Assets, Loans and Advances is given in Annexure III.
- Details of IRDA Fund is given in Annexure IV (Fund includes grants received from Central Government, other organisations and bodies in terms of Section 16 of the Act).
- Details of Contingent Liabilities is given in Annexure V.
- All information relating to significant accounting policies and notes forming part of accounts is given in Annexure IX.
- All annexures to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

Sd/-
(K.Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G.Prabhakara)
Member

Sd/-
(R.Kannan)
Member

Sd/-
(K.K.Srinivasan)
Member

Sd/-
(C. R. Muralidharan)
Member

Sd/-
(C.S.Rao)
Chairman

FORM - B

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,640,363	Payment to Chairperson and Members	2,508,804		Grants in Aid	
37,864,418	Payment to and Provision for members of Staff [See Note 1]	39,967,022	-	Received	-
69,785,045	Establishment Expenses [See Note 2]	98,117,694	-	Receivable	-
1,832,703	Rent	1,527,943	-	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-	-	Registration Fees	-
-	Seminars, Conference, Publications, etc. [See Contra]	-	-	Agents	-
-	Interest [See Note 3]	-	1,622,480	Surveyors and Insurance intermediaries	1,525,845
2,698,356	Depreciation	3,493,508	425,000	Brokers	800,000
-	Capital Assets Written Off	-	80,000	Third Party Administrators	80,000
-	Loss on Write Off of Asset	-	100,000	Insurance Companies	50,000
-	Provision for doubtful debts and advances	-	-	Renewal Fees	-
154,700	Development Expenditure	-	252,995,804	Insurance Companies	320,616,957
2,357,195	Promotional Expenditure	2,327,621	13,593,968	Brokers	13,782,509
370,644	Other Expenses	40,883	220,241,800	Agents	321,858,450
3,176,328	Fringe Benefit Tax	2,112,969	-	Surveyors and Insurance intermediaries	-
437,220,027	Excess of Income Over Expenditure for the year carried down	673,146,935	290,200	Third Party Administrators	60,000
				Others	
				Penalties, Fines etc.	-
				Seminar, Conferences and Publications etc.	-
			67,978,541	Income on Investments - Interest on deposits with	
			-	Scheduled Banks	160,715,567
			-	Interest on Deposits	
			-	Interest on advances	
			378,762	i) granted to members of staff for housing purposes	657,776
			200,876	ii) granted to members of staff for other purposes	305,680
			-	iii) Others	
			192,348	Miscellaneous Income	2,790,594
558,099,779		823,243,378	558,099,779		823,243,378

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

Notes

The information relating to payment to and provision for employees is given in Annexure VI.
The information relating to establishment expenses is given in Annexure VII.
The information relating to interest amount is given in Annexure VIII.

All Annexures to Income and Expenditure Account and Notes/Information relating to Significant Accounting Policies form part of accounts.

Sd/-
(K. Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G. Prabhakara)
Member

Sd/-
(R. Kannan)
Member

Sd/-
(K. K. Srinivasan)
Member

Sd/-
(C. R. Muraidharan)
Member

Sd/-
(C. S. Rao)
Chairman

FORM - C

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007**

SL.NO.	RECEIPTS	AMOUNT (Rs.)	SL.NO.	PAYMENTS	AMOUNT (Rs.)
1	To Balance brought forward		1	By Research and Consultation Fees	-
i)	Cash at Bank	8,444,945	2	By Seminars, Conference, Publications etc.	-
ii)	Cash in hand	12,291	3	By Rent Payments	2,389,738
iii)	Cheques on hand		4	By Development Expenditure	
iv)	Cash / Cheques in transit	32,709	5	By Promotional Expenditure	2,513,653
2	To Registration Fees	50,000	6	By Payment to Chairperson and Members	
-	Insurance Companies	80,000	(i)	Pay and Allowances	2,074,945
-	Third Party Administrators	700,000	(ii)	Other Benefits	126,478
-	Insurance Brokers		(iii)	Travelling Expenses	7,957,243
-	Insurance Agents		7	By Establishment Expenses	
-	Insurance Surveyor	1,525,845	(i)	Pay and Allowances	35,413,833
-	Others		(ii)	Other Benefits	2,675,015
3	To Registration Renewal Fees		(iii)	Travelling Expenses	10,812,225
-	Insurance Companies	424,992,099	(iv)	Retirement Benefits	4,774,877
-	Third Party Administrators	60,000	8	By Office Expenses	68,415,925
-	Insurance Surveyors		9	By Interest on	
-	Insurance Agents	326,848,000	(i)	Government Loans	-
-	Insurance Brokers	13,782,509	(ii)	Other Loans	-
-	Others		10	By Purchase of Assets	6,214,387
4	To Penalties, Fines from insurers and intermediaries	2,000,000	11	By Capital Work-in-Progress	
5	To Seminar, Conferences etc.		12	By Advances to staff and others including travel advance	29,519,015
6	To Income from Investments		13	By Investments	1,960,834,143
7	To Sale of Investments	1,229,001,000	14	By Repayment of Government Loans/ fees	
8	To Grants		15	By Repayment of Other Loans	
i)	Central Government / State Govt/ Others		16	By Other Expenses	5,000,000
ii)	Gift and Donations		17	By Payments to IIRM	2,112,969
9	To Loans		18	By Fringe Benefit Tax	119,646
10	To Sales of Publication etc.		19	By Security deposit paid	
11	To Sale of Assets				
12	To interest received on				
-	Deposits	110,019,815			
-	Advances				
-	Others				
13	To Recoveries from Employees				
(a)	Loans and Advances	21,229,074			
(b)	Interest on Loans and Advances	151,883			
(c)	Misc. Recoveries	173,816			
14	To Other Receipts				
(a)	Miscellaneous Income	616,778			
(b)	Security deposit from Contractors	15,000			
(c)	Security deposit received back	119,530			
(d)	Receipts from PFRDA	7,226,814			
		2,147,082,108			2,147,082,108

Sd/-
(K. Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G. Prabhakara)
Member

Sd/-
(C. R. Muralidharan)
Member

Sd/-
(R. Kannan)
Member

Sd/-
(C. S. Rao)
Chairman

ANNEXURE I

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Schedule of Fixed Assets annexured to and forming part of Balance Sheet as on 31st March 2007

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as 1.04.2006	Additions During the Year	Sold/Disposed Off During the Year	Total as on 31.03.2007	For the year	Adjustments	As at 31.03.2007	As on 31.03.2007	As on 31.03.2006
Office Premises									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Residential Flats									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Vehicles	577,255	0		577,255	45,868	-	445,960	131,295	177,163
Equipments	4,656,381	1,006,995		5,663,376	460,383	-	2,272,673	3,390,703	2,844,091
Furniture and Fixtures	4,715,587	1,463,552		6,179,139	567,296	-	2,817,361	3,361,778	2,465,522
Computers	13,730,216	3,537,648		17,267,864	2,213,769	-	11,570,592	5,697,272	4,373,393
Books	327,064	206,192		533,256	206,192	-	533,256	-	0
Total	24,006,503	6,214,387		30,220,890	3,493,508	0	17,639,842	12,581,048	9,860,169

Sd/-
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(C.S.Rao)
Chairman

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and Forming Part of Balance Sheet as at 31 March 2007

INVESTMENTS

31-Mar-07

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest accrued but not due
Andhra Bank, Hyderabad	30-Jun-05	50,000,000	6.50%	457	30-Jun-08	6,073,459
		50,000,000				6,073,459
Bank of India, Hyderabad	24-Jun-03	5,000,000	6.00%	451	24-Jun-08	1,279,291
	30-Jun-03	5,000,000	6.00%	454	27-Jun-08	1,273,039
		10,000,000				2,552,330
Bank of Maharashtra Hyderabad	22-Sep-06	5,000,000	8.40%	175	22-Sep-07	225,583
	23-Sep-06	5,000,000	8.40%	176	23-Sep-07	224,367
	7-Nov-06	7,000,000	8.35%	221	7-Nov-07	237,288
	13-Jan-07	15,000,000	9.25%	288	13-Jan-08	300,625
	23-Mar-07	12,000,000	11.15%	358	23-Mar-08	37,167
		44,000,000				1,025,030
Canara Bank, Hyderabad	31-Mar-07	327,636,453	11.30%	365	30-Mar-08	102,841
	31-Mar-07	121,321,313	11.30%	365	30-Mar-08	38,081
		448,957,766				140,922
ICICI Bank Hyderabad	23-Aug-06	15,000,000	8.40%	145	23-Aug-07	786,205
	5-Sep-06	20,000,000	8.50%	158	5-Sep-07	996,933
	29-Mar-06	300,000,000	9.35%	365	30-Mar-08	29,732,609
	3-Jan-07	50,000,000	9.30%	277	2-Jan-08	1,136,667
	30-Mar-07	109,514,766	11.90%	365	30-Mar-08	72,401
	31-Mar-07	109,361,611	11.90%	366	31-Mar-08	36,150
		603,876,377				32,760,965
Indian Overseas Bank, Hyd	2-Apr-05	30,000,000	7.00%	3	3-Apr-07	4,526,770
		30,000,000				4,526,770
ING Vysya Bank Ltd.	12-Dec-06	15,000,000	8.15%	12	12-Apr-07	374,925
	25-May-06	7,500,000	6.75%	55	25-May-07	446,755
	30-Jun-06	16,000,000	7.30%	91	30-Jun-07	909,211
	17-Aug-06	7,500,000	8.00%	139	17-Aug-07	384,498
	31-Aug-06	7,500,000	8.00%	153	31-Aug-07	360,222
	28-Feb-07	9,500,000	8.75%	334	28-Feb-08	73,889
	1-Mar-07	8,000,000	8.75%	336	1-Mar-08	60,278
	21-Mar-07	7,500,000	7.75%	81	20-Jun-07	17,760
	31-Mar-07	8,000,000	7.75%	91	30-Jun-07	1,722
		86,500,000				2,629,260
Karur Vysya Bank Ltd.	1-Nov-06	15,000,000	8.45%	215	1-Nov-07	536,183
	22-Nov-06	12,500,000	8.40%	236	22-Nov-07	381,617
		27,500,000				917,800

ANNUAL REPORT 2006-07

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest accrued but not due
Lakshmi Vilas Bank, Hyd	12-Dec-06	15,000,000	8.05%	12	12-Apr-07	370,308
		15,000,000				370,308
Oriental Bank of Commerce	2-Aug-06	22,500,000	8.20%	124	2-Aug-07	1,262,867
	2-Feb-07	17,500,000	9.40%	308	2-Feb-08	265,028
	16-Feb-07	10,000,000	9.70%	322	16-Feb-08	118,556
		50,000,000				1,646,451
Punjab National Bank	27-Dec-06	135,000,000	9.10%	271	27-Dec-07	3,245,757
	28-Dec-06	100,000,000	9.20%	272	28-Dec-07	2,404,573
		235,000,000				5,650,330
State Bank of India, Hyd.	19-Jun-06	15,000,000	7.50%	80	19-Jun-07	912,535
	17-Jul-06	15,000,000	7.50%	108	17-Jul-07	820,750
		30,000,000				1,733,285
Syndicate Bank	26-Sep-06	10,000,000	8.40%	179	26-Sep-07	441,437
	5-Oct-06	12,500,000	7.75%	188	5-Oct-07	483,581
	10-Oct-06	15,000,000	8.05%	193	10-Oct-07	585,874
	19-Dec-06	30,000,000	8.55%	263	19-Dec-07	735,855
	20-Dec-06	10,000,000	8.55%	264	20-Dec-07	242,859
	21-Dec-06	40,000,000	8.60%	265	21-Dec-07	967,371
	23-Dec-06	70,000,000	8.83%	267	23-Dec-07	1,703,186
	29-Dec-06	20,000,000	8.90%	273	29-Dec-07	460,163
	30-Dec-06	40,000,000	8.90%	274	30-Dec-07	910,218
	30-Dec-06	15,000,000	8.90%	274	30-Dec-07	341,332
	9-Mar-07	30,000,000	10.50%	344	9-Mar-08	201,250
	17-Mar-07	6,000,000	10.10%	352	17-Mar-08	25,250
	31-Mar-07	250,000,000	11.50%	366	31-Mar-08	79,861
			548,500,000			
UCO Bank	19-Apr-06	10,000,000	8.10%	19	19-Apr-07	803,874
	15-Jul-06	15,000,000	8.00%	106	15-Jul-07	883,440
		25,000,000				1,687,314
UTI Bank Ltd.	19-Apr-06	30,000,000	7.70%	19	19-Apr-07	2,289,234
	20-Apr-06	30,000,000	7.70%	20	20-Apr-07	2,282,440
	18-Jul-06	15,000,000	7.50%	109	18-Jul-07	817,506
		75,000,000				5,389,180
Vijaya Bank	22-Jul-06	16,000,000	8.00%	113	22-Jul-07	916,442
	15-Dec-06	12,500,000	8.66%	259	15-Dec-07	322,850
	3-Mar-07	30,000,000	10.35%	337	2-Mar-08	250,125
		58,500,000				1,489,417
Grand Total		2,337,834,143				75,771,058
2. Others						
(a) Quoted-Cost and Market value						Nil
(b) Unquoted						Nil

Sd/-
(K.Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G.Prabhakara)
Member

Sd/-
(R.Kannan)
Member

Sd/-
(K.K.Srinivasan)
Member

Sd/-
(C. R. Muralidharan)
Member

Sd/-
(C.S.Rao)
Chairman

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of balance sheet as at 31st March 2007

CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	811,001	817,185
-with Others - MTNL	38,030	31,730
- with Electricity	128,123	128,123
- For Fuel	4,000	4,000
	981,154	981,038
LOANS & ADVANCES TO STAFF		
- Housing Loan to Staff	15,437,045	8,278,661
- Loans to Staff for other purposes	7,528,503	4,805,161
- Other Advances - Festival	319,170	243,620
- Interest Recoverable	2,137,088	1,325,515
- Advance - others	185,451	418,072
TOTAL	25,607,257	15,071,029
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
- Insurance Companies' - [Indicates the amount due from State Insurance Companies]	69,100	69,100
- Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	-	-
TOTAL	69,100	69,100
OTHER CURRENT ASSETS		
- Expense Recoverable	-	-
- Prepaid Expenses	731,766	213,528
- Interest Accrued but not due - Bank deposits	75,771,058	25,075,306
- Amount recoverable- others	302,443	245,338
- Advances on Capital Account - [For software development]	-	-
- Advance to Institute of Insurance and Risk Management	21,736,133	16,736,133
- Advance to PFRDA	-	6,450,299
- Other - Advance for Travel	211,816	172,317
- Advance to IRDA Superannuation Trust	-	-
- Advance to Prasar Bharti	-	-
TOTAL	98,753,216	48,892,921
CASH AND BANK BALANCES		
- Cash in hand	45,000	12,291
- Cheques in hand	-	-
- Cash/ Cheque in transit	-	32,709
- Balances with Scheduled Banks		
(a) In Current Account	5,993,730	5,987,280
(b) on Deposit Account	-	-
(c) on savings bank Account	89,287	2,457,665
TOTAL	6,083,017	8,444,945
- Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

Sd/-
(K.Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G.Prabhakara)
Member

Sd/-
(R.Kannan)
Member

Sd/-
(K.K.Srinivasan)
Member

Sd/-
(C. R. Muralidharan)
Member

Sd/-
(C.S.Rao)
Chairman

ANNEXURE IV

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of balance-sheet as on 31st March 2007

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
Grant from Government of India	-	-
Total	-	-

Sd/-
(K.Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G.Prabhakara)
Member

Sd/-
(R.Kannan)
Member

Sd/-
(K.K.Srinivasan)
Member

Sd/-
(C. R. Muralidharan)
Member

Sd/-
(C.S.Rao)
Chairman

ANNEXURE V

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of balance-sheet as on 31st March 2007

CONTINGENT LIABILITIES

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
	-	-
	-	-

Sd/-
(K.Jagan Mohan Rao)
Chief Accounts Officer

Sd/-
(G.Prabhakara)
Member

Sd/-
(R.Kannan)
Member

Sd/-
(K.K.Srinivasan)
Member

Sd/-
(C. R. Muralidharan)
Member

Sd/-
(C.S.Rao)
Chairman

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2007

PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
i) Salaries, Allowances, Wages and Bonus	30,711,088	29,378,246
ii) Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 14,05,288/-]	4,648,498	3,259,240
iii) Gratuity	850,059	1,408,716
iv) Staff Welfare Expenses	143,776	165,909
v) Others		
-Book Grant	-	-
-Leave Travel Concession	994,951	682,870
-Insurance	-	-
-Canteen Expenses	-	-
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	776,421	446,039
-Reimbursement of expenses incurred by Staff	776,848	842,714
-Leave Salary	1,065,381	1,680,684
TOTAL	39,967,022	37,864,418

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Member

Sd/-
(C.S.Rao)
Chairman

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2007

ESTABLISHMENT EXPENSES

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
Repairs & Maintenance of Buildings & Premises	1,311,543	1,353,748
House Keeping - Office Maintenance	748,994	904,667
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	-
Electricity & water Exp	1,295,324	1,783,699
Insurance exp	18,424	261,793
Rates and Taxes	-	2,500
Printing and Stationery	1,303,212	974,381
Books/Journals etc.	33,488	84,708
Postage, Telegraphs, Telephones, etc.	2,738,735	3,219,035
Travelling and Conveyance Inland	11,674,239	12,966,184
Travel - Foreign	6,966,707	6,169,262
Legal and Professional charges	17,886,533	7,938,902
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	225,000	251,920
Software	-	-
Publicity & Advertisement	47,280,351	27,764,163
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Others meeting expenses including daily allowances paid to the members of the Committee	3,188,934	1,377,480
Membership and Subscription	1,507,392	2,879,353
Security Services	426,349	180,026
Web Portal Development Expenses	-	527,500
Canteen Exp	980,918	811,068
Car Repair and Maintenance Expenses	38,670	56,729
Other Expenses	492,883	277,927
TOTAL	98,117,694	69,785,045

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(C.S.Rao)
Chairman

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2007

PARTICULARS	Figures for the	Figures for the
	Current Year	Previous Year
	Rs	Rs
Government	-	-
Banks	-	-
Others	-	-
TOTAL	-	-

Sd/-
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Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

NOTES TO THE ANNUAL STATEMENT OF ACCOUNT FOR THE YEAR 2006-07

[Unless otherwise specified, all amounts are in rupees]

1. BACKGROUND

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

(The Authority) was established by an Act of Parliament – Insurance Regulatory & Development Authority Act, 1999 [Act] - and was constituted on April 19, 2000 by a notification issued in the Gazette of India. The Authority was established with a view to protecting the interests of the holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto, issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel registration, and levy fees and other charges for carrying out the purposes of the Act. The Authority, in terms of section 13 of the Act has been vested with the assets and liabilities of the Interim Insurance Regulatory Authority as are available on the appointed day i.e. April 19, 2000. In terms of section 16 of the Act a fund shall be constituted namely 'The Insurance Regulatory and Development Authority Fund' [Fund]. The Fund shall constitute of all Government grants, fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government and the percentage of prescribed premium income received from the insurer. The Fund shall be applied for meeting the salaries, allowances and other remuneration of the members, officers and other employees of the Authority and the other expenses of the Authority in connection with discharge of its functions and for the purposes of the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting save for revenue recognition on cash basis as explained hereunder, and in accordance with the applicable standards on accounting issued by the Institute of Chartered

Accountants of India. The significant accounting policies are as follows:

(a) **Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets is provided pro-rata to the period of use on reducing balance method using rates determined based on the rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than 5,000 have been depreciated 100% in the year of purchase unless the assets constitutes more than 10% of the respective block, in which case the asset is depreciated at the rates specified in the said Schedule XIV.

(b) **Investments**

Investments in the nature of fixed deposits with banks are stated at cost.

(c) **Revenues**

(i) **Registration Fee**

- (a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India is treated as income of the year of receipt.
- (b) Received in advance from insurers for renewal of registration is treated as income of the year to which it relates.

(ii) **Licence Fee**

Licence fee received from insurance agents, surveyors, brokers and other insurance intermediaries is treated as income of the year of receipt. Licences issued to insurance agents, surveyors, brokers and other insurance

intermediaries are current for those years from date of issue and subject to renewal at the end of their currency. It is not practicable to distribute the Licence fee over the years to which they relate.

(iii) **Grant from Ministry of Finance, Government of India**

Initial Grant received has been treated as income of the year in which it is received.

(d) **Foreign currency transactions**

Non-monetary foreign currency transactions are recorded at rates of exchange prevailing on the dates of the transactions. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of foreign currency liabilities related to the acquisition of fixed assets are adjusted in the carrying value of fixed assets. Other translation differences are reflected in the Income and Expenditure Account.

(e) **Web Portal Development and Maintenance**

Expenses incurred on Web Portal Development and Maintenance is charged to the Income and Expenditure Account in the year of incurrence.

(f) **Retirement benefits**

Retirement benefits to employees comprise contribution to provident fund, gratuity fund, Superannuation fund and provision of leave encashment, which are provided in accordance with the Regulations made under the Act.

Leave encashment is provided for at the current encashable salary for the entire unavailed leave balances.

The Authority contributes to IRDA Employees Provident Fund and IRDA Superannuation Fund trust.

The liability for gratuity is determined based on actuarial valuation, in accordance with gratuity scheme framed by the Authority.

3. INCOME-TAX

No income tax provision has been made in view of income of the Authority being exempt under section 10 (23BBE) of the Income-tax Act, 1961.

4. REGISTRATION / RENEWAL FEES

(a) In pursuance of Authority's decision to scale down the levy of renewal fees for registration on the insurers to 0.1% of the gross premium from 0.2% of the gross premium, retrospectively for the financial years with effect from April 01, 2001, the income for the year has been accordingly accounted for.

(b) The renewal fees from some of the State Insurance agencies have not been accounted for in the absence of information of gross insurance premium.

5. DEPOSIT OF FUNDS OF THE AUTHORITY INTO PUBLIC ACCOUNT OF INDIA

The Authority, in the previous years received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002, July 9, 2005 and July 18, 2006 directing the Authority to deposit the moneys so far collected by the Authority in the Public Account of India as non-interest bearing account and allowing the Authority to withdraw a specified amount in the beginning of each year from the said Public Account for meeting its expenditure. The Authority based on a legal opinion obtained has requested for review of the direction received, in its view the funds raised by it from the insurers and the intermediaries do not have the character of Government Revenue and cannot form part of the Public Fund of India. The issue is still under correspondence.

6. HEADQUARTERS OF THE AUTHORITY

The Authority, in pursuance of the decision taken by the Government of India in November 2001 to shift the Headquarters of the Authority from New Delhi to Hyderabad, shifted the actuarial department in April 2002, other departments in August 2002 and the Surveyors Department in October 2005. The office of the Authority is located in Parisrama Bhavan where a portion of the third

floor has been given to it free of rent by Andhra Pradesh Industrial Development Corporation Limited [APIDC]. The Government of Andhra Pradesh through A. P. Industrial Infrastructure Corporation Limited [APIIC] has allotted a plot of five acres land in the financial district at Nanakramguda Village, Serilingampally Mandal, RR District, Hyderabad free of cost, the legal title of which is yet to be transferred.

7. OPERATING LEASES

There are no non-cancellable lease arrangements. The lease payments are made in accordance with the lease agreements. The Authority is in occupation of portion of

premises at Hyderabad at free of rent but is obliged to hand over the premises on a "as is where is basis" to Andhra Pradesh Industrial Development Corporation Limited upon vacation. The lease payments in respect of other premises including the premise occupied at Delhi recognized in the income and expenditure account is Rs. 15,27,943/- [Previous year Rs. 18,32,703/-].

8. PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped, wherever considered necessary to make them comparable with the current year's figures.

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