



# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Regd. Office: 5<sup>th</sup> Floor, Parishram Bhavan, Basheerbagh, Hyderabad-500004.

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## **NOTICE FOR EXTRA ORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT AN EXTRA ORDINARY GENERAL MEETING OF THE MEMBERS OF INDIAN INSTITUTE OF INSURANCE SURVEYORS & LOSS ASSESSORS WILL BE HELD ON AT SATURDAY 1ST DAY OF MARCH, 2014 AT 10.30 HOURS AT “TARAMATI-BARADARI, APTDC, IBRAHIMBAGH”, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESSES:

### **1] ADOPTION OF AUDITED ACCOUNTS 2011-2012**

To receive, consider and adopt the audited accounts being the Balance Sheet as of March 31,2012 and the Income and Expenditure Account for the year ended as of March 31,2012 and the Report of the Directors and Auditors thereon

### **2. ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR**

Place : Hyderabad

By Order of the Central Council

SUNIL VORA  
Honorary President

Date : February 7,2014

Registered Office : 5<sup>th</sup> Floor, Parishram Bhavan, Bahseerbagh , Hyderabad



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## ABOUT THE INSTITUTE

The Indian Institute of Insurance Surveyors and Loss Assessors was established in 2006 for promoting the profession of surveyors and loss assessors involved in the damage and loss assessments for the insurance industry in India.

The Institute has established its administrative office at Hyderabad and has set up a structure comprising of four zones and a number of state chapters. Several units have also been set up at smaller stations countrywide.

The Institute conducts regular workshops, seminars, conferences and Education programs for its members apart from training and discussion of professional matters.

## THE OFFICE BEARERS

The office bearers of the Institute on the Central Council were:

1. Mr. R.K.Elango..... President
2. Mr. Rakesh Soni..... Vice President
3. Mr. Ashok Kumar.... Secretary
4. Mr. Santosh Sarkar... Treasurer.

The other Council Members were :

5. Dr. Srinivasan (past Vice President)
6. Mr. R.K.Gupta (past Treasurer)
7. Mr.D.C.S Raju
8. Mr. S.K.Agarwal
9. Mr.Lalit Gupta
10. Mr.Sanjay Surpuriya



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11. Mr. J. P. Singh
12. Mr. Sunil J Vora

The Nominated Members on the Council were:

13. Mr. Rama Prasad (Member IRDA)
14. Mr. Lalit Kumar Chandel (Nominated by MOF)
15. Mrs. Sudha Ramanujam Deputy Director IRDA

## **COMMITTEES**

The Institute had set up the following Committees for executing its objectives :

1. The Education Committee
2. The Membership Committee
- 3 The Disciplinary Committee

## **AUDITORS**

Sharad Sinha & Associates  
Chartered Accountants, Firm Regn No:0063775,  
D.No.6-3-1099/1/6, 1<sup>st</sup> Floor, Hotel Katriya Lane, Raj Bhavan Road, Somajiguda,  
Hyderabad

**Registered Office** : 5<sup>th</sup> Floor, Parishram Bhavan, Bahseerbagh, Hyderabad

**Admin Office** : Door No: 3-5-890, Flat No.315, Paras Chambers,  
Himayatnagar, Hyderabad



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**OUR MEMBERS:**

**With pride in ourselves, we will respect one another and share our knowledge, information and experiences .**

**We will upgrade our skills and capabilities, enhance our will to transform the way we work**

**We will be accountable to ourselves for our performance and will contribute to delivery to the Policy Holder .**



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**COUNCIL'S REPORT TO THE MEMBERS**

**To The Members:**

The Council present the Institute's Annual Report to the members on the operations for the year ended with March 31,2012 covering the financial period 2011-2012.

**SNIPPET VIEW**

<b>Particulars</b>	<b>2011-12</b>
Revenue from Operations	72.58
Other Income	0.82
Total	73.40
Expenses	-47.70
Surplus before Tax	25.7
Less Tax	-6.78
Net Surplus	18.92

**OVERVIEW**

Operations during the year had been largely skeletal as much of the Institute's time had been engaged in contesting the proceedings which had been filed by the past president Mr.Iqbal Tada against the



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IRDA , challenging the conduct of the elections results of which were announced on March 3,2011. Funds were frozen and records unavailable.

Subscriptions received by the Institute had also been fewer during the course of the financial year, probably to the uncertainties but these were subsequently received. Thus, fair provisions had been made for these receipts

### **HAPPENINGS DURING THE YEAR**

The financial year ended with March 31, 2011 had been extremely trying and difficult for the Institute.

The election results for the 4<sup>th</sup> council announced on March 4<sup>th</sup>, 2011 were not in favour of the past president Mr.Iqbal Tada. In response Mr.Iqbal Tada refused to hand over the charge of authority, the Institute's administrative office which he kept under his lock and key, the Institute's records, accounts and documents including the Investments. He wrote to banks freezing the bank accounts and funds of the Institute.

He also lodged proceedings against IRDA in the Civil Court, Ahemdabad alleging irregularity in the conduct of the elections.

The IRDA actively resisted the proceedings. IIISLA joined the proceedings as defendants on December 15, 2011 pleading for relief on the grounds that the entire functioning of the Institute had been brought to stand still on account of the presumption of one contestant that the elections had not been conducted in a fair manner.



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The efforts of IRDA and IIISLA were successful and ultimately prevailed. On July 24<sup>th</sup>, 2012 the High Court, Ahmedabad, ruled that Mr.Iqbal Tada could not hold the Institute at ransom on the plea of irregularity in the elections ; and it ordered Mr.Tada and the personnel under him, to hand over peaceful charge of the Institute's office and records. The keys to the IIISLA Ahmedabad office were handed over to the IRDA in the High Court, Ahmedabad and such records and documents of IIISLA as were retained at that office were taken into custody by the IRDA on August 7,2012. However, several records including original documents of investments in Bank Fixed Deposits were missing.

During this trying period the functioning of the Institute had been brought to a complete standstill and all activities of IIISLA had to be aborted for want of funds and records.

Recreating the accounts and records was tedious and required much time and effort. This has been successfully achieved, albeit with certain areas of grey, which have been set right since.

During the course of the year the Institutes administrative office had been shifted from Ahmedabad to Hyderabad.

### **CHANGE OF AUDITORS:**

The delay in publishing the annual accounts has also been caused due to the auditors M/s N.C.Mittal & Co, New Delhi (for the previous financial year ended with March 31,2011), failing to send in their acquiesce to the new auditors of the Institute following the change in auditors effected in the last AGM of the Institute held on February 2,2013.



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The change in auditors was necessary as M/s N.C.Mittal & Co were based in New Delhi and did not have infrastructure at Hyderabad. The costs of supporting their representatives and assignees at Hyderabad was not feasible. Although, the newly appointed auditors M/s Sharad Sinha and Associates, Hyderabad and the Council made many efforts to obtain the ~No Objection~ from M/s N.C.Mittal & Co, New Delhi, this was not forthcoming till November, 2013. This unfortunate delay caused a further delay in the completion of the audit of the accounts for the financial year ended with March 31, 2011 and the various compliances under the Companies Act, 1956.

This was unfortunate considering that one of the partner's of this firm of auditors M/s N.C.Mittal & Co, New Delhi, also happens to be a member of the Institute.

**COUNCIL MEETINGS:**

The council held the following meetings which were participative and well attended.

Council Members	Dates of Meetings conducted and details of Council members attended			
	11-03-2011*	30-05-2011	05-08-2011	09-12-2011
Mr.R.K.Elango	√	√	√	√
Mr.Rakesh Soni	√	√	√	√
Mr.Ashok Kumar	√	√	√	√
Mr.Santosh Sarkar	√	√	√	√
Dr. Srinivasan	√	√	√	√
Mr. R.K.Gupta	X	X	X	X
Mr.D.C.S Raju	X	√	X	√
Mr. S.K.Agarwal	√	√	√	√
Mr.Lalit Gupta	√	√	√	√
Mr.Sanjay Surpuriya	√	√	√	√





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Mr.J.P.Singh	X	√	√	√
Mr.Sunil J Vora	√	X	√	√
Mr. Lalit Kumar Chandel (Nominated by MOF)	X	X	X	X
Mr. Rama Prasad (Member IRDA)	X	X	X	X
Mrs. Sudha Ramanujam (Member IRDA)	X	√	X	√

\*This was the first meeting of the Council although held in the previous financial year

### **3<sup>rd</sup> ANNUAL GENERAL MEETING:**

The Institute held the 3<sup>rd</sup> Annual General Meeting of the Institute on August 6<sup>th</sup>, 2011 at Alluva, Cochin, Kerala. The meeting was well attended and considered the Audit Report and the Accounts for the financial year ended with March 31<sup>st</sup>, 2010. These were approved and adopted.

### **RETIREMENT OF COUNCIL MEMBERS & ELECTIONS:**

Mr. Santosh Sarkar, Treasurer, resigned on December 9<sup>th</sup>, 2011 citing health reasons. Mr. Sunil Vora was assigned temporary responsibilities as stand by Treasurer till the constitution of the new council.

The following members of the Central Council retired on February 12, 2012 in compliance with the policy of rotation of directors, their term having expired :



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1. Dr. Srinivasan
2. Mr. D.C.S.Raju
3. Mr. Santosh Sarkar
4. Mr. R.K.Gupta

The Institute is thankful to them for their contribution during their tenure.

However, elections to replace these directors and the consequent constitution of the 5<sup>th</sup> council could not be conducted as members records were unavailable, custody having been retained by the immediate past president Mr. Iqbal Tada, who refused to part with these. Furthermore, the entire functioning of IIISLA was brought to a standstill due to the in proceedings filed by him in the Civil Court at Hyderabad.

## **SUBSEQUENT HAPPENINGS**

Mr.Sunil Vora resigned as Treasurer on the conclusion of the 4<sup>th</sup> AGM held on February 2, 2013.

## **INSURANCE INDUSTRY & INDIAN ECONOMY**

The growth in Indian economy remained sluggish during 2010-2011 because of the overall macro economic factors. Declining growth rate of the economy, persistent higher inflation and prices and slower rate of household savings impacted the growth of insurance sector in India during the year. The total non-life



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insurance premium for 2011-2012 was reported by the IRDA at Rs: 52,876 crore as against Rs: 42,576 Crore in 2010-11.

The insurance penetration of the non-life insurance sector in the country had remained near constant in the range of 0.55-0.71 per cent over the last 11 years. Fortunately, this penetration rose to 0.78 in 2011-12.

The insurance density of non-life sector reached the peak of US \$ 10.5 in 2011-2012 from its level of US \$ 2.4 in 2001.

In the year 2011-12, the non-life segment in India registered a growth of about 24.19 % over the previous year, the public sector registering a growth rate of about 21.50% ; whereas the private sector registered a growth rate of 28.06%.

However, the total net profit of non-life insurance industry for the financial year 2011-12, was extremely poor and reported at about Rs: 25 crore.

The premium underwritten by the 17 private sector insurers (other than the Insurers carrying on exclusively health insurance business) rose to Rs: 27,951 crore in 2012-13 to that of Rs.22,315 crore in 2011-12 (15 private insurers).

\*Table 1 gives the details of premium underwritten by all Insurance Companies.



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- Table 2 gives the gross direct premium collected by the individual companies for the past two years along with the respective Market share captured by each one of them excluding the standalone health insurers.

**Table 1**

GROSS DIRECT PREMIUM INCOME IN INDIA		
NON LIFE INSURERS		
		('Crore)
Insurer	2010-11	2011-12
Public Sector	25151.85	30560.74
	-21.84	-21.50
Private Sector	17424.63	22315.03
	-24.67	-28.07
<b>Total</b>	<b>42576.47</b>	<b>52875.77</b>
	-22.98	-24.19

Note: Figures in negative indicate growth in percent over previous year

TABLE -2				
COMPANY WISE GROSS DIRECT INCOME IN INDIA: NON-LIFE INSURERS*				
Company.	Total Premium ('Crore)		Market Share (Percent)	
	<b>2010-11</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2011-12</b>
National	6220.72	7790.69	14.61	14.73
New india	7097.14	8542.87	16.67	16.16
Oriental	5457.33	6047.89	12.82	11.44
United India	6376.66	8179.29	14.98	15.47
<b>Public Total</b>	<b>25151.85</b>	<b>30560.74</b>	<b>59.07</b>	<b>57.8</b>
Bajaj Allianz	2869.96	3286.62	6.74	6.22
Bhatati Axa	553.9	884	1.3	1.67



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Chola MS	967.99	1346.54	2.27	2.55
Future Generali	600.16	919.76	1.41	1.74
HDFC ERGO	1279.91	1839.46	3.01	3.48
ICICI Lombard	4251.87	5150.14	9.99	9.74
Iffco Tokio	1783.18	1975.24	4.19	3.74
L & T	17.24	143.4	0.04	0.27
Liberty Videocon	0	0	0	0
Magma HDI	0	0	0	0
Raheja QBE	4.9	14.79	0.01	0.03
Reliance	1655.43	1712.55	3.89	3.24
Royal Sundaram	1143.99	1479.79	2.69	2.8
SBI General	43.02	250.14	0.1	0.47
Shri Ram	780.89	1266.44	1.83	2.4
Tata AIG	1173.09	1641.57	2.76	3.1
Universal Sompo	299.1	404.58	0.7	0.77
<b>Private Total</b>	<b>17424.63</b>	<b>22315.03</b>	<b>40.93</b>	<b>42.2</b>
<b>Grand Total</b>	<b>42576.47</b>	<b>52875.77</b>	<b>100</b>	<b>100</b>
* Excluding Stand Alone Health Insurers				

The Motor business continued to be the largest non life insurance segment closely followed by Health insurance segment.

Table.3 gives the segment wise premium

<b>Table-3</b>		
<b>PREMIUM (WITHIN INDIA) UNDERWRITTEN BY NON-LIFE INSURERS *-SEGMENT WISE</b>		
('Crore)		
<b>Department</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Fire</b>	4555	5430
	-10.7	-10.27
<b>Marine</b>	2519	2875
	-5.92	-5.44
<b>Motor</b>	18173	24239



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	-42.68	-45.84
<b>Health</b>	9943.93	11777
	-23.35	-22.27
<b>Others</b>	7386	8556
	-17.35	-16.19
<b>Total</b>	<b>42576</b>	<b>52876</b>
	<b>-100</b>	<b>-100</b>
*Excluding StandAlone Health Insurers		
<b>Note:</b> Figures in NEGATIVE indicate the ratio (in percent) of respective segment		

**UNDERWRITING LOSSES:**

The underwriting losses of non-life insurance companies are showing a decreasing trend with Rs: 8,816.84 crores in 2011-12 against Rs:9,943 crores in 2010-11, which this was a good sign of change for the industry.

(Table 4 shows the details)

<b>Table – 4</b>		
<b>UNDERWRITING EXPERIENCE : NON - LIFE INSURERS</b>		
		('Crore)
	<b>2010-11</b>	<b>2011-12</b>
<b>Public Sector</b>	7549.5	5817.39
	-66.24	-22.94
<b>Private Sector</b>	2394.03	2999.45
	-72.51	-25.29
<b>Total</b>	<b>9943.53</b>	<b>8816.84</b>
	<b>-67.72</b>	<b>-11.33</b>

**EXPENSES OF THE NON-LIFE INSURERS:**

The Commission expenses and Operating expenses constitute a major part of the total expenses for the non-life insurers.



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(The details are shown in Table-5)

<b>Table - 5</b>			
<b>EXPENSES OF THE NON-LIFE INSURERS</b>			
('Crore)			
		<b>2010-11</b>	<b>2011-12</b>
<b>Commission Expenses</b>	Public Sector	1943	2256
	Private Sector	813	1080
	<b>Total</b>	<b>2757</b>	<b>3335</b>
<b>Operating Expenses</b>	Public Sector	6689	6563
	Private Sector	3932	4614
	<b>Total</b>	<b>10621</b>	<b>11177</b>
	<b>Grand Total</b>	<b>13378</b>	<b>14512</b>

**INCURRED CLAIMS RATIO:**

The net incurred claims of the non-life insurers stood at Rs:39,624 crores as against of Rs:35,015 crore for 2011-12. The incurred claims ratio (net incurred claims to net premium) for 2012-13 was 82.79% which was lower than the previous year's figure of 88.90%. Among various segments, Motor Insurance had one of the highest claims ratio.

(Table 6 shows the details )

<b>Table- 6</b>				
<b>INCURRED CLAIMS RATIO: NON -LIFE INSURERS</b>				
<b>Department</b>	<b>Private Sector</b>		<b>Public Sector</b>	
	<b>2010-11</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Fire</b>	75.16	101.45	87.8	67.06



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<b>Marine</b>	82.12	84.32	92.89	82.07
<b>Motor</b>	93.39	92.41	111.1	97.62
<b>Health</b>	85.15	100.28	106.31	77.93
<b>Others</b>	49.76	55.58	58.11	50.31
<b>Total</b>	<b>86.71</b>	<b>89.27</b>	<b>97.03</b>	<b>88.26</b>

These figures have been cited, as the Insurance Industry is what we cater to. The Industry and the Regulatory Authority must also appreciate the tremendous responsibility burdened by the members of this profession.

Members would also realize this responsibility . Members would also realize the untapped potential for true professionals in this industry.

## CODE OF CONDUCT

The duties and responsibilities of a surveyor and loss assessor have been specified under Chapter IV of the Insurance Surveyors and Loss Assessors (Licensing, Professional Requirements and Code of Conduct) Regulations, 2000. This has been brought to the attention of the members from time to time.

The Institutes Disciplinary committee also examines complaints received for violation of the code of conduct.

For the attention of the members the Regulation 13 of the aforesaid Regulations inter alia states that:

- Major duty and responsibility of a surveyor and loss assessor





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shall be to investigate, manage, quantify, validate and deal with losses arising from any contingency and report there upon.

- . All licensed surveyors and loss assessors shall work with competence, objectivity and professional integrity by strictly adhering to the code of conduct envisaged in the Regulations.
- act impartially when acting on instructions from an insurer in relation to a policyholder's claim under a policy issued by that insurer ; and
- conduct himself with courtesy and consideration with all people he comes into contact with during the course of his work, etc.

The code of conduct further states that a surveyor shall not accept or perform work which he is not competent to undertake, unless he obtains some advice and assistance, as will enable him to carry out the work competently; and will carry out his professional work with due diligence, care and skill and with proper regard to technical and professional practice.

Further, the adherence to the code of conduct by surveyors and loss assessors has been further emphasized under Regulation 9 of the IRDA (Policyholders' Interest Protection) Regulations, 2002. while dealing with settlement of claims .

I would request members to please take cognizance of these for the future as discipline will alone lead to professionalism



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## NEW ENTRANTS TO PROFESSION : SURVEY LICENCES

The fees level of professional surveyors and loss assessors has been poor with no change over many years in fixed schedules set by the Industry. New entrants to the profession have been very small and talent has been drying up due to poor sustainability of the profession. This poses a threat for the Industry and the consequences would be very heavy, considering the growth that the Country is pushing for.

The details of trainee enrolments, grant of fresh and renewal licenses to individuals and corporates surveyors during 2011-12 are shown in the table.9.

<b>Table-9</b>		
<b>NO.OF LICENSES ISSUED TO SURVEYORS AND LOSS ASSESSORS</b>		
<b>Particulars</b>		<b>2011-12</b>
<b>Fresh Licenses</b>	Individual	189
	Corporate	14
<b>Renewals</b>	Individual	1557
	Corporate	7
<b>Trainee Enrolments</b>		598

## **GRIEVANCES OF SURVEYORS:**

The Institute has been bringing various grievances of members and



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the fraternity of surveyors and loss assessors to the notice of the IRDA. These include complaints from surveyors regarding empanelment for survey jobs, non-payment of survey fee by insurance companies, etc. The largest number of such complaints on a very continuous basis has been the conduct of surveys for losses exceeding Rs:20,000.00 by private Insurance Companies in India, in blatant violation of Section 64 UM of the Insurance Act.

In response, the IRDA Authority has set up a dedicated helpline which receives grievances from surveyors and forwards them for redressal and resolution to the respective insurance companies at their end.

IRDA has yet to initiate action on the violation of Section 64 UM of the Insurance Act by private Insurers in India.

### **GRIEVANCES OF INSURERS AND POLICY HOLDERS**

Policyholders and Insurers also file complaints against surveyors/surveyors firms for delays by surveyors in completing their assignments, delay in issuance of survey report, misconduct, violation of IRDA Surveyor Regulations, failures to share copies of survey report, etc. Such complaints are forwarded to surveyors for speedy disposal of the issues.

The Institute has also responded by setting up a cell to examine



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complaints received from the general public and if considered fit, the complaint would be examined by the Institute's Disciplinary committee

## **THANKS**

The Council thanks the Department of Finance, Ministry of Finance, for its tremendous support to the cause of the Institute.

The Council also thanks the Regulatory Authority for the support it extended to the Institute during the trying period

But foremost, the council thanks members for the forbearance and patience shown during this period. Thank you for your support and cooperation during trying times

Signed : Sunil Vora

Honorary President

Date : Feb 07<sup>th</sup> ,2014

Name of Company	INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS
Current year Ending	As at March 31, 2012
Previous Year Ending	As at March 31, 2011
Current Period	2011-12
Previous Period	2010-11
Status	Company
Date of Incorporation	04.10.2005
PAN	AABC15700M
Address	3 RD FLOOR PARISHRAM BHAVAN BASHEERBAGH, HYDERABAD-500029

INDEPENDENT AUDITORS' REPORT

To The Members of  
INDIAN INSTITUTE OF INSURANCE SURVEYOR AND LOSS ASSESSOR

Report on the financial statements

1. We have audited the attached financial statements of INDIAN INSTITUTE OF INSURANCE SURVEYOR AND LOSS ASSESSOR, which comprise of balance sheet as at 31<sup>st</sup> March 2012 and the Income & Expenditure Account for the year ended on that date and a summary of significant accounting policies and their explanatory statement.

Management's responsibility for the financial statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate, *except for the matter referred in paragraph 6 of Basis for Disclaimer Opinion*, to provide a basis for our disclaimed audit opinion.

#### **Basis for Disclaimer Opinion**

6. We draw attention to Note Nos.2(d),3(d),4(c),19, 20, 21, 22, 24 and the explanation there mentioned, the effect of which on the Assets, Liabilities and Surplus could not be ascertained, accordingly we are unable to confirm that the balance sheet and income and expenditure represents True and fair view.

#### **Disclaimer Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us and *except for the effects of the matter described in basis of disclaimer opinion paragraph*, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - a. In the case of the balance sheet, of the state of affairs of the company as at 31 March 2012, and
  - b. In the case of the statement of Income & Expenditure, of the Surplus for the year ended on that date,

#### **Emphasis of Matter**

8. Without qualifying our opinion, we draw attention to:
  - i) *The accounts of the company for the year ended March,31<sup>st</sup> 2011 were audited and reported by another firm of Chartered Accountants vide their qualified report dated 24<sup>th</sup> December, 2012. The balances as at March 31, 2011 as per audited accounts, regrouped/reclassified where necessary, more so to comply with Revised Schedule VI of the Companies Act,1956, have been considered as opening balances for the purpose of these financial statements.*
  - ii) *Note Nos.2(a) and 3(e) regarding change in accounting policy with respect to accounting for Interest on Fixed Deposits and creation of specific funds out of erstwhile Corpus Fund which in the opinion of the Board of Directors are consistent with Generally Accepted Accounting Practices in India as also in conformity with the objectives for which Institute has been established.*

#### **Report on other legal and regulatory requirements**

1. In our opinion, since the company is licensed under section 25 of the Companies Act,1956,the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act and the matters specified therein are not applicable to the company.

2. As required by section 227(3) of the Act, we report that:

(a) Except for the matters described in the basis for Disclaimer Opinion paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) Except for the matters described in the basis for Disclaimer Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;

(c). Except for the matters described in the basis for Disclaimer Opinion paragraph, the Financial statements dealt with by this report are in agreement with the books of account;

(d) with reference to Section 133 of the Companies Act, 2013 which is effective from 12<sup>th</sup> September, 2013 and further with reference to MCA Circular No.16/2013 Dt.18.09.2013 and subject to the effects of the matter described in basis of disclaimer opinion paragraph, in our opinion, the Financial Statements comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

(e) On the basis of written representation received from the directors of the company as at 31<sup>st</sup> march, 2012 and taken on record by the board of directors, we report that no director is disqualified from being appointed as a director of the company under clause (g) of sub section (1) of the Section 274 of the Companies Act, 1956.

For SHARAD & ASSOCIATES  
Chartered Accountants  
Firm Reg No. 063775



SHARAD SINHA  
Partner  
M.No: 202692



Hyderabad, dated this 16<sup>th</sup> day of  
December, 2013



**INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS**

Balance Sheet as at March 31, 2012

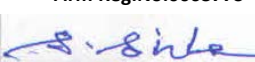
Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital		-	-
(b) Reserves and surplus	3	5,17,88,358	4,78,15,187
(c) Money received against share warrants		-	-
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	4	30,89,826	20,13,618
(d) Short-term provisions	5	5,78,678	69,025
<b>TOTAL</b>		<b>5,54,56,861</b>	<b>4,98,97,830</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
Tangible Assets	6	20,219	1,92,955
Intangible Assets		-	-
Capital Work - in - Progress		-	-
Intangible Assets under development		-	-
(b) Non-current investments	7	1,90,67,240	4,30,38,604
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets	8	1,20,000	-
<b>2 Current assets</b>			
(a) Current investments	9	2,41,50,000	-
(b) Inventories		-	-
(c) Trade receivables	10	-	69,802
(d) Cash and cash equivalents	11	44,58,446	24,01,371
(e) Short-term loans and advances	12	9,89,513	17,08,071
(f) Other current assets	13	66,51,445	25,30,157
<b>TOTAL</b>		<b>5,54,56,861</b>	<b>4,99,40,959</b>

**Notes forming Integral part of accounts**

1-26

As per our report of even date attached

For SHARAD & ASSOCIATES  
Chartered Accountants  
Firm Reg.No.006377S



SHARAD SINHA  
Partner

M. No 202692

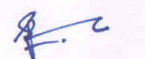
Hyderabad, dated this 16th December, 2013



For and on behalf of the Board



President



Vice-President

# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

## Statement of Income & Expenditure For The Year Ended March 31, 2012

Particulars	Note No	2011-12	2010-11
I. Revenue from operations	14	72,58,127	51,96,610
II. Other income	15	82,651	25,57,359
<b>III. Total Revenue</b>		<b>73,40,778</b>	<b>77,53,969</b>
<b>IV. Expenses:</b>			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
Employee benefits expense	16	7,97,059	3,16,922
Operation and Other Expenses	17	42,33,237	51,15,655
Finance Costs	18	8,774	10,986
Depreciation and amortization expense	6	7,295	31,347
<b>V. Total expenses</b>		<b>50,46,365</b>	<b>54,74,910</b>
<b>VI. Surplus before exceptional and extraordinary items and tax (III-IV)</b>		<b>22,94,413</b>	<b>22,79,059</b>
VII. Exceptional items		2,13,503	-
<b>VIII. Surplus before extraordinary items and tax (V - VI)</b>		<b>20,80,910</b>	<b>22,79,059</b>
IX. Extraordinary Items		-	-
<b>X Surplus before tax (VII- VIII)</b>		<b>20,80,910</b>	<b>22,79,059</b>
XI Tax expense:			
(1) Current tax		6,78,486	-
(2) Deferred tax		-	-
<b>XII Surplus (Defecit) for the period from continuing operations (VII-VIII)</b>		<b>14,02,424</b>	<b>22,79,059</b>
XIII Surplus/(Defecit) from discontinuing operations		-	-
XIV Tax expense of discontinuing operations		-	-
<b>XV Surplus/(Defecit) from Discontinuing operations (after tax) (XII-XIII)</b>		<b>-</b>	<b>-</b>
<b>XVI Surplus (Defecit) for the period (XI + XIV)</b>		<b>14,02,424</b>	<b>22,79,059</b>
Notes forming Integral part of accounts	1-26		

As per our report of even date attached to the Balance Sheet

for SHARAD & ASSOCIATES  
Chartered Accountants  
Firm reg.No. 006377S



SHARAD SINHA  
Partner  
M. No 202692

Hyderabad, dated this 16th December, 2013



For and on Behalf of Board of Directors



President



Vice-President

# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 3 - RESERVES & SURPLUS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a Corpus Fund</b>		
Opening balance	2,80,68,000	2,74,53,000
(+) Corpus fund portion transfered from Surplus	1,32,07,010	-
(+) Interest income from Earmarked Investments	21,95,746	-
<b>Sub Total</b>	<b>4,34,70,756</b>	<b>2,74,53,000</b>
(+) Admission Fee Collection in current year	3,75,000	6,15,000
<b>Sub Total</b>	<b>4,38,45,756</b>	<b>2,80,68,000</b>
(-) Allocation to Building Fund	1,50,00,000	-
(-) Allocation to Training & Education Fund	1,50,00,000	-
(-) Allocation to Research Fund	1,00,00,000	-
<b>Total</b>	<b>38,45,756</b>	<b>2,80,68,000</b>
<b>b. Building Fund</b>		
Opening balance	-	-
(+) Funds allocated from Corpus Fund	1,50,00,000	-
<b>Sub total</b>	<b>1,50,00,000</b>	
<b>c. Training &amp; Education Fund</b>		
Opening balance	-	-
(+) Funds allocated from Corpus Fund	1,50,00,000	-
<b>Sub total</b>	<b>1,50,00,000</b>	
<b>d. Research Fund</b>		
Opening balance	-	-
(+) Funds allocated from Corpus Fund	1,00,00,000	-
<b>Sub total</b>	<b>1,00,00,000</b>	-
<b>e. Surplus</b>		
Opening balance	1,97,47,187	1,74,68,128
(-) Funds Transferred to Corpus Fund	-1,32,07,010	-
(-) Excess of income over expenses for the current year	14,02,424	22,79,059
<b>Sub Total</b>	<b>79,42,601</b>	<b>1,97,47,187</b>
Closing Balance	<b>5,17,88,358</b>	<b>4,78,15,187</b>
c)The Corpus Fund constitutes the one time admission fees collected from members.		

d) There have been un-reconciled balances with respect to admission fees remitted by applicants during the previous accounting periods. These balances have been carried forward and remain to be traced to applicants on account of the member forms and other data of such remittances tendered by applicants not being available. A sum of Rs: 14,69,700.00 received as remittances from members in the past period, remains to be appropriated to the Corpus Funds as at the date of the Balance Sheet.

e) The Corpus Funds had remained as free funds of the Institute. In order to allocate the free funds to meet the prime objectives of the Institute, specific reserves have been created from the free funds and monies representing these specific reserves have been invested in Fixed Deposits. Interest earned on the allocated funds invested in Fixed deposits have been taken to the credit of the respective Heads of Reserves. This represents a change from the earlier accounting practise under which the interest earned on fixed deposits was shown to the credit of the Income and Expenditure Account. Consequently, a sum of Rs:1,32,07,010.00 from the accumulated free reserves has been appropriated from the Corpus Funds to the specific Heads of Reserves.

# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 4 - OTHER CURRENT LIABILITIES

<u>Particulars</u>	As at March 31, 2012	As at March 31, 2011
Unappropriated Admission and Membership Fees	14,69,700	14,69,700
TDS Payable	-	5,259
Liabilities for expenses	8,21,742	25,938
Suspense	-	4,50,000
<i>Past and Present Directors</i>		
Jagdish parmar	-	25,000
J L Tiku	-	2,127
Ashok Kumar	2,55,333	35,594
Lalit gupta	74,153	-
D Chandrashekar Raju	9,676	-
R K Elango	3,12,192	-
Sanjay Supriya	26,962	-
Sunil Vora	63,834	-
Rakesh Soni	37,684	-
S K Agarwal	18,550	-
<b>Total</b>	<b>30,89,826</b>	<b>20,13,618</b>

a) The directors and council members are reimbursed for travel expenses incurred with respect to travel undertaken for the administrative purposes of the Institute. A sum of Rs:7,98,384 (Previous year Rs:62,721) is payable to the past and present directors against such travel undertaken.

b) The un-appropriated balance of Admission Fees and Membership Fees of Rs:14,69,700 continues to be carried forward from the previous periods as data on such remittances tendered by applicants is not traceable or available with the Institute.

c) A receipt of Rs:4,50,000(Previous Year: Rs.4,50,000) held under Suspense has been traced to remittances received from the Punjab Chapter against collections made by the Chapter from participants to a Seminar held during the period 2010-2011. In this respect, in spite of various reminders, details, bills, invoices and vouchers, for a sum of Rs:83,390 reportedly expended by the Punjab Chapter for the aforesaid seminar, remains to be received from the Punjab Chapter. The Board has instituted an inquiry in the matter.

### 5 - SHORT TERM PROVISIONS

<u>Particulars</u>	As at March 31, 2012	As at March 31, 2011
(a) Audit fee Payable	1,15,093	69,025
(b) Provision for Income Tax	4,63,585	-
<b>Total</b>	<b>5,78,678</b>	<b>69,025.00</b>

INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

NOTES FORMING PART OF FINANCIAL STATEMENTS

6 - FIXED ASSETS

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block			
	As at April 1, 2011	Additions	Deletions/ Adjustments	Acquired through business combinations	Translation exchange difference	As at March 31st, 2012	As at April 1, 2011	Depreciation charge for the year	Translation exchange difference	Deletions/ Adjustments	As at March 31, 2012	As at March 31, 2011
a												
Tangible Assets												
Furniture and Fixtures	18,500	-	18,500.00	-	-	-	2,601.00	-	-	2,601.00	-	15,899
Office equipment	2,12,914	-	1,67,914.00	-	-	45,000	64,097.00	7,295	-	46,611.00	20,219	1,48,817
Airconditioners	14,300	-	14,300.00	-	-	-	1,011.00	-	-	1,011.00	-	13,289
Mobile	19,468	-	19,468.00	-	-	-	4,518.00	-	-	4,518.00	-	14,950
<b>Total</b>	<b>2,65,182</b>	<b>0</b>	<b>2,20,182</b>	<b>0</b>	<b>0</b>	<b>45,000</b>	<b>72,227</b>	<b>7,295</b>	<b>0</b>	<b>54,741</b>	<b>20,219</b>	<b>1,92,955</b>
<b>Grand Total previous year</b>	<b>1,59,709</b>	<b>1,05,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,65,182</b>	<b>40,881</b>	<b>31,347</b>	<b>-</b>	<b>-</b>	<b>72,228</b>	<b>1,92,954</b>
												<b>1,18,828</b>

	original cost	curr Dep	Acc dep	Op dep	Cl. Balace
Computer Delhi	39400	6387	23965	17578	15435
Computer Trichy	5600	908	3548	2640	2052
	45000	7295	27513	20219	17487
			17487		
				24782	

# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 7 - NON CURRENT INVESTMENTS

Particulars	As at March 31, 2012	As at March 31, 2011
a. Secured, considered good		
Ear Marked Investments	1,75,00,010	4,16,50,010
Interest Accrued on Ear Marked Investments	15,67,230	13,88,594
<b>Total</b>	<b>1,90,67,239.76</b>	<b>4,30,38,604.00</b>

#### c. Details of Ear Marked Investments

Particulars	As at March 31, 2012	As at March 31, 2011
<b>UNION BANK OF INDIA</b>		
Fixed deposit - ROI, Maturity Date	1,25,00,000	1,25,00,000
Interest Accrued on Fixed deposit	10,24,392	79,838

<b>SYNDICATE BANK</b>		
Fixed deposit - ROI, Maturity Date	50,00,010	50,00,010
Interest Accrued on Fixed deposit	5,42,838	4,58,366

<b>ICICI BANK</b>		
Fixed deposit - ROI, Maturity Date	-	2,41,50,000
Interest Accrued on Fixed deposit	-	8,50,390

### 8 - OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
a. Unsecured, considered good		
Rent Deposit	1,20,000	-
Less: Provision	-	-
<b>Total</b>	<b>1,20,000.00</b>	<b>-</b>

# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 9 - Current Investments

Particulars	As at March 31, 2012	As at March 31, 2011
Ear Marked Investments - Fixed deposits with maturity less than 12 months with ICICI Bank - ROI Maturity date	24150000	0
<b>Total</b>	<b>24150000</b>	<b>0</b>

### 10 - Trade Receivable

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a. Unsecured, Considered good</b>		
More than 6 Months	0	69802
Less than 6 months	0	0
<b>Total</b>	<b>0</b>	<b>69802</b>

**b.** It is observed from the audited Accounts of 2009-10 that Provident Fund has been deducted from the salary of Mumbai staff at Mumbai and monthly contribution has been issued in name of "IISA". As no monthly PF/PPF challans paid have been produced before the auditors for the year 2009-10, the net amount paid of Rs. 34,889/- has been shown in account of "IISA" under the head trade receivable. This amount has been charged off to Employee cost during the year.

### 11 - CASH & CASH EQUIVALENTS

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a. Cash and Cash Equivalents</b>		
(i) Balances with banks		
In Savings Accounts	4415317	2329853
(ii) Cash on hand	0	28389
(iii) Bank Balances in Other Accounts	43129	43129
<b>Total</b>	<b>4458446</b>	<b>2401371</b>

### 12 - SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a. Unsecured, Considered good</b>		
Loans & Advances to related parties	272237	299604
Loans & Advances to Zones/Chapters	428526	1148017
Other Loans & Advances	288750	260450
Less: Provision	0	0
<b>Total</b>	<b>989513</b>	<b>1708071</b>

#### b. Loans & advances to related parties includes

Particulars	As at March 31, 2012	As at March 31, 2011
<b>(i) Unsecured</b>		
Directors	0	21759



Past Directors of the Company	272237	277845
Less: Provision	0	0
<b>Total</b>	<b>272237</b>	<b>299604</b>

c. Funds paid to or vested with the past directors in the previous accounting periods or in the current accounting periods with respect to which details have not yet been furnished or received or where details have not been made available in spite of requests by the administration, have been recorded as receivables. The Board has taken fresh initiatives to obtain the details with respect to the application of these funds or to recover these funds.

### 13 - OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Interest Accrued on fixed deposits	1755473	0
TDS Receivable 2010-11	173118	223371
Prepaid Insurance	0	670080
Building Advance	0	1636706
Subscription receivable	4722854	0
<b>Total</b>	<b>6651445</b>	<b>2530157</b>

# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 14 - REVENUE FROM OPERATIONS

Particulars	2011-12	2010-11
Subscription Fee	64,12,500	51,96,610
Seminar fee	8,45,627	-
<b>Total</b>	<b>72,58,127</b>	<b>51,96,610</b>

### 15 - OTHER INCOME

Particulars	2011-12	2010-11
<b>Interest Income</b>		
Interest from bank deposits	22,78,397	25,55,527
Other income	-	1,832
<b>Sub total</b>	<b>22,78,397</b>	<b>25,57,359</b>
less: Interest from Earmarked investment transfer to corpus fund	21,95,746	-
<b>Total</b>	<b>82,651</b>	<b>25,57,359</b>

#### Details of Interest Income

Particulars	As at March 31, 2012	As at March 31, 2011
Union Bank Of India	10,49,504	88,709
Tds on above	1,04,950	8,871
ICICI Bank	10,05,648	17,44,842
Tds on above	1,00,565	1,28,540
Syndicate Bank	93,857	6,62,571
Tds on above	9,385	35,707
Interest from saving bank	1,29,388	61,237

### 16 - EMPLOYEE BENEFIT EXPENSE

Particulars	2011-12	2010-11
Salaries and incentives	7,25,059	3,16,922
Gratuity	72,000	-
<b>Total</b>	<b>7,97,059</b>	<b>3,16,922</b>

### 17 - OPERATION & OTHER EXPENSES

a.

Particulars	2011-12	2010-11
Administrative Office Rent	2,04,000	1,32,162
<b>Repairs &amp; Maintainence</b>		
- Office Equipments	40,624	1,17,924
- Office	46,276	1,32,637
Rates & Taxes	25,079	34,789
Worshops, Seminars & Training Expenses	12,97,224	11,95,783
Insurance Premium for members PA Group Insurance	6,70,080	6,61,175
Telephone & Communication Expenses	72,172	82,133
Travelling Exp	8,51,218	10,01,741
Election Expenses	16,938	1,51,359
Electricity & water Expenses	9,269	29,862
AGM Expenses	2,50,000	-
Legal Exp	4,49,070	60,000
General & Misc Expenses	13,676	8,339
Postage & Courier	1,19,981	3,52,540

Printing & Stationery	1,12,516	3,85,254
Professional Charges	8,213	1,67,543
Taxes of Previous Years	-	5,64,389
Interest on Tds	833	-
<b>Total</b>	<b>41,87,169</b>	<b>50,77,630</b>

Travelling expenses are reimbursed to the members of the Board on the basis of vouchers submitted by them and approved by the Board. A sum of Rs:4,40,672 represents the amount which had been expended by the members of the Board during the accounting period and which were yet to be reimbursed as at the date of the Balance Sheet. These were subsequently paid.

#### b. Payment to Auditors

Particulars	2011-12	2010-11
Payments to the auditor as auditor	41,000	31,000
for Service tax on audit fee,	5,068	7,025
<b>Total</b>	<b>46,068</b>	<b>38,025</b>

Service tax on audit fee is Rs. 5068, previous year Rs. 7025 which includes services tax of Rs 3193 pertaining to year 2009-10

<b>Grand Total (a+b)</b>	<b>42,33,237</b>	<b>51,15,655</b>
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#### 18 - FINANCE COSTS

Particulars	2011-12	2010-11
Bank Charges	8,774	10,986
<b>Total</b>	<b>8,774</b>	<b>10,986.00</b>

**19.** In spite of many requests and initiatives, the previous office bearers in chair till February 2011, failed to hand over the accounts, records, documents and funds in their possession and custody to the 4th council constituted on March 11, 2011. The Institute's bank accounts with the ICICI Bank Vasna had also been frozen on a complaint made by the said office bearers.

Under the directives of the High Court, Ahmedabad pronounced on July 24, 2012, the IRDA had been empowered to take possession of all the records of the Institute said to have been retained by the previous office bearers at the Administrative Office at Ahmedabad. Unfortunately, several important records and documents (including the Fixed Deposit Receipts) were missing from the administrative office and could not be recovered in entirety.

The accounts for the period under audit have been drawn up based on such records and documents as had been recovered by the IRDA and possessed by the Institute from the IRDA. Many of the vouchers were found to be short of appropriate recording or supports. Many payments traced from bank statements retrieved by the administration from the Institute's bankers, had been effected by the then management without appropriate supporting bills, invoice and vouchers. These payments and expenses have been accounted on a presumptive basis, based on the identification and analysis of the nature of such payments or the entities to whom the payments had been effected. Accordingly, some errors and omissions may have crept into accounts drawn up for the year in consequence of absence of or on account of inadequacy of vouchers, bills, invoices or other supporting data. The board is however confident that in spite of the possibility of some errors in accounting expenses under appropriate heads, the accounts do not distort from presenting a true and fair picture of the state of the financial affairs of the Institute and that the accounts presented are free from any material misstatements.

**20.** Although individual records of members were recovered, these records had not been updated for a long period as on July 24, 2012. The receipts for annual subscriptions received from members had not been appropriately recorded and were incomplete. As such there is a possibility of some errors in the subsequent recording by the administration. The reconciliation thereof, as at the date of the balance sheet, was under progress. This has since been completed.

There could be similar errors in the recordings of participant fees in workshops and seminars; and with respect to the record of participants at such workshops and seminars.

Also, a consolidated Register of Members was not recovered and available with the Board. This Register of members had to be reconstructed. There is thus, the possibility of some errors having crept into the recording of member dues. Every endeavour is being made to rectify these errors as and when pointed out by the members who have reverted.

**21.** Exceptional items include write offs of old balances under receivables/ advances or of discarded and/or untraceable office appliances.

**22.** A sum of Rs:66,053 debited to the account of the Past President Mr. Iqbal Tada, represents cash balances as at 31st March, 2012, appliances and equipment in the personal custody of the erstwhile Past President, which have not been handed over to or recovered by the administration of the Institute and remain to be recovered.

**23.** The Management has consulted experts and has been advised that as it has been registered as a Company for promotion of Education and Training (otherwise than conduct of business for profit) under Section 25 of the Companies Act, 1956, it would be treated as a Mutual Organisation and will not be liable to tax on annual subscriptions collected from members, so far as it pursues its main objectives. It would however, need to tender tax on the earning of interest. Accordingly, a provision for tax has been made in the accounts.

The Board's application with the Tax Authorities for exemption under Section 80G of the Income Tax Act has not been approved on account of the delays in filing of accounts, various compliances under the Companies Act and the failure to apply its income for the primary objectives of the Institute.

**24.** The Zones, Chapters and Units were served with notices to submit accounts for the monies entrusted to them for the purposes of the activities of Institute or collected by them on behalf of the Institute. Unfortunately, except for a few of the Zones and Chapters, most have failed to submit any accounts. Consequently, the accounts of the Institute as presented, do not include transactions, receipts, payments and of Assets and Liabilities of the Zones/Chapters/Units under Audit. This was also true of the previous accounting year.


**25.** Subject to above, various items in the Balance Sheets have the value (as on March 31, 2012) equal to balances at which they are shown in the balance-sheet, statement of Income & Expenditure and its notes.

**26.** Previous Figures are regrouped & rearranged so as to make them comparable with that of the current year where ever considered necessary more so in the light of first time application of new revised schedule VI.

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

for SHARAD & ASSOCIATES  
Chartered Accountants  
Firm reg.No. 006377S



  
SHARAD SINHA  
Partner  
M. No  
Hyderabad, dated this 16th Dec 2013

**For and on behalf of the Board**



**President**



**Vice-President**