



BAJAJ | Allianz 

Bajaj Allianz General Insurance Company Limited  
Fourth Annual Report | 2003 - 2004

## FINANCIAL HIGHLIGHTS

### Year 2003-2004

Particulars	2003-04	2002-03	2001-02
	Rs. Million	Rs. Million	Rs. Million
<b>Gross Written Premium</b>	<b>4798</b>	<b>2998</b>	<b>1420</b>
Net Written Premium	2864	1808	841
<b>Net Earned Premium</b>	<b>2306</b>	<b>1541</b>	<b>98</b>
Net Incurred Claims	-1506	-1040	-127
Net Commission	231	155	128
Management Expenses and Provisions	-1020	-690	-370
<b>Underwriting Results</b>	<b>11</b>	<b>-33</b>	<b>-271</b>
Income from Investments	285	207	143
Others	22	-3	-5
<b>Profit before Tax</b>	<b>318</b>	<b>171</b>	<b>-133</b>
Provision for Tax	-101	-75	37
<b>Profit after Tax</b>	<b>217</b>	<b>96</b>	<b>-96</b>
Claims Ratio	65%	67%	130%
Commission Ratio	-10%	-10%	-130%
Management Expenses Ratio	43%	45%	381%
Combined Ratio	99%	102%	381%
Return on Equity	20%	10%	-9%
Shareholders Equity	1380	1091	997
Assets Under Management	3486	2236	1668
Number of Employees	480	306	141

\* Received IRDA registration in May 2001

## BOARD OF DIRECTORS

### RAHUL BAJAJ

Chairman, Also CMD, Bajaj Auto Ltd.

### Dr. WERNER ZEDELIUS

Also Member of the Board of Management, Growth Market, Allianz AG

### DIPAK PODDAR

Also M. D., Bajaj Auto Finance Ltd.

### NIRAJ BAJAJ

Also M. D., Mukand Ltd.

### HEINZ DOLLBERG

Also Executive Vice President, Asia Pacific Division, Allianz AG

### SANJAY K. ASHER

Also Partner, Crawford Bayley & Co.

### SANJIV BAJAJ

Also Vice President (Finance), Bajaj Auto Ltd.

### DON NGUYEN

Also Senior VP, Head of Property and Casualty Division, Allianz Asia Pacific

### SURAJ L. MEHTA

Also C. E. O., Nabil Bank Ltd.

### RANJIT GUPTA

Also Vice President (Insurance), Bajaj Auto Ltd.

### ALAN WILSON

Also CEO, Allianz Insurance Management Asia Pacific Pte. Ltd.

## MESSAGE FROM THE DIRECTOR



Dear Friends and Colleagues,

At the beginning of yet another new and promising financial year, I would like to congratulate the entire team of Bajaj Allianz General Insurance for the company's impressive accomplishments in the general insurance market in India. In its initial few years of operation, Bajaj Allianz has rapidly gained ground to become a top player among its competitors in the private sector.

For the Allianz Group, India is a key strategic growth market where we are committed to making a long-term investment and to achieving our goal of becoming a household name here. We are also committed to contributing to the ongoing development of the Indian insurance market. Bajaj Allianz has been one of Allianz's biggest and successful green field ventures in terms of number of policies issued, claims settled and setting up the widest branch office network in the past three years.

Many of Bajaj Allianz's innovative business initiatives like credit insurance, Marine Hull and Port package Liabilities, infrastructure insurance programs are supported by the international network, technical expertise and reinsurance capacity within the Allianz Group. These competitive advantages mean that Bajaj Allianz is well positioned to realize its vision of being a first choice insurer for its customers.

I am happy to inform you that the previous three audits conducted by Allianz AG have revealed that Bajaj Allianz has highly competent work systems as well as pioneering business strategies. Personally I am very impressed with the fact that in the past three years, Bajaj Allianz has grown on the strength of its internal profits alone.

I am confident that with your continued determination, ambition and strong team work ethic, Bajaj Allianz will continue to reach higher levels of achievement.

Keep Up The Good Work.

Regards,

Heinz Dollberg.  
Director and also  
Executive Vice President  
Asia Pacific Division, Allianz AG.

## HIGHLIGHTS OF OUR ACHIEVEMENTS IN 2003-04

### Performance

The previous year was an excellent one for Bajaj Allianz. Our achievements have set up benchmarks of sorts in private general insurance sector with net profits of 125% amounting to Rs.21.7 crore.

The claim settlement of 94% corresponding to Rs.1500 million appended our accomplishments.

Bajaj Allianz's success story continues with a combined ratio of 99%.

### Policies issued

The year witnessed issuing over 1.2 million policies, which marked a 44% growth in the sector. A settlement of over 108,000 claims worth Rs.15000 million earned it the status as the first private general insurance company to achieve Rs.1000 cr of cumulative premium income.

### Path breaking Services and Products

The unique facility from Bajaj Allianz ,of SMS alert service enables customers who have motor claims to know the exact status of their claim and repair via their mobile phones.

The bouquet of innovative products that have been launched include MTPO, Ports & Terminal liability package, Jewelers Block, Housing loan Cover for the loanee on being jobless and the Film and Event Insurance.

### All have ushered a new era in general insurance.

Talking of events, Femina Miss India, Zee Cine Awards, Product launches etc were insured by Bajaj Allianz.

### Leveraging IT

To enhance the functioning of our vast IT infrastructure, that provides access to our web based systems, a new server (IBM P670) has been installed and along with it a DRS (Disaster recovery site) at Hyderabad has also been set up.

Over 900 people, comprising staff and intermediaries, can now access the system from various locations to issue policies without experiencing slowing down of processing,

### Strengthening Distribution Channels

IRDA approved bancassurance distribution channel has recently tied up with Karnataka Bank, Saraswat Bank and Shamrao Vitthal Co-operative bank to further widen the client base.

Rejuvenating agency channels-with a view to expanding the business,

the company has ensured proper support systems such as trainees, managers that and in keeping agency mergers in place.

### Update on Reinsurance Front

Reinsurance agreements / treaties such as Quota share, Surplus, Excess of Loss have significantly increased underwriting capacity to INR500 Mio for property risks, from an expiring INR 12000 Mio.

In Quota Share type of insurance the insurer agrees to accept a preagreed percentage of all risks written by the company, which is used to apportion the liability, premium and claims

In Surplus type of reinsurance the direct underwriter retains all liability up to a agreed amount, the insurer only share in the amounts in excess of such retention.

Under excess of loss (XL)type of reinsurance the insurer agrees to retain losses upto a agreed amount and the reinsurer picks up the amounts in Excess of the retained losses.

These are some of the measures undertaken by Bajaj Allianz to protect their underwritten risks and also to provide protection. These have also led to maximize the underwriting capacity for Bajaj Allianz.

## DIRECTORS' REPORT



The Directors have pleasure in presenting their Fourth Annual Report and Audited Statements of Accounts for the year 2003-04.

### 1. MARKET SCENARIO IN THE GENERAL INSURANCE INDUSTRY

Gross premium income for the general insurance industry increased to Rs.161 Billion in 2003-04 from Rs.142 Billion in the previous year. However, yoy growth slowed down to 13 percent from a high of 21 percent in the previous year. Share of the eight private sector companies increased from 9.46 percent in 2002-03 to 14.21 percent in 2003-04. Bajaj Allianz General Insurance Company (the Company) was second among the private sector companies with a market share of 2.96 percent, marginally behind the leader.

The rapid growth in the industrial sector in the current year has not translated to higher growth in the premium income for the industry. The business from the corporate sector continued to grow marginally, resulting in intense competition in the retail segment, which has grown by about 15 percent. However, the Company continued its market presence in the Motor, Health and Travel segments of the retail business and has also been able to retain renewals of almost all corporate business.

During the year, the committee appointed under Justice T.N.C. Rangarajan for examining various aspects of the motor insurance industry in India, including de-tariffing, submitted its report to the IRDA. The Committee, after examining various alternatives, concluded that the initial step towards de-tariffing of the premium structure could be undertaken for the own damage portion of the motor insurance. General insurance companies are in agreement with the report and have recommended free pricing on the own

damage portion of the motor liability with effect from 01 April 2005. The Company welcomes this move, which is expected to reward insurers having good underwriting skills and cost control mechanism in place. The Company is preparing itself for meeting the challenges that may arise out of the changed market scenario as a result of free pricing.

During the year under review, an expert committee, appointed by IRDA for studying remuneration system for insurance agents and insurance brokers, submitted its report. The key change is reduction in remuneration payable to insurance agents and brokers on tariff business. Based on the recommendations made by the expert committee, IRDA has notified a revised remuneration system.

### 2. SUMMARY OF OPERATIONS FOR THE YEAR

#### CAPITAL

The Company could meet the capital adequacy and solvency norms for the higher level of business without injection of additional capital, which is maintained at Rs.1100 Mn. The liquidity and cash flow position was also strong throughout the year.

#### IRDA REGISTRATION

The Certificate of Registration from the Insurance Regulatory and Development Authority dated 02 May 2001 was renewed for the year 2004-05.

#### REGIONAL AND BRANCH OFFICE NETWORK

The Company expanded its operations during the year with the

opening of more offices in the Country. The total number of offices in the Country has gone up to 37 comprising 9 Regional offices in major cities and 28 Branch offices. All the Regional and Branch offices are fully functional and networked with the Head Office over a wide area network. The geographical span of the offices helped spreading business across the country and broad basing of customers.

## PRODUCTS

The Company continued to underwrite all the major tariff products as well as all the conventional non-tariff products generally sold in the Indian general insurance market. The Company wrote marine hull policies for the first time in the current year. In keeping with its objective of meeting customer requirements, the Company introduced new liability policies for Port and Terminal Operators and Freight Services. In order to meet the requirements of Jewellers and Diamond merchants, the Company introduced a Jeweller's Block insurance cover. All these products have been introduced after approval from the IRDA and are administered as required under the regulations. Non-tariff products are being reviewed on a regular basis considering the demand, needs and preferences of the customers.

## AGENCY NETWORK

The Company has increased its agency network with about 3000 individual and corporate agents operating across the country. Efforts are being made to increase the number of active and productive agents and weed out inactive ones. Training given to the agents in the special features of the products of the Company is helping in improving penetration in the retail market.

## MARKETING TIE UPS AND RELATIONSHIPS

The Company established strong relationships with certain banks, travel agents, international ticketing agencies and other alternative delivery channels in order to target the customer base of these organisations. These relationships have resulted in considerable benefit to the Company in premium generation from these channels. The Company aims to target more such tie-ups, to consolidate on the existing ones and to achieve a balance between various distribution channels.

## REINSURANCE

The reinsurance treaty programme of the Company was contracted for the period 01 April 2003 to 31 March 2004 for the proportional and non-proportional reinsurance. On account of sound underwriting practices and effective claims control, the Company was able to earn profit commission on all treaties including

obligatory cession to the General Insurance Corporation for year 2002-2003. As a result of its prudent underwriting practices, the Company's capacities for most lines of business have been increased for proportional treaties. In respect of non-proportional treaties under excess of loss and catastrophe reinsurance, the Company has been able to secure favourable rates from its reinsurers. Allianz AG continues to lead the Company's reinsurance programme.

The Company is confident that the combination of higher capacity and strong underwriting will enable it to strengthen its market position.

## VOLUME OF BUSINESS, MARKET FOCUS ETC.

Despite increased intensity of competition, the gross written premium during the period rose from Rs.2997.5 Mn. in the previous year to Rs.4798.0 Mn. in the year under review, an increase of 60%. The net premium income for the year ended 31 March 2004 was Rs.2864.1 Mn. as compared to Rs. 1807.6 Mn. for the year ended 31 March 2003; an increase of 58 % over the previous year. The total incurred claims for the current year including the provisions for Incurred But Not Reported claims (IBNR) stood at Rs.1506.07 Mn. as against Rs. 1039.8 Mn. in the previous year. The high incidence of motor claims is a cause for concern. The Company is closely monitoring the claim costs with a view to securing cost leadership in the market. The efforts made in this respect have started yielding some results towards the end of the year.

The Directors are pleased to inform that the Company has earned a net profit after tax of Rs. 216.89 Mn. for the year ended 31 March 2004 against a net profit of Rs.96.28 Mn. for the year ended 31 March 2003, which is an increase of 125 %. The return on equity for the year was satisfactory at 19.8%. Since the Company is in its early years and has to consolidate its surplus, the Directors do not recommend any dividend to the shareholders.

Motor insurance business continues to be the major contributor to the total premium income of the Company though the share of motor business to total gross written premium declined during the year. Small and medium scale enterprises and the retail segment especially health and travel, improved considerably during the year under review. There has been greater focus on marine insurance business, particularly in the corporate segment.

The Company has issued more than one million policies to customers spread across the country, which is the largest for a private sector general insurance company, validating acceptance of the Company's products amongst a vast cross-section of the population.

The various health insurance products and the travel segments have also yielded considerable premiums and the thrust on the same will continue in the next year.

## EMPLOYEES

The employee strength of the Company grew from 306 as on 31 March 2003 to 480 as on 31 March 2004. The initiative to conduct a minimum of three days training for each employee was successfully carried out during the year. The insurance industry is people-centric and the success of the Company in the long-term is dependent on its ability to attract, nurture and retain talent. The Company's Management Trainee Programme is showing good results and a further batch of trainees has been recruited. The Company's junior and middle management has a substantial pool of talent, which will form the basis of the Company's succession planning. The Company has also implemented a talent management programme to identify and nurture the top performers in the company. The focus in the next year will be on improving and strengthening these initiatives.

## 3. FINANCIAL RESULTS

Particulars	Year 2003-04	Year 2002-03
	Amount (Rs)	Amount (Rs)
Premium from Direct Business and Reinsurance Accepted	4,797,967,210	2,997,517,965
Reinsurance Ceded	(1,933,843,888)	(1,189,873,284)
Net Written Premium	2,864,123,322	1,807,644,681
Change in Unexpired Risk Reserve	(557,734,475)	(266,539,131)
Net Earned Premium	2,306,388,847	1,541,105,550
Other Underwriting Income	24,042,293	9,359,191
Net Claims Incurred	(1,506,071,570)	(1,039,818,521)
Net Commission	230,722,221	154,944,786
Management Expenses & Provisions	(1,019,923,409)	(699,202,276)
Investment Income relating to policyholders funds	187,733,912	114,127,766
<b>Net Underwriting Income</b>	<b>222,892,294</b>	<b>80,516,496</b>
Investment Income relating to Shareholders Funds	97,026,833	93,271,662
Items not related to Insurance Business	(446,750)	(708,896)
Preliminary Expenditure written off	(1,787,724)	(1,787,719)
<b>Profit before Tax</b>	<b>317,684,653</b>	<b>171,291,543</b>
Provision for Tax	(100,790,000)	(75,006,000)
<b>Profit after Tax</b>	<b>216,894,653</b>	<b>96,285,543</b>

## 4. PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are not applicable to the Company.

## 5. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Earnings in foreign currency	Rs. 30 Mn.
Expenditure in foreign currency	Rs. 233 Mn.

## 6. PARTICULARS OF EMPLOYEES

As required by the provisions of sub-section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, as per the provisions of sub-section 1(b)(iv) of Section 219 of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## 7. DIRECTORS

Mr. Niraj Bajaj and Mr. Heinz Dollberg, Directors, retire by rotation and being eligible, offer themselves for reappointment.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of sub-section 2AA of Section 217 of the Companies Act, 1956, the Board of Directors wish to confirm the following:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures (if any);
- ii) That such accounting policies have been selected and applied 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 as on 31 March 2004 and of the profit and loss of the Company for that period;
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

your company and for preventing and detecting fraud and other irregularities;

- iv) That the annual accounts have been prepared on a going concern basis.

## 9. AUDIT COMMITTEE

The Audit Committee of the Board of Directors constituted in accordance with the provisions of Section 292A of the Companies Act, 1956, held meetings on 07 May 2003 and 03 November 2003 and reviewed the operations and accounts of the Company.

## 10. AUDITORS

In accordance with the IRDA Regulations/Guidelines, the Company re-appointed M/s. Bharat S Raut & Co and M/s. Dalal and Shah, Chartered Accountants as joint statutory auditors of the Company in the last Annual General meeting. They hold office up to the conclusion of the fourth Annual General meeting of the Company.

The shareholders are requested to appoint auditors for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

## 11. APPRECIATION

The Company is grateful to the Insurance Regulatory and Development Authority, Tariff Advisory Committee, Reserve Bank of India and other regulatory authorities for their continued support. The Company is also grateful to its policyholders, bankers and other constituents for their continued support.

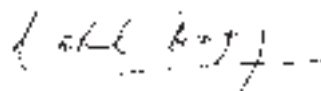
The Directors take this opportunity to thank the concerned employees of Bajaj Auto Ltd. and Allianz AG, Munich for their continued support to this Company.

The Directors would like to express their sincere appreciation of the employees of the Company for their hard work, dedication and commitment.

Pune

14 May 2004

for and on behalf of the Board of Directors of  
Bajaj Allianz General Insurance Company Ltd.,



Rahul Bajaj  
Chairman

### Information as per section 217(2A)(b)(ii) read with the Companies (particulars of employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2004

Sr. No.	Name	Designation (Nature of Duties)	Gross Remuneration Rs	Qualification	Age	Total Experience (years)	Date of Commencement of employment	Last Employment	Designation
A) Employed throughout the financial year									
1	Kamesh Goyal	Chief Executive Officer	3933252	M.B.A. (FMS), LLB, BSc, All	38	16	4/1/2001	Allianz AG India Liaison Office	General Manager
2	Praveen Gupta	General Manager (Corporate Marketing)	3200750	M.A. (Stephens), ASSOC-CII	46	24	4/1/2001	Allianz AG India Liaison Office	General Manager
3	G B Laddha	Chief Financial Officer (Finance)	3886667	B Com, AICWA	60	40	4/1/2001	Bajaj Auto Ltd	General Manager Finance
B) Employed for the part of the financial year									
1	Sam Ghosh	Chief Executive Officer	3750000	BSc. (Hons) Mech. Engg. ICAEW, CA (Aus)	44	22	4/1/2001	Allianz AG India Liaison Office	Country Manager
2	S. Sreenivasan	Chief Financial Officer (Finance)	906117	BSc, CFA, ACA, Grad CWA, PGDM (IIIMC)	43	17	11/12/2003	Bahrain National Holdings	Asst Gen Manager Finance & Investments
3	Deepak Sood	Head - Business Development	2242518	BSC, MSC, FII, AIII, LIII,	39	16	4/23/2003	HSBC Insurance Brokers (India) Pvt.	Director - Corporate Division
4	Vijay Shukla		952086	Master in Physics, Assos Master in Political Science	41	6	6/1/2001	National Insurance	Branch Manager



## AUDITORS' REPORT

We have audited the attached Balance Sheet of Bajaj Allianz General Insurance Company Limited ('the Company') as at 31 March 2004, the Motor, Fire, Marine and Miscellaneous Insurance Revenue Accounts (collectively known as the 'Revenue Accounts'), the Profit and Loss account and the Receipts and Payments account for the year ended on that annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments account have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999, Insurance Regulatory and Development Authority ('IRDA') (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 ('the Regulations') read with Section 211 of the Companies Act, 1956.

As required by the Regulations, we set out in the Annexure a statement certifying the matters specified in paragraph 4 of Schedule C to the Regulations.

### Further to our comment in the Annexure referred to above, we report that:

- 1 We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit and have found them satisfactory
- 2 As the Company's accounting system is centralised at the head office, no returns for the purposes of our audit are prepared at the branches of the Company;
- 3 The Balance Sheet, Revenue Accounts, Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account;
- 4 The actuarial valuation of Incurred But Not Reported ('IBNR') claims, valuation of Incurred But Not Enough Reported (IBNER) claims and Premium Deficiency as at 31 March 2004

is duly certified by the appointed actuary. The Actuary has also certified that the assumptions and methodology adopted for such valuation, as he considered appropriate, and are in accordance with the guidelines and norms, if any, issued by IRDA, and the Actuarial Society of India in concurrence with the Authority. We have relied upon the actuary's certificate in this regard in forming our opinion on IBNR and IBNER;

- 5 On the basis of written representations received from the directors of the Company as at 31 March 2004 and taken on record by the Board of Directors, we report that no director is disqualified as on 31 March 2004 being appointed as director of the Company under the provisions of Section 274 (1)(g) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, we further report that:

- 1 The Company has valued its Investments in accordance with the provisions of the Regulations or orders / directions issued by IRDA in this behalf;
- 2 The accounting policies selected by the Company are appropriate and in compliance with the Accounting Standards to the extent applicable and with the accounting principles as prescribed by the Regulations and orders and/or directions issued by the IRDA in this behalf;
- 3 The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- 4 Proper books of account have been maintained by the Company so far as appears from our examination of those books;
- 5 The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account together with the notes thereon and attached thereto are prepared in accordance with the requirements of the Regulations, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956 to the extent applicable and in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
  - in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2004;
  - in the case of the Revenue Accounts, of the surplus/deficit for the year ended 31 March 2004;

- in the case of the Profit and Loss account, of the profit for the year ended 31 March 2004; and
- in the case of the Receipts and Payments Account, of the receipts and payments for the year ended 31 March 2004.

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

- We have reviewed the management report attached to the financial statements for the year ended 31 March 2004 and there is no apparent mistake or material inconsistency with the financial statements; and

- Based on information and explanations received during the normal course of our audit, management representations and the compliance certificate submitted by officers of the Company charged with compliance and noted by the Board, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration as per subsection 4 of section 3 of the Insurance Act, 1938.

**For Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner  
Membership No. 40451

Place : Mumbai  
Date : 14th May 2004

**For Bharat S Raut & Co.**  
Chartered Accountants

**Russel I Parera**  
Partner  
Membership No. 42190

### **Annexure to the Auditors' report :**

(Referred to in the Auditors' Report to the members of Bajaj Allianz General Insurance Company Limited ('the Company') on the accounts for the year ended 31 March 2004).

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

- We have verified the cash balances, to the extent considered necessary, securities relating to the Company's investments

by actual inspection or on the basis of certificates / confirmations received from custodians and / or Depository Participants appointed by the Company, as the case may be;

- The Company is not the trustee of any trust; and
- No part of the assets of the policyholders' funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders funds.

**For Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner  
Membership No. 40451

Place : Mumbai  
Date : 14th May 2004

**For Bharat S Raut & Co.**  
Chartered Accountants

**Russel I Parera**  
Partner  
Membership No. 42190

## MANAGEMENT REPORT

With respect to the operations of the Bajaj Allianz General Insurance Company Ltd. for the year ended 31 March, 2004 and results thereof, the Management of the Company confirms and declares that :

- 1 The registration certificate granted by Insurance Regulatory and Development Authority (IRDA) is valid and the same has been renewed for the year 2004 - 2005.
- 2 We certify that all dues payable to the statutory authorities have been duly paid.
- 3 There was no transfer of shares during the year and the shareholding pattern is in accordance with the statutory and regulatory requirement.
- 4 The management has not invested any funds of holders of policies in India, directly or indirectly outside India.
- 5 The required solvency margins have been maintained as required by the IRDA.
- 6 We certify that the values of all the assets have been reviewed on the date of Balance Sheet and in management's belief, the assets set forth in the Balance Sheet are in the aggregate amounts not exceeding their realizable or market value.
- 7 The Company has a spread portfolio and the few large risks on its books are well protected by reinsurance. The Company has entered into reinsurance arrangements wherein it reinsures risk in excess of its retention limits. The Company's gross acceptances are protected by Surplus treaties with sufficient capacities and the net accounts are protected by both Risk and Catastrophe Excess of Loss treaties.
- 8 The Company does not have operations in any other country.
- 9 The Company has completed about 3 years of operations and from the experience this far it can be stated that the average time taken for settlement of claims in excess of branch limits is approximately 3 to 4 weeks from the date of receipt of final documents in case of Miscellaneous class of business and 4 to 6 weeks for other than miscellaneous class of business. This however does not include Motor Third party claims which have to be settled through the MACT and other judicial bodies.
- 10 We certify that the values, as shown in the Balance Sheet, of the investments which consists of fixed income securities, equity shares and mutual fund units that have been valued as per accounting policies prescribed by IRDA. Market values have been ascertained on the basis of traded prices on The National Stock Exchange of India Ltd., and where such prices were not available, based on valuation procedure issued by Fixed Income and Money Market and Derivative Dealers Association (FIMMDA). The investments in the Mutual Funds are valued at the Net Asset Values (NAV) of these Mutual funds as on the Balance Sheet date.
- 11 The Company has invested mainly in approved Government securities and AAA or AA+ rated bonds. The primary aim while investing is to generate adequate return while minimizing risk. The emphasis is also

on the liquidity of investments to ensure that the Company meets all outgoings related to Claims and other operations. While most of the investments are in fixed income securities in the form of Government of India securities or Corporate Bonds with strong credit rating, a small portion is also invested in non-fixed income securities in Equity Mutual Funds and Equity shares. None of the fixed income investments have had any delays in servicing of interest or principal amounts. Based on the past track record, the Management is confident of the quality and performance of the investments.

12 The Management of Bajaj Allianz General Insurance Company Limited certifies that:

- a) The financial statements of Bajaj Allianz General Insurance Co. Ltd. have been prepared in accordance with the applicable accounting standards and principles and policies with no material departures;
- b) The management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the operating profit and of the profit of the Company for the year;
- c) The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) and Companies Act, 1956 (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The financial statements have been prepared on a going concern basis;
- e) The management has set up an internal audit system commensurate with the size and nature of the business and the same was operational throughout the year.

13 The schedule of payments, which have been made to individuals, firms, companies and organisations in which the Directors of the insurer are interested are as follows:

Salary & expenses of CFO on deputation from Bajaj Auto Ltd.	Rs. 3,395,000
Rent & deposit for premises on lease from Bajaj Auto Ltd.	Rs.14,802,367
Other services - Bajaj Auto Ltd.	Rs. 1,531,805

### For and on behalf of the Board of Directors

<b>Rahul Bajaj</b> Chairman	<b>Heinz Dollberg</b> Director	<b>Sanjiv Bajaj</b> Director
<b>Don Nguyen</b> Director	<b>Ranjit Gupta</b> Director	<b>Kamesh Goyal</b> Chief Executive Officer
<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary	

Place : Pune  
Date : 14th May 2004

## Revenue accounts for the year ended 31st March

### Motor Insurance Business

Particulars	Schedule	2004 Rs.	2003 Rs.
Premiums earned - (Net)	1	1,472,473,638	1,236,359,057
Profit/(Loss) on sale/redemption of Investments (Net)		20,676,152	8,890,300
Other Income - Miscellaneous Income		810	3,684
Provisions no Longer required Written Back		8,842,413	-
Exchange Rate Gain/(Loss)		-	(582,011)
Interest, Dividend & Rent-Gross		66,800,477	57,422,104
	Subtotal	96,319,852	65,734,077
	<b>Total (A)</b>	<b>1,568,793,490</b>	<b>1,302,093,134</b>
Claims incurred (Net)	2	1,006,232,353	876,007,221
Contribution to Solatium Fund (Refer Schedule 13 Note 1.18)		22,204,528	26,900,000
Commission	3	84,900,571	19,946,991
Operating Expenses related to Insurance Business	4	478,219,887	450,001,550
	<b>Total (B)</b>	<b>1,591,557,339</b>	<b>1,372,855,762</b>
<b>OPERATING PROFIT/(LOSS) from Motor Insurance Business(C)=(A)-(B)</b>		<b>(22,763,849)</b>	<b>(70,762,628)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(22,763,849)	(70,762,628)
	<b>Total(C)</b>	<b>(22,763,849)</b>	<b>(70,762,628)</b>

The Schedules referred to above form an integral part of the Financial Statements

As required by Section 40C of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of General Insurance business transactions in India by the company have been fully debited to the revenue account as expenses

#### As per our report of even date

##### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

##### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

#### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004

## Revenue accounts for the year ended 31st March

### Fire Insurance Business

Particulars	Schedule	2004 Rs	2003 Rs
Premiums earned - (Net)	1	264,077,883	97,454,664
Profit/(Loss) on sale/redemption of Investments (Net)		11,201,221	3,129,800
Other Income - Miscellaneous Income		1,035,775	1,850,010
Provisions no Longer required Written Back		4,790,341	-
Exchange Rate Gain/(Loss)		1,014,146	(204,312)
Interest, Dividend & Rent-Gross		36,188,885	20,215,254
	Subtotal	54,230,368	24,990,752
	<b>Total (A)</b>	<b>318,308,251</b>	<b>122,445,416</b>
Claims incurred (Net)	2	60,570,935	27,577,554
Commission	3	(238,170,420)	(131,353,673)
Operating Expenses related to Insurance Business	4	270,711,914	106,471,828
	<b>Total (B)</b>	<b>93,112,429</b>	<b>2,695,709</b>
<b>OPERATING PROFIT/(LOSS) from Fire Insurance Business (C)=(A)-(B)</b>		225,195,822	119,749,707
<b>Appropriations</b>			
Transfer to Shareholders' Account		225,195,822	119,749,707
	<b>Total(C)</b>	<b>225,195,822</b>	<b>119,749,707</b>

The Schedules referred to above form an integral part of the Financial Statements

As required by Section 40C of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of General Insurance business transactions in India by the company have been fully debited to the revenue account as expenses

#### As per our report of even date

##### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

##### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

#### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004

## Revenue accounts for the year ended 31st March

### Marine Insurance Business

Particulars	Schedule	2004 Rs	2003 Rs
Premiums earned - (Net)	1	69,553,731	21,639,903
Profit/(Loss) on sale/redemption of Investments (Net)		1,930,479	382,386
Other Income - Miscellaneous Income		1,689,279	230,286
Provisions no Longer required Written Back		825,593	-
Exchange Rate Gain/(Loss)		174,784	(25,033)
Interest, Dividend & Rent-Gross		6,236,989	2,469,820
	Sub-Total	10,857,124	3,057,459
	<b>Total (A)</b>	<b>80,410,855</b>	<b>24,697,362</b>
Claims incurred (Net)	2	92,194,675	14,604,844
Commission	3	(15,966,663)	(8,531,646)
Change in Premium Deficiency		4,350,000	-
Operating Expenses related to Insurance Business	4	33,405,160	11,246,981
	<b>Total (B)</b>	<b>113,983,172</b>	<b>17,320,179</b>
<b>OPERATING PROFIT/(LOSS) from Marine Insurance Business (C)=(A)-(B)</b>		<b>(33,572,317)</b>	<b>7,377,183</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(33,572,317)	7,377,183
	<b>Total(C)</b>	<b>(33,572,317)</b>	<b>7,377,183</b>

The Schedules referred to above form an integral part of the Financial Statements

As required by Section 40C of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of General Insurance business transactions in India by the company have been fully debited to the revenue account as expenses

#### As per our report of even date

##### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

##### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

#### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004

## Revenue accounts for the year ended 31st March

### Miscellaneous Insurance Business

Particulars	Schedule	2004 Rs	2003 Rs
Premiums earned - (Net)	1	500,283,595	185,651,926
Profit/(Loss) on sale/redemption of Investments (Net)		10,565,314	2,898,273
Other Income - Miscellaneous Income		194,194	629,474
Provisions no Longer required Written Back		4,518,387	
Exchange Rate Gain/(Loss)		956,571	6,455,416
Interest, Dividend & Rent-Gross		34,134,395	18,719,830
	Sub-Total	50,368,861	28,702,993
	<b>Total (A)</b>	<b>550,652,456</b>	<b>214,354,919</b>
Claims incurred (Net)	2	347,073,607	121,628,902
Commission	3	(61,485,709)	(35,006,458)
Change in Premium Deficiency		8,960,000	5,400,000
Operating Expenses related to Insurance Business	4	202,071,920	98,180,241
	<b>Total (B)</b>	<b>496,619,818</b>	<b>190,202,685</b>
<b>OPERATING PROFIT/(LOSS) from Miscellaneous Insurance Business (C)=(A)-(B)</b>		<b>54,032,638</b>	<b>24,152,234</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		54,032,638	24,152,234
	<b>Total(C)</b>	<b>54,032,638</b>	<b>24,152,234</b>

The Schedules referred to above form an integral part of the Financial Statements

As required by Section 40C of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of General Insurance business transactions in India by the company have been fully debited to the revenue account as expenses

#### As per our report of even date

##### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

##### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

#### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004

## Profit and Loss Account for the year ended 31st March

Particulars	2004 Rs	2003 Rs
<b>Operating Profit/(Loss), as per Revenue Accounts of :-</b>		
(a) Motor Insurance Business	(22,763,849)	(70,762,628)
(b) Fire Insurance Business	225,195,822	119,749,707
(c) Marine Insurance Business	(33,572,317)	7,377,183
(d) Miscellaneous Insurance Business	54,032,638	24,152,234
	222,892,294	80,516,496
<b>Income From Investments</b>		
(a) Interest, Dividends and Rent -Gross	74,093,375	80,767,017
(b) Profit on sale/redemption of investments	23,251,835	12,582,492
Less: (Loss on sale/redemption of investments)	(318,377)	(77,847)
	97,026,833	93,271,662
<b>Other Income -Miscellaneous Income</b>	3,559,811	186,107
<b>Total(A)</b>	<b>323,478,938</b>	<b>173,974,265</b>
<b>Expenses</b>		
(a) Expenses other than those directly related to the insurance business	4,006,561	895,003
(b) Preliminary Expenses written off	1,787,724	1,787,719
<b>Total (B)</b>	<b>5,794,285</b>	<b>2,682,722</b>
<b>Profit/(Loss) before tax</b>	<b>317,684,653</b>	<b>171,291,543</b>
Provision for Taxation (Refer Schedule 13 Note 12) (Including Wealth Tax of Rs. 138,000; Previous year Rs. 106,000)		
Current Tax	90,238,000	15,506,000
Deferred Tax	10,552,000	59,500,000
<b>Profit/(Loss) after tax</b>	<b>216,894,653</b>	<b>96,285,543</b>
<b>Profit Available for appropriation</b>	-	-
<b>Appropriations</b>		
(a) Interim dividends paid during the year	-	-
(b) Proposed final dividend	-	-
(c) Dividend distribution tax	-	-
(d) Transfer to reserve/other accounts (to be specified)	-	-
Balance of Profit / (Loss) brought forward last year	120,590	(96,164,953)
<b>Balance carried to Balance Sheet</b>	<b>217,015,243</b>	<b>120,590</b>
<b>Notes to Financial Statements</b>	<b>13</b>	
<b>Earning per Share: Basic (Refer Schedule 13 Note 14)</b>	1.97	0.88

### As per our report of even date

#### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

#### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004



## Balance Sheet as at 31st March

Particulars	Schedule	2004 Rs	2003 Rs
<b>SOURCE OF FUNDS</b>			
<b>Shareholders' funds :</b>			
Share Capital	5	1,096,424,568	1,094,636,844
Reserves and Surplus	6	217,015,243	120,590
Fair Value Change Account		66,990,656	(3,274,511)
	<b>Total</b>	<b>1,380,430,467</b>	<b>1,091,482,923</b>
<b>APPLICATION OF FUNDS</b>			
<b>Investments</b>	7	3,486,286,723	2,235,717,793
<b>Fixed Assets</b>	8		
Gross Block		414,324,568	228,952,244
Less:- Accumulated Depreciation		128,731,623	59,483,355
Net Block		285,592,945	169,468,889
Capital Work In Progress		3,615,342	1,029,700
		289,208,287	170,498,589
<b>Deferred Tax Asset</b>		47,748,000	58,300,000
<b>Current Assets</b>			
Cash and Bank Balances	9	421,475,879	321,704,295
Advances and Other Assets	10	349,194,547	161,924,301
	<b>Sub-Total (A)</b>	<b>770,670,426</b>	<b>483,628,596</b>
<b>Current Liabilities</b>	11	1,646,742,431	837,767,588
<b>Provisions</b>	12	1,566,740,538	1,018,894,467
	<b>Sub-Total (B)</b>	<b>3,213,482,969</b>	<b>1,856,662,055</b>
<b>Net Current Assets (C) = (A - B)</b>		<b>(2,442,812,543)</b>	<b>(1,373,033,459)</b>
	<b>Total</b>	<b>1,380,430,467</b>	<b>1,091,482,923</b>
<b>Notes to Financial Statements</b>	13		

The Schedules referred to above form an integral part of the Financial Statements

### As per our report of even date

#### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

#### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

Place : Pune

Date : 14th May 2004

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

### Schedule - 1 Premium Earned (Net) for the year ended 31st March

Particulars	2004 (Rs.)						2003 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
<b>Premium from Direct Business:</b>	2,220,452,800	1,202,921,226	185,147,337	22,170,646	1,134,629,808	4,765,321,817	1,722,663,725	606,457,857	74,094,613	-	561,595,096	2,964,811,291
Premium on Reinsurance Accepted	-	29,957,496	-	-	2,687,897	32,645,393	-	30,534,605	-	-	2,172,069	32,706,674
Less: Premium on reinsurance ceded (Refer Schedule 13 Note 8)	503,246,124	844,116,411	79,939,821	19,263,439	487,278,093	1,933,843,888	434,023,034	458,411,770	39,936,441	-	257,502,039	1,189,873,284
<b>Net Premium</b>	<b>1,717,206,676</b>	<b>388,762,311</b>	<b>105,207,516</b>	<b>2,907,207</b>	<b>650,039,612</b>	<b>2,864,123,322</b>	<b>1,288,640,691</b>	<b>178,580,692</b>	<b>34,158,172</b>	<b>-</b>	<b>306,265,126</b>	<b>1,807,644,681</b>
Adjustment for Change in Unexpired Risk Reserve												
Reserve created during the year	952,351,602	233,425,180	52,732,871	2,907,207	325,323,678	1,566,740,538	707,618,564	108,740,752	17,079,086	-	175,567,661	1,009,006,063
Less: Reserve created during the previous year Written Back	707,618,564	108,740,752	17,079,086	-	175,567,661	1,009,006,063	655,336,930	27,614,724	4,560,817	-	54,954,461	742,466,932
Change in the Unexpired Risk Reserve	244,733,038	124,684,428	35,653,785	2,907,207	149,756,017	557,734,475	52,281,634	81,126,028	12,518,269	-	120,613,200	266,539,131
<b>Total Premium Earned (Net)</b>	<b>1,472,473,638</b>	<b>264,077,883</b>	<b>69,553,731</b>	<b>-</b>	<b>500,283,595</b>	<b>2,306,388,847</b>	<b>1,236,359,057</b>	<b>97,454,664</b>	<b>21,639,903</b>	<b>-</b>	<b>185,651,926</b>	<b>1,541,105,550</b>
<b>Note :</b>												
<b>Premium Income from business effected:</b>												
In India	1,472,473,638	264,077,883	69,553,731	-	500,283,595	2,306,388,847	1,236,359,057	97,454,664	21,639,903	-	185,651,926	1,541,105,550
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Premium Earned (Net)</b>	<b>1,472,473,638</b>	<b>264,077,883</b>	<b>69,553,731</b>	<b>-</b>	<b>500,283,595</b>	<b>2,306,388,847</b>	<b>1,236,359,057</b>	<b>97,454,664</b>	<b>21,639,903</b>	<b>-</b>	<b>185,651,926</b>	<b>1,541,105,550</b>

\* Refer Schedule 1(a)

### Schedule - 1 (a) Premium Earned (Net) for the year ended 31st March

Particulars	2004 (Rs.)								2003 (Rs.)							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
<b>Premium from Direct Business</b>	28,401,507	33,600,648	312,992,233	11,927,868	75,022,583	205,096,980	467,587,989	1,134,629,808	10,433,609	17,149,342	185,097,071	5,630,759	43,133,849	106,447,146	193,703,320	561,595,096
Premium on Reinsurance Accepted	-	-	2,687,897	-	-	-	-	2,687,897	-	-	2,172,069	-	-	-	-	2,172,069
Less: Premium on reinsurance ceded (Refer Schedule 13 Note 8)	6,114,095	10,031,044	236,653,370	9,291,523	16,846,042	45,960,853	162,381,166	487,278,093	2,470,205	6,239,011	144,173,059	5,322,327	9,937,089	26,838,771	62,521,577	257,502,039
<b>Net Premium</b>	<b>22,287,412</b>	<b>23,569,604</b>	<b>79,026,760</b>	<b>2,636,345</b>	<b>58,176,541</b>	<b>159,136,127</b>	<b>305,206,823</b>	<b>650,039,612</b>	<b>7,963,404</b>	<b>10,910,331</b>	<b>43,096,081</b>	<b>308,432</b>	<b>33,196,760</b>	<b>79,608,375</b>	<b>131,181,743</b>	<b>306,265,126</b>
Adjustment for Change in Unexpired Risk Reserve																
Reserve created during the year	11,216,413	11,784,803	39,513,380	1,318,174	29,319,434	79,568,063	152,603,411	325,323,678	4,612,426	6,876,410	22,634,075	154,221	20,998,321	54,358,887	65,933,321	175,567,661
Less: Reserve created during the previous year Written Back	4,612,426	6,876,410	22,634,075	154,221	20,998,321	54,358,887	65,933,321	175,567,661	1,609,682	2,665,296	5,740,622	15,727	13,727,186	23,548,050	7,647,898	54,954,461
Change in the Unexpired Risk Reserve	6,603,987	4,908,393	16,879,305	1,163,953	8,321,113	25,209,176	86,670,090	149,756,017	3,002,744	4,211,114	16,893,453	138,494	7,271,135	30,810,837	58,285,423	120,613,200
<b>Total Premium Earned (Net)</b>	<b>15,683,425</b>	<b>18,661,211</b>	<b>62,147,455</b>	<b>1,472,392</b>	<b>49,855,428</b>	<b>133,926,951</b>	<b>218,536,733</b>	<b>500,283,595</b>	<b>4,960,660</b>	<b>6,699,217</b>	<b>26,202,628</b>	<b>169,938</b>	<b>25,925,625</b>	<b>48,797,538</b>	<b>72,896,320</b>	<b>185,651,926</b>
<b>Note :</b>																
<b>Premium Income from business effected:</b>																
In India	15,683,425	18,661,211	62,147,455	1,472,392	49,855,428	133,926,951	218,536,733	500,283,595	4,960,660	6,699,217	26,202,628	169,938	25,925,625	48,797,538	72,896,320	185,651,926
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Premium Earned (Net)</b>	<b>15,683,425</b>	<b>18,661,211</b>	<b>62,147,455</b>	<b>1,472,392</b>	<b>49,855,428</b>	<b>133,926,951</b>	<b>218,536,733</b>	<b>500,283,595</b>	<b>4,960,660</b>	<b>6,699,217</b>	<b>26,202,628</b>	<b>169,938</b>	<b>25,925,625</b>	<b>48,797,538</b>	<b>72,896,320</b>	<b>185,651,926</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

## Schedule - 2 Claims incurred (Net) for the year ended 31st March

Particulars	2004 (Rs.)						2003 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Claims Paid												
Direct	933,030,465	98,492,934	86,326,449	405,833	384,606,392	1,502,862,073	810,371,745	54,620,048	26,222,125	-	104,926,615	996,140,533
Less: Reinsurance Ceded	214,008,166	60,172,845	43,392,999	395,549	170,312,281	488,281,840	176,211,390	33,572,133	14,758,527	-	26,655,302	251,197,352
Net Claims paid	719,022,299	38,320,089	42,933,450	10,284	214,294,111	1,014,580,233	634,160,355	21,047,915	11,463,598	-	78,271,313	744,943,181
Claims Outstanding (including IBNR)												
Add : Claims Outstanding at the close of the year (net of Reinsurance)	588,149,051	38,531,488	51,509,570	1,790,950	188,492,185	868,473,244	300,938,997	16,280,642	4,049,579	-	55,712,689	376,981,907
Less: Claims Outstanding at the beginning of the year (net of Reinsurance)	300,938,997	16,280,642	4,049,579	-	55,712,689	376,981,907	59,092,131	9,751,003	908,333	-	12,355,100	82,106,567
Change in Claims Outstanding	287,210,054	22,250,846	47,459,991	1,790,950	132,779,496	491,491,337	241,846,866	6,529,639	3,141,246	-	43,357,589	294,875,340
<b>Total Claims Incurred (Net)</b>	<b>1,006,232,353</b>	<b>60,570,935</b>	<b>90,393,441</b>	<b>1,801,234</b>	<b>347,073,607</b>	<b>1,506,071,570</b>	<b>876,007,221</b>	<b>27,577,554</b>	<b>14,604,844</b>	<b>-</b>	<b>121,628,902</b>	<b>1,039,818,521</b>
Claims paid to claimants:												
In India	1,006,232,353	60,570,935	90,393,441	1,801,234	347,073,607	1,506,071,570	876,007,221	27,577,554	14,604,844	-	121,628,902	1,039,818,521
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Claims Incurred (Net)</b>	<b>1,006,232,353</b>	<b>60,570,935</b>	<b>90,393,441</b>	<b>1,801,234</b>	<b>347,073,607</b>	<b>1,506,071,570</b>	<b>876,007,221</b>	<b>27,577,554</b>	<b>14,604,844</b>	<b>-</b>	<b>121,628,902</b>	<b>1,039,818,521</b>

\* Refer Schedule 2(a)

## Schedule - 2 (a) Claims incurred (Net) for the year ended 31st March

Particulars	2004 (Rs.)								2003 (Rs.)							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Claims Paid																
Direct	3,607,347	-	129,552,262	1,460	34,130,831	123,026,651	94,287,841	384,606,392	490,508	1,010,673	7,563,093	-	11,356,498	50,756,418	33,749,425	104,926,615
Less: Reinsurance Ceded	721,470	-	108,996,872	492	6,826,662	24,687,089	29,079,696	170,312,281	98,323	202,135	2,729,869	-	2,036,313	8,753,819	12,834,843	26,655,302
Net Claims paid	2,885,877	-	20,555,390	968	27,304,169	98,339,562	65,208,145	214,294,111	392,185	808,538	4,833,224	-	9,320,185	42,002,599	20,914,582	78,271,313
Claims Outstanding (including IBNR)																
Add : Claims Outstanding at the close of the year (net of Reinsurance)	14,757,023	-	14,853,740	11,349,637	18,680,513	60,317,283	68,533,989	188,492,185	8,935,161	10,910,331	6,367,951	30,844	5,828,817	8,500,502	15,139,083	55,712,689
Less: Claims Outstanding at the beginning of the year (net of Reinsurance)	8,935,161	10,910,331	6,367,951	30,844	5,828,817	8,500,502	15,139,083	55,712,689	69,613	572,377	836,566	595	829,596	1,772,555	8,273,798	12,355,100
Change in Claims Outstanding	5,821,862	(10,910,331)	8,485,789	11,318,793	12,851,696	51,816,781	53,394,906	132,779,496	8,865,548	10,337,954	5,531,385	30,249	4,999,221	6,727,947	6,865,285	43,357,589
<b>Total Claims Incurred (Net)</b>	<b>8,707,739</b>	<b>(10,910,331)</b>	<b>29,041,179</b>	<b>11,319,761</b>	<b>40,155,865</b>	<b>150,156,343</b>	<b>118,603,051</b>	<b>347,073,607</b>	<b>9,257,733</b>	<b>11,146,492</b>	<b>10,364,609</b>	<b>30,249</b>	<b>14,319,406</b>	<b>48,730,546</b>	<b>27,779,867</b>	<b>121,628,902</b>
Claims paid to claimants:																
In India	8,707,739	(10,910,331)	29,041,179	11,319,761	40,155,865	150,156,343	118,603,051	347,073,607	9,257,733	11,146,492	10,364,609	30,249	14,319,406	48,730,546	27,779,867	121,628,902
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Claims Incurred (Net)</b>	<b>8,707,739</b>	<b>(10,910,331)</b>	<b>29,041,179</b>	<b>11,319,761</b>	<b>40,155,865</b>	<b>150,156,343</b>	<b>118,603,051</b>	<b>347,073,607</b>	<b>9,257,733</b>	<b>11,146,492</b>	<b>10,364,609</b>	<b>30,249</b>	<b>14,319,406</b>	<b>48,730,546</b>	<b>27,779,867</b>	<b>121,628,902</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

### Schedule - 3 Commission expenses for the year ended 31st March

Particulars	2004 (Rs.)						2003 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Commission Paid												
Direct	197,004,552	47,398,110	10,932,339	285,841	59,957,472	315,578,314	116,342,754	4,639,715	2,423,741	-	17,942,748	141,348,958
Less: Commission on Re-insurance Ceded	112,103,981	285,568,530	22,378,484	4,806,359	121,443,181	546,300,535	96,395,763	135,993,388	10,955,387	-	52,949,206	296,293,744
<b>Net Commission</b>	<b>84,900,571</b>	<b>(238,170,420)</b>	<b>(11,446,145)</b>	<b>(4,520,518)</b>	<b>(61,485,709)</b>	<b>(230,722,221)</b>	<b>19,946,991</b>	<b>(131,353,673)</b>	<b>(8,531,646)</b>	<b>-</b>	<b>(35,006,458)</b>	<b>(154,944,786)</b>
Note												
Commission Paid												
In India	84,900,571	(238,170,420)	(11,446,145)	(4,520,518)	(61,485,709)	(230,722,221)	19,946,991	(131,353,673)	(8,531,646)	-	(35,006,458)	(154,944,786)
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Commission</b>	<b>84,900,571</b>	<b>(238,170,420)</b>	<b>(11,446,145)</b>	<b>(4,520,518)</b>	<b>(61,485,709)</b>	<b>(230,722,221)</b>	<b>19,946,991</b>	<b>(131,353,673)</b>	<b>(8,531,646)</b>	<b>-</b>	<b>(35,006,458)</b>	<b>(154,944,786)</b>

\* Refer Schedule 3(a)

### Schedule - 3 (a) Commission expenses for the year ended 31st March

Particulars	2004 (Rs.)								2003 (Rs.)							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Commission Paid																
Direct	994,000	1,284,963	9,411,639	160,594	4,542,955	12,593,952	30,969,369	59,957,472	229,662	312,407	1,386,741	11,417	2,180,531	3,283,216	10,538,774	17,942,748
Less: Commission on Re-insurance Ceded	1,420,312	2,265,439	71,885,291	1,079,896	4,943,938	10,898,269	28,950,036	121,443,181	522,565	1,239,164	32,014,836	532,818	2,214,463	5,924,151	10,501,209	52,949,206
<b>Net Commission</b>	<b>(426,312)</b>	<b>(980,476)</b>	<b>(62,473,652)</b>	<b>(919,302)</b>	<b>(400,983)</b>	<b>1,695,683</b>	<b>2,019,333</b>	<b>(61,485,709)</b>	<b>(292,903)</b>	<b>(926,757)</b>	<b>(30,628,095)</b>	<b>(521,401)</b>	<b>(33,932)</b>	<b>(2,640,935)</b>	<b>37,565</b>	<b>(35,006,458)</b>
Note																
Commission Paid																
In India	(426,312)	(980,476)	(62,473,652)	(919,302)	(400,983)	1,695,683	2,019,333	(61,485,709)	(292,903)	(926,757)	(30,628,095)	(521,401)	(33,932)	(2,640,935)	37,565	(35,006,458)
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Commission</b>	<b>(426,312)</b>	<b>(980,476)</b>	<b>(62,473,652)</b>	<b>(919,302)</b>	<b>(400,983)</b>	<b>1,695,683</b>	<b>2,019,333</b>	<b>(61,485,709)</b>	<b>(292,903)</b>	<b>(926,757)</b>	<b>(30,628,095)</b>	<b>(521,401)</b>	<b>(33,932)</b>	<b>(2,640,935)</b>	<b>37,565</b>	<b>(35,006,458)</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

### Schedule - 4 Operating expenses related to insurance business for the year ended 31st March

Particulars	2004 (Rs.)					2003 (Rs.)						
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Employees' remuneration and Welfare benefits												
Salary allowances etc.	98,278,385	53,241,913	8,194,717	981,284	50,219,300	210,915,599	78,245,433	27,546,036	3,365,466		25,508,317	134,665,252
Contribution to Funds	7,064,036	3,826,913	589,018	70,533	3,609,653	15,160,153	5,837,277	2,054,993	251,071		1,902,975	10,046,316
Welfare Expenses	3,431,759	1,859,141	286,149	34,265	1,753,596	7,364,910	2,368,344	833,767	101,867		772,088	4,076,066
	108,774,180	58,927,967	9,069,884	1,086,082	55,582,549	233,440,662	86,451,054	30,434,796	3,718,404	-	28,183,380	148,787,634
Travel, Conveyance and Vehicle running expenses	15,825,550	8,573,427	1,319,577	158,014	8,086,703	33,963,271	13,124,350	4,620,382	564,500	-	4,278,589	22,587,821
Agent Training Expense	3,341,561	1,810,277	278,628	33,365	1,707,505	7,171,336	3,067,466	1,079,893	131,937	-	1,000,005	5,279,301
Rents, Rates and Taxes	18,374,075	9,954,080	1,532,080	183,460	9,388,974	39,432,669	13,604,709	4,789,491	585,161	-	4,435,189	23,414,550
Maintenance & Repairs	1,350,814	731,798	112,635	13,488	690,252	2,898,987	2,061,431	725,720	88,666	-	672,034	3,547,851
Printing and Stationery	15,048,525	1,685,406	914,541	4,229	5,504,502	23,157,203	12,850,520	379,601	189,376	-	2,423,803	15,843,300
Communication expenses	10,198,395	5,524,939	850,370	101,827	5,211,281	21,886,812	10,014,144	3,525,445	430,725	-	3,264,650	17,234,964
Information Technology expenses	17,975,906	2,013,267	1,092,446	5,052	6,575,289	27,661,960	38,457,730	1,136,032	566,743	-	7,253,710	47,414,215
Legal and Professional charges	2,791,832	1,512,463	232,790	27,875	1,426,600	5,991,560	2,372,944	835,387	102,064	-	773,587	4,083,982
Auditor's fees, expenses, etc.												
(a) as auditors	698,941	378,648	58,280	6,979	357,152	1,500,000	941,279	331,374	40,485	-	306,862	1,620,000
(b) as advisor or in any other capacity in respect of:												
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Tax Audit	93,192	50,486	7,771	930	47,621	200,000	122,018	42,955	5,248	-	39,779	210,000
(iii) Management services	-	-	-	-	-	-	793,115	279,213	34,113	-	258,559	1,365,000
(c) In any other capacity	535,855	290,297	44,681	5,351	273,816	1,150,000	-	-	-	-	-	-
(d) Out of Pocket Expenses	476,118	257,935	39,700	4,753	243,293	1,021,799	714,736	251,620	30,742	-	233,006	1,230,104
	86,710,764	32,783,023	6,483,499	545,323	39,512,988	166,035,597	98,124,442	17,997,113	2,769,760	-	24,939,773	143,831,088
Advertisement and publicity	39,488,648	4,422,652	2,399,835	11,099	14,444,294	60,766,528	22,882,825	291,936	145,641	-	1,864,052	25,184,454
Marketing and Support Services Expenses	13,394,295	1,500,135	814,009	3,766	4,899,410	20,611,615	7,934,068	234,370	116,923	-	1,496,486	9,781,847
Interest and Bank Charges	3,188,325	1,727,262	265,851	31,835	1,629,203	6,842,476	1,302,172	458,425	56,009	-	424,513	2,241,119
Service Charges	164,528,635	52,742,709	5,483,146	199,196	46,315,850	269,269,536	193,723,395	19,043,923	2,723,494	-	22,694,671	238,185,483
Other Acquisition Costs	4,727,678	89,873,144	454,570	1,604,715	12,583,928	109,244,035	2,220,924	24,857,864	109,721	-	6,396,988	33,585,497
Others												
Miscellaneous Expenses	21,781,266	11,059,968	1,702,292	203,843	10,432,079	45,179,448	13,336,979	4,695,238	573,645	-	4,347,907	22,953,769
	247,108,847	161,325,870	11,119,703	2,054,454	90,304,764	511,913,638	241,400,363	49,581,756	3,725,433	-	37,224,617	331,932,169
Depreciation	32,626,096	17,675,054	2,720,452	325,763	16,671,619	70,018,984	24,609,155	8,663,569	1,058,480	-	8,022,681	42,353,885
Provision for Doubtful Debts	3,000,000	-	-	-	-	3,000,000	-	-	-	-	-	-
Less Expenses Capitalised	-	-	-	-	-	-	(583,464)	(205,406)	(25,096)	-	(190,210)	(1,004,176)
<b>Total</b>	<b>478,219,887</b>	<b>270,711,914</b>	<b>29,393,538</b>	<b>4,011,622</b>	<b>202,071,920</b>	<b>984,408,881</b>	<b>450,001,550</b>	<b>106,471,828</b>	<b>11,246,981</b>	<b>-</b>	<b>98,180,241</b>	<b>665,900,600</b>

\* Refer Schedule 4(a)

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

### Schedule - 4 (a) Operating expenses related to insurance business for the year ended 31st March

Particulars	2004 (Rs.)								2003 (Rs.)							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Employees' remuneration and Welfare benefits																
Salary allowances etc.	1,257,065	1,487,182	13,853,198	527,934	3,320,538	9,077,698	20,695,685	50,219,300	473,907	778,943	8,407,329	255,756	1,959,191	4,834,956	8,798,235	25,508,317
Contribution to Funds	90,355	106,895	995,738	37,947	238,673	652,485	1,487,560	3,609,653	35,354	58,111	627,205	19,080	146,160	360,698	656,367	1,902,975
Welfare Expenses	43,895	51,931	483,736	18,435	115,949	316,982	722,668	1,753,596	14,344	23,577	254,474	7,741	59,301	146,345	266,306	772,088
	1,391,315	1,646,008	15,332,672	584,316	3,675,160	10,047,165	22,905,913	55,582,549	523,605	860,631	9,289,008	282,577	2,164,652	5,341,999	9,720,908	28,183,380
Travel, Conveyance and Vehicle running expenses	202,422	239,478	2,230,750	85,012	534,699	1,461,762	3,332,580	8,086,703	79,490	130,655	1,410,187	42,899	328,621	810,982	1,475,755	4,278,589
Agent Training Expense	42,741	50,566	471,022	17,950	112,902	308,651	703,673	1,707,505	18,579	30,537	329,594	10,026	76,806	189,545	344,918	1,000,005
Rents, Rates and Taxes	235,020	278,043	2,589,986	98,702	620,806	1,697,162	3,869,255	9,388,974	82,399	135,437	1,461,801	44,469	340,649	840,665	1,529,769	4,435,189
Maintenance & Repairs	17,278	20,441	190,409	7,256	45,640	124,771	284,457	690,252	12,485	20,522	221,497	6,738	51,616	127,380	231,796	672,034
Printing and Stationery	40,028	7,366	89,316	716	401,732	622,117	4,343,227	5,504,502	13,124	3,769	39,216	213	264,020	302,656	1,800,805	2,423,803
Communication expenses	130,446	154,326	1,437,553	54,784	344,574	941,997	2,147,601	5,211,281	60,652	99,692	1,076,001	32,733	250,745	618,796	1,126,031	3,264,650
Information Technology expenses	47,815	8,799	106,690	855	479,881	743,138	5,188,111	6,575,289	39,275	11,279	117,363	636	790,132	905,759	5,389,266	7,253,710
Legal and Professional charges	35,710	42,247	393,533	14,997	94,328	257,874	587,911	1,426,600	14,372	23,623	254,968	7,756	59,416	146,629	266,823	773,587
Auditor's fees, expenses, etc.																
(a) as auditor	8,940	10,577	98,522	3,755	23,615	64,559	147,184	357,152	5,701	9,371	101,139	3,077	23,569	58,164	105,841	306,862
(b) as advisor or in any other capacity in respect of:																
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Tax Audit	1,192	1,410	13,136	501	3,149	8,608	19,625	47,621	739	1,215	13,111	399	3,055	7,540	13,720	39,779
(iii) Management services	-	-	-	-	-	-	-	-	4,804	7,896	85,219	2,592	19,859	49,008	89,181	258,559
(c) In any other capacity	6,854	8,109	75,533	2,879	18,105	49,495	112,841	273,816	-	-	-	-	-	-	-	-
(d) Out of Pocket Expenses	6,090	7,205	67,113	2,558	16,087	43,978	100,262	243,293	4,329	7,115	76,797	2,336	17,896	44,165	80,368	233,006
	774,536	828,567	7,763,563	289,965	2,695,518	6,324,112	20,836,727	39,512,988	335,949	481,111	5,186,893	153,874	2,226,384	4,101,289	12,454,273	24,939,773
Advertisement and publicity	105,037	19,329	234,373	1,878	1,054,180	1,632,491	11,397,006	14,444,294	10,093	2,899	30,160	164	203,047	232,761	1,384,928	1,864,052
Marketing and Support Services Expenses	35,628	6,556	79,498	637	357,571	553,730	3,865,790	4,899,410	8,103	2,327	24,213	131	163,009	186,864	1,111,839	1,496,486
Interest and Bank Charges	40,781	48,247	449,422	17,127	107,724	294,497	671,405	1,629,203	7,887	12,963	139,916	4,256	32,605	80,464	146,422	424,513
Service Charges	1,656,793	364,290	6,618,163	60,471	1,872,274	5,917,664	29,826,195	46,315,850	415,735	350,469	4,637,582	247,529	948,841	2,092,219	14,002,296	22,694,671
Other Acquisition Costs	30,041	15,707	6,576,141	264,774	635,216	915,534	4,146,515	12,583,928	597	2,293	837,873	-	20,185	2,710,404	2,825,636	6,396,988
Others																
Miscellaneous Expenses	261,131	308,933	2,877,731	109,668	689,777	1,885,714	4,299,125	10,432,079	80,778	132,771	1,433,034	43,594	333,945	824,121	1,499,664	4,347,907
	2,129,411	763,062	16,835,328	454,555	4,716,742	11,199,630	54,206,036	90,304,764	523,193	503,722	7,102,778	295,674	1,701,632	6,126,833	20,970,785	37,224,617
Depreciation	417,316	493,709	4,598,934	175,261	1,102,340	3,013,581	6,870,478	16,671,619	149,050	244,987	2,644,209	80,438	616,190	1,520,653	2,767,154	8,022,681
Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Expenses Capitalised	-	-	-	-	-	-	-	-	(3,534)	(5,808)	(62,692)	(1,907)	(14,609)	(36,053)	(65,607)	(190,210)
Total	4,712,578	3,731,346	44,530,497	1,504,097	12,189,760	30,584,488	104,819,154	202,071,920	1,528,263	2,084,643	24,160,196	810,656	6,694,249	17,054,721	45,847,513	98,180,241

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

## Schedule - 5 Share Capital as at 31st March

Particulars	2004 Rs.	2003 Rs.
<b>Authorised Capital</b>		
110,000,000 Equity shares of Rs 10 each	1,100,000,000	1,100,000,000
<b>Issued, Subscribed and Paid up Capital</b>		
110,000,000 Equity Shares of Rs 10 each fully paid up	1,100,000,000	1,100,000,000
Less: Preliminary Expenses, to the extent not written off	3,575,432	5,363,156
<b>Total</b>	<b>1,096,424,568</b>	<b>1,094,636,844</b>

### Notes : Of the above;

- 1) 81,400,000 Equity Shares of Rs. 10/- each, constituting 74% of the total Share Capital are held by the Holding Company viz Bajaj Auto Limited. (Previous year 81,400,000 Equity Shares)
- 2) 28,600,000 Equity Shares of Rs. 10/- each, constituting 26% of the total Share Capital are held by Allianz AG (Previous year 28,600,000 Equity Shares)

## Schedule - 5A Share Capital Pattern of Shareholding as at 31st March (As certified by the Management)

Shareholder	2004		2003	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian (Bajaj Auto Ltd.)	81,400,000	74%	81,400,000	74%
Foreign (Allianz AG)	28,600,000	26%	28,600,000	26%
<b>Total</b>	<b>110,000,000</b>	<b>100%</b>	<b>110,000,000</b>	<b>100%</b>

## Schedule - 6 Reserves and Surplus as at 31st March

Particulars	2004 Rs.	2003 Rs.
Balance in Profit and Loss Account	217,015,243	120,590
<b>Total</b>	<b>217,015,243</b>	<b>120,590</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

## Schedule - 7 Investments as at 31st March

Particulars		2004 Rs.	2003 Rs.
<b>Long Term Investments</b>			
Government securities and Government guaranteed bonds including Treasury Bills		1,482,340,728	975,047,638
Other Approved Securities		-	-
Other Investments			
(a) Shares	129,544,610		
Fair Value Change Accretion/(Diminution)	5,662,030	135,206,640	-
(b) Debenture/Bonds		719,406,284	564,424,751
Investments in Infrastructure and Social Sector		853,280,368	589,519,915
Other than Approved Securities			
(a) Shares	5,312,254		
Fair Value Change Accretion/(Diminution)	(1,281,004)	4,031,250	-
(b) Debenture/Bonds		179,411,823	50,000,000
<b>Short Term Investments</b>			
Government securities and Government guaranteed bonds including Treasury Bills		-	-
Other Investments			
Mutual Funds	50,000,000		60,000,000
Fair Value Change Accretion/(Diminution)	62,609,630	112,609,630	(3,274,511)
	<b>Total</b>	<b>3,486,286,723</b>	<b>2,235,717,793</b>
<b>Investments</b>			
In India		3,486,286,723	2,235,717,793
Outside India		-	-
<b>Total</b>		<b>3,486,286,723</b>	<b>2,235,717,793</b>

### Notes :

- 1) All the Investments are free of any Encumbrances.
- 2) All the above investments are performing assets.
- 3) Investments maturing within next 12 months Nil.
- 4) Government of India Bonds aggregating Rs 123,730,242 (Previous Year Rs.124,798,354 ) have been deposited with The Reserve Bank of India under section 7 of the Insurance Act, 1938. (Also refer Schedule 13 Note No 15)
- 5) Investment other than Equities and Derivative instruments  
Aggregate value of Investments as at March 31, 2004 Rs 3,347,048,833/-  
(Previous Year Rs. 2,235,717,793/-)  
Market value as at March 31, 2004 Rs 3,578,657,405/- (Previous Year Rs. 2,403,609,715/-)



Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

## Schedule - 8 Fixed Assets as at 31st March

Particulars	Gross Block (Rs)			Depreciation (Rs)				Net Block (Rs)		
	As at 1st April 2003	Additions during the year	Deductions during the year	As at 31st March 2004*	As at 1st April 2003	For the Year	Adjust/ Recoup Sales etc.	As at 31st March 2004	As at 31st March 2004	As at 31st March 2003
Intangibles -Computer Softwares @	19,757,422	3,771,542	-	23,528,964	6,554,852	7,556,401	-	14,111,253	9,417,711	13,202,570
Leasehold Improvements	39,779,743	19,402,158	-	59,181,901	9,933,579	15,723,510	-	25,657,089	33,524,812	29,846,164
Buildings	49,363,283	32,611,346	-	81,974,629	1,485,121	1,204,588	-	2,689,709	79,284,920	47,878,162
Furniture & Fixtures	23,453,670	17,738,758	60,600	41,131,828	9,486,170	6,159,189	60,590	15,584,769	25,547,059	13,967,500
Information Technology Equipment	66,612,118	96,046,512	499,498	162,159,132	24,901,688	31,065,475	267,232	55,699,931	106,459,201	41,710,430
Vehicles	12,053,248	6,189,391	-	18,242,639	3,233,797	2,896,749	-	6,130,546	12,112,093	8,819,451
Office Equipment	17,932,760	10,830,559	657,844	28,105,475	3,888,148	5,413,072	442,894	8,858,326	19,247,149	14,044,612
<b>Total</b>	<b>228,952,244</b>	<b>186,590,266</b>	<b>1,217,942</b>	<b>414,324,568</b>	<b>59,483,355</b>	<b>70,018,984</b>	<b>770,716</b>	<b>128,731,623</b>	<b>285,592,945</b>	<b>169,468,889</b>
Previous year - 31st March, 2003	135,738,942	93,213,302	-	228,952,244	17,129,470	42,353,885	-	59,483,355	169,468,889	-

\* Note : Of the above, the following assets are shared with Allianz Bajaj Life Insurance Company Ltd. on a Co-ownership Basis

Types of Asset	Current Year	Previous Year
	Gross Value (Rs.)	Gross Value (Rs.)
Computer Software	3,149,053	3,149,053
Information Technology Equipment	20,799,113	23,475,167
Furniture and Fixtures	128,747	115,311
Office Equipment	389,234	534,494

@ Computer Software includes Rs 597,344 ( Previous Year Rs. 378,199) due to foreign currency gain/loss arising out of exchange rate difference

## Schedule - 9 Cash and Bank Balances as at 31st March

Particulars	2004 Rs.	2003 Rs.
Cash and Stamps on Hand	1,129,306	655,264
Cheques on Hand	162,367,469	82,041,008
Bank Balances		
(a) Deposit Accounts -Short Term (due within 12 months)	203,587,404	116,725,000
(b) Current Accounts	54,391,700	121,483,023
(c) Others : Margin Money Account	-	800,000
<b>Total</b>	<b>421,475,879</b>	<b>321,704,295</b>
<b>Balance with non-scheduled banks included in (b) and (c) above</b>	<b>859,132</b>	<b>37,783,023</b>
<b>Cash and Bank Balances</b>		
In India	420,616,747	283,921,272
Outside India	859,132	37,783,023
<b>Total</b>	<b>421,475,879</b>	<b>321,704,295</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

## Schedule - 10 Advances and Other Assets as at 31st March

Particulars	2004 Rs.	2003 Rs.
<b>Advances</b>		
Deposits with Ceding Companies	1,629,257	1,629,257
Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Tax of Rs 187,042,184) (Refer Schedule 13 Note 12 )	3,699,983	-
Others		
Advance to employees	1,192,419	1,033,365
Advances recoverable in cash or in kind	24,222,201	18,951,497
<b>Total (A)</b>	<b>30,743,860</b>	<b>21,614,119</b>
<b>Other Assets</b>		
Income accrued on investments	90,531,650	62,550,540
Outstanding Premium	39,781,747	1,859,151
Agents' Balances	21,010,155	
Less : Provision for Doubtful Debts (3,000,000)	18,010,155	4,697,487
Due from other entities carrying on insurance business, including reinsurance	138,271,165	51,757,100
Due from Subsidiary/Holding Companies	-	-
Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938 - Refer foot note 4 in Schedule 7]	100,001	100,001
Others		
Deposits	31,755,969	18,833,489
Prepaid expenses	-	512,414
<b>Total (B)</b>	<b>318,450,687</b>	<b>140,310,182</b>
<b>Total (A + B)</b>	<b>349,194,547</b>	<b>161,924,301</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2004

## Schedule - 11 Current Liabilities as at 31st March

Particulars	2004 Rs.	2003 Rs.
Agents' Balances	24,760,227	16,247,117
Balances due to other insurance companies	211,597,247	147,675,733
Premium received in advance	38,511,271	20,330,593
Sundry creditors	253,498,554	157,431,226
Due to subsidiaries/holding company	-	-
Claims outstanding for		
i) More than Six Months	456,703,588	93,997,131
ii) Less than Six Months	434,254,946	200,706,944
iii) Claims Incurred but not Reported and not enough reported ( Refer Schedule 13 Note No 1.9 and Note No 6)	481,826,578 1,372,785,112	208,972,728 503,676,803
Claims Recoverable from Reinsurer	(358,258,412)	(95,299,818)
IBNR Recovery	(146,053,456)	(31,395,078)
Net Claims Outstanding	868,473,244	376,981,907
Unallocated Premium	173,555,870	83,285,927
Solatium Fund	49,104,528	26,900,000
Premium Deficiency ( Refer Schedule 13 Note No 1.7)	18,710,000	5,400,000
Due to Officers/Directors	594,382	3,369,463
Temporary Overdraft as per the books of account only	7,937,108	145,622
<b>Total</b>	<b>1,646,742,431</b>	<b>837,767,588</b>

## Schedule - 12 Provisions as at 31st March

Particulars	Rs.	Rs.
Reserve for Unexpired Risk	1,566,740,538	1,009,006,063
For taxation (Refer Schedule 13 Note 12) (Net of Advance Tax paid, previous year Rs. 86,915,780)	-	9,888,404
<b>Total</b>	<b>1,566,740,538</b>	<b>1,018,894,467</b>

## Schedule - 13 Notes to and Forming Part of the Financial Statements for the year ended 31st March 2004

### 1. Significant accounting policies followed by the Company

#### 1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared and presented in accordance with the Generally Accepted Accounting Practices followed in India under the historical cost convention and accrual basis of accounting and in accordance with the statutory requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, and orders and directions issued by the IRDA in this behalf, the Companies Act, 1956 (to the extent applicable) and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable).

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

#### 1.2 Revenue Recognition

##### Premium

Premium is recognized as income over the contract period or the period of risk whichever is appropriate on gross basis. Any subsequent revisions to or cancellations of premiums are recognised for in the year in which they occur. Reinstatement premiums are netted off against claims incurred.

##### Interest/Dividend income

Interest/Dividend income is recognized on accrual basis.

##### Premium / discount on Purchase of Investments

Premium/discount on acquisition, as the case may be, in respect of fixed income securities, is amortized/accreted on constant yield to maturity basis over the period of maturity/holding and offset against interest income.

##### Profit / loss on sale of securities

Profit or Loss on sale/redemption of securities is recognized on

trade date and includes effects of accumulated fair value changes, previously recognised, for specific investments sold/redeemed during the year.

#### Commission on Reinsurance Ceded

Commissions received on reinsurance ceded are recognized as income in the period in which reinsurance premium is ceded.

Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits.

#### 1.3 Reinsurance ceded

Reinsurance cost, in respect of proportional reinsurance, is accrued at policy inception. Non-proportional reinsurance cost (net of no claim bonus) is recognized when incurred. Any subsequent revision to or cancellations of premiums are recognized in the year in which they occur.

#### 1.4 Acquisition costs

Acquisition costs, defined as a costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses etc., are expensed in the year in which they are incurred.

#### 1.5 Premium received in Advance

Premium received in Advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the Balance Sheet date.

#### 1.6 Reserve for unexpired risks

Represents that part of the net premium (i.e. premium net of reinsurance ceded) in respect of each line of business which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis or as required by Section 64V(1)(ii)(b) of the Insurance Act, 1938 whichever is higher (Also refer 1.17).

#### 1.7 Premium Deficiency

Premium deficiency is recognised if the amount of expected claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business. Maintenance costs are considered by the Company as relevant costs incurred for ensuring that claim handling operations continue at optimum efficiency levels. The determination of the said amount is certified by the Actuary appointed for the purpose and accordingly endorsed as adequate.

### 1.8 Claims incurred

Claims are registered as and when reported. Claims paid (net of salvage and other recoveries) are charged to the respective revenue account when approved for payment. Provision is made for estimated value of outstanding claims at the balance sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and modified for changes as appropriate. Amounts received/ receivable from the re-insurers, under the terms of the reinsurance arrangement, are recognized together with the recognition of the claim.

Amounts received/receivable from the coinsurers, under the terms of the coinsurance arrangements, are also recognized together with the recognition of the claim.

Claims paid are accounted for net of reinstatement premium.

### 1.9 IBNR (Claims Incurred But Not reported):

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for Claims incurred but not enough reported (IBNER). The said liability has been determined by an actuary appointed for the purpose. The methodology and assumptions on the basis of which the liability has been determined has also been certified by him to be appropriate, in accordance with guidelines and norms issued by the Actuarial Society of India in concurrence with the authority and accordingly liability determined and certified as adequate.

### 1.10 Operating expenses related to the insurance business

Operating expenses related to the insurance business are allocated to specific business segments on the basis of:

- a) Expenses which are directly identifiable to the business segments are allocated on actual basis;
- b) Other expenses, which are not directly identifiable, are apportioned on either of the following basis, as may be appropriate:
  - Number of policies;
  - Gross written premium

The method of apportionment is decided by the management, based on the nature of the expenses and their logical correlation with various business segments, wherever possible.

### 1.11 Income from investments and other income

Income derived from investments and deposits and other income is allocated to the revenue accounts and the profit and loss account on the basis of funds available from insurance operations and

shareholders funds and are further allocated to the lines of business in proportion of their respective Gross Written Premium.

### 1.12 Fixed assets and depreciation

Fixed assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation. In respect of liability incurred for acquisition of fixed assets in foreign exchange, the net gain or loss arising on conversion or settlement is adjusted to the gross block of the respective asset.

Fixed assets include assets jointly owned with Allianz Bajaj Life Insurance Company Limited. These assets have been capitalized on an agreed upon proportionate sharing basis.

Assets costing upto Rs. 20,000 are charged fully to expense as depreciation in the year of acquisition.

Depreciation is provided on Straight Line Method (SLM) with reference to the management's assessment of the estimated useful life of the assets, or the rates and in the manner specified by the Schedule XIV of The Companies Act, 1956 whichever is higher.

#### Depreciation is provided at the following rates:

Information technology equipment	33.33%
Computer software	33.33%
Vehicles	20.00%
Office Equipment	25.00%
Furniture & fixtures	6.33%
Building	2.00%
Air Conditioner (part of office equipments)	10.00%
Electrical fittings (part of furniture & fixtures)	10.00%
Leasehold Improvements	Over the balance period of lease

The Company provides pro-rata depreciation from/to the month in which the asset is acquired or /put to use/disposed, as appropriate.

### 1.13 Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges etc. and excludes pre-acquisition interest, if any.

#### Classification:

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months from balance sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

**Valuation:****Debt Securities**

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortization of premium or accretion of discount on constant yield to maturity basis over the period held to maturity.

The realized gain or loss on the securities is the difference between the sale consideration and the amortized cost in the books of the Company as on the date of sale determined on a First In First Out cost basis.

**Equities (Listed & Actively Traded)**

Listed & Actively Traded Equities are stated at the lowest of the last quoted closing prices. Unrealised valuation gains or losses are credited/(debited) to the Fair Value Change Account.

The realized gain or loss on the Listed & Actively Traded Equities is the difference between the sale consideration and the cost as on the date of sale determined on a First In First Out cost basis.

**Mutual Fund Units**

Mutual Funds Units are stated at their Net Asset Value (NAV) as at balance sheet date. Unrealised valuation gains or losses are credited/(debited) to the Fair Value Change Account.

The realized gain or loss on Mutual Funds Units is the difference between the sale consideration and the cost as on the date of sale determined on a First In First Out cost basis.

Fair Value Change account represents unrealized valuation gains or losses in respect of investments outstanding at the close of the year. The balance in the account is considered as component of shareholders' equity though not available for distribution as dividend.

**1.14 Retirement benefits recognised in Revenue Accounts****Provident Fund**

Provident Fund Contributions are made to the Regional Provident Fund Authority at prescribed rates.

**Superannuation**

The Company contributes to the Bajaj Auto Employees' Superannuation Fund, at fixed rates for eligible employees under a defined contribution plan, for which necessary approvals have been obtained.

**Gratuity**

The Company provides for Gratuity based on actuarial valuation done by the Life Insurance Corporation of India ('LIC'). The Company makes a contribution towards Employees' Group Gratuity

cum Life Assurance (Cash Accumulation) scheme of LIC. The difference between the actuarial liability and the funded amount adjusted for subsequent payments is provided as liability. The actuarial valuation for gratuity has been assessed at 1st December each year in accordance with the scheme date as specified by LIC.

**Employees' Pension Scheme**

Contributions to Employees' Pension Scheme 1995 are made to Regional Provident Fund Authority at the prescribed rates.

**Leave Encashment**

Provision has been made for the accumulated leave to the credit of each employee at the close of the year on the basis of current eligible emoluments. However, as per the scheme, balance credit of accumulated leave can be encashed only on retirement/separation.

**1.15 Foreign Currency Transactions**

Transactions denominated in foreign currencies, if any, are recorded at the exchange rate prevailing on the date of the transaction/remittance. Assets and Liabilities in foreign currency, if any, as at the Balance Sheet date are converted at the exchange rates prevailing at that date.

Exchange differences either on settlement or on translation are recognised in the Revenue Accounts or Profit and Loss Account, as applicable, except in cases where they relate to the acquisition of Fixed Assets in which case, they are adjusted to the carrying cost of such assets, to the extent they arise upto the date the relevant asset are put to use.

**1.16 Preliminary Expenses**

Preliminary expenses incurred are written off to the Profit and Loss account in five equal installments commencing from the year in which they were first incurred, the balance to the extent not written off, is adjusted against Share Capital as required by the regulations.

**1.17 Contributions to Terrorism Pool**

In accordance with the requirements of IRDA, the Company, together with other insurance companies, participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India (GIC). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee (TAC) are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of Rs. 2 billion.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only upto 31st December

2003 as per the last confirmation received. Entire amount of reinsurance accepted in respect of Terrorism pool has been carried forward to the subsequent accounting period as 'Unexpired Risk Reserve' for subsequent risks, if any, to be borne by the Company.

### 1.18 Contributions to Solatium Fund

In accordance with the requirements of an IRDA circular dated 18 March 2003, the Company has provided towards Contribution to Solatium Fund established by the Central Government. This has been provided at 1% of gross written premium for all motor policies written during the year, pending prescription of rates by the IRDA. Implementing regulations for the management of this fund are also awaited.

### 1.19 Provision for Taxation

The Company provides for income tax in accordance with the provisions of the Income Tax Act, 1961.

The Company accrues taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income is different from the reported income due to timing differences, there arises a necessity to create a deferred tax asset or deferred tax liability, as the case may be. Deferred tax asset is recognized and carried forward to the extent that there is reasonable certainty that the same will be reversed in the subsequent periods. Where there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of deferred tax liability, liability is accrued and carried forward when it arises.

### 1.20 Service Tax

Service tax collected is considered liability against which service tax paid for eligible services is adjusted and the net liability is remitted to the appropriate authority as stipulated.

2. Contingent Liabilities not provided for in respect of claims against the Company not acknowledged as debts other than insurance matters NIL (Previous year Rs. 60 million).
3. Commitments made and outstanding for acquisition of Fixed Assets amount to Rs. 21,878,294 (Previous year Rs. 11,131,101).
4. All assets of the Company are free from any encumbrances.
5. Computation of managerial remuneration;

For the year ended 31st March		
	2004 (Rs.)	2003 (Rs.)
Salary	4,317,500	3,000,000
Perquisites	682,500	1,796,514

**Note:** Perquisites have been valued on cost to company basis. Performance pay is provided at the year-end on an overall company basis and accordingly has not been considered in the above information.

6. a) The appointed actuary has certified actuarial estimates for IBNR (including IBNER) in compliance with the standards laid down by the Actuarial Society of India and in conformity with the terms of the IRDA regulations.

Where sufficient data is available, the actuary has chosen to adopt the chain ladder method. The chain ladder method has accordingly been applied to such lines of business, which constitute over 95% of the Company's total business. For other lines of business, the percentage of premium method has been used to arrive at the estimate of IBNR. In the previous year the chain ladder method was applied only to the motor line of business while the percentage of premium method was applied for all the other lines of business to arrive at IBNR estimates.

In respect of long-term policies, which have an insurance tenure of more than 4 years, the modified percentage of premium income has been applied.

b) Allowances have been made for reinsurance recoveries by the Company, based on average retention for each class of business.

7. In accordance with a circular dated 26th February 2003, the IRDA has directed insurance companies to restrict their investments in mutual funds to liquid funds, gilt or debt funds. The Company had made investments in equity mutual funds prior to the issue of the circular, which it continues to hold as at 31st March, 2004. The Company had intimated to the IRDA by a letter dated 28th April 2003 that these investments will be liquidated in the year 2003-2004. Part of these investments have been liquidated in the year 2003-04. For the balance, Company has requested for further extension of time till 31st March 2005 for liquidation of these investments by a letter to IRDA dated 11th February 2004. These investments have since been liquidated.

8. No claim bonus of Rs.10,229,038 pertaining to previous year (Previous Year Rs. Nil) has been netted off against premium on reinsurance ceded.

9. Percentage of business sector wise (based on Gross Written Premium)

(Amount : Rs Thousands, Count numbers)

Business sector	For the year ended 31st March 2004				For the year ended 31st March 2003			
	GWP	No of policies	No of lives	% of GWP	GWP	No of policies	No of lives	% of GWP
Rural	274,064	97,889	-	5.71	169,711	53,014	-	5.66
Social	697	1	34,689	0.01	200	14,053	14,053	0.01
Urban	4,523,206	1,002,465	-	94.28	2,827,607	752,123	-	94.33
Total	4,797,967	1,100,355	34,689	100.00	2,997,518	819,190	14,053	100.00

10. Related party disclosures have been set out in a separate statement annexed to this schedule. The related parties, as defined by Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the key managerial persons and taken on record by the Board.

11. Extent of risk written and reinsured based on premium (excluding Excess of Loss and Catastrophe reinsurance).

(Amount : Rs Thousands, Count numbers)

	For year ended 31st March 2004		For year ended 31st March 2003	
	Amount of business written	% of business written	Amount of business written	% of business written
Risk retained	2,917,148	60.80	1,807,645	60.30
Risk Reinsured	1,880,819	39.20	1,189,873	39.70
Total	4,797,967	100.0	2,997,518	100.0

## 12. Taxation

The deferred tax assets and liabilities, arising due to timing differences have been recognised in the financial statements as under:

	As at 31st March 2004		As at 31st March 2003	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Carried Forward Business Loss	-	-	71,411,751	-
Timing differences on account of Reserve for unexpired Risks	133,096,158	-	88,828,500	-
Total	133,096,158	-	160,240,251	-
Net deferred tax asset/(liability)	47,748,000	-	58,300,000	-
Deferred Tax expense/(income) recognised in the Profit and loss account	10,552,000	-	59,500,000	-

13. Lease commitment represents operating lease assets, in form of office and residential premises, acquired on or after 1st April 2001.

Minimum future lease payments as at 31st March 2004:

	As at 31st March 2004 Rs.	As at 31st March 2003 Rs.
Payable not later than one year	25,949,082	29,616,566
Payable later than one year but not later than five years	23,768,536	35,514,494
Payable later than five years	7,814,280	9,683,767

- Amount charged to revenue accounts for lease is Rs. 44,534,601 (Previous year Rs. 23,041,920)
- There are no transactions in the nature of sub leases
- The period of agreement is generally for three years and renewable thereafter at the option of the lessee.

14. In accordance with Accounting Standard 20 Earning per Share (EPS) The following table reconciles the numerator and denominator used to calculate basic/diluted earnings per share.

	31st March 2004 Rs.	31st March 2003 Rs.
<b>Profit after Tax</b>		
Basic earnings before extra-ordinary items [A]	216,894,653	96,285,543
Basic earnings after extra-ordinary items [B]	216,894,653	96,285,543
Weighted average no. of equity shares (par value of Rs. 10 each) [C]	110,000,000	110,000,000
Basic earnings per share [A/C]	1.97	0.88
Basic earnings per share excluding extraordinary items [B/C]	1.97	0.88

As there were no dilutive equity shares issued, or potential equity shares, no reconciliation between the denominator used for computation of basic and diluted earnings per share is necessary.

15. Deposit under Section 7 of the Insurance Act, 1938 are maintained with the Reserve Bank of India at the specified percentage of the highest total gross premium written in any financial year subject to accumulated deposit being maximum of Rs 10 crores.

16. Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

17. The Company's primary reportable segments are business segments which have been identified in accordance with the Regulations. The operating expenses and investment and other income attributable to the business segments are allocated as mentioned in paragraph 1.10 and 1.11 respectively. Segment revenue and results have been disclosed in the financial statements itself. Segment assets and liabilities, due to complexities have been identified to the extent possible in the statement annexed hereto. There are no reportable geographical segments since the Company provides services to customers in the Indian market only and does not distinguish any reportable regions within India.

18. The summary of the financial statements for the last 3 years and the ratios required to be furnished have been set out in the statement annexed hereto.

### For and on behalf of the Board of Directors

<b>Rahul Bajaj</b> Chairman	<b>Heinz Dollberg</b> Director	<b>Sanjiv Bajaj</b> Director
<b>Don Nguyen</b> Director	<b>Ranjit Gupta</b> Director	<b>Kamesh Goyal</b> Chief Executive Officer
<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary	

Place : Pune

Date : 14th May 2004



Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31st March 2004 (Refer Note no. 17)

## Segmental Break up of the Balance Sheet Item as at 31st March

Segment revenues and segment results have been incorporated in the financial statements. However segment asset and liabilities, given the nature of the business, have allocated amongst various segments to the extent possible.

	Motor	Fire	Marine		Misc	Total
			Cargo	Others		
Premium Received in Advance	31,681,456 (16,069,636)	5,468,326 (1,407,534)	255,959 (4,463)	-	1,105,530 (2,848,960)	38,511,271 (20,330,593)
Net Claims Outstanding	588,149,051 (300,938,997)	38,531,488 (16,280,642)	51,509,570 (4,049,579)	1,790,950	188,492,185 (55,712,689)	868,473,244 (376,981,907)
Reserve for Unexpired Risk	952,351,602 (707,618,564)	233,425,180 (108,740,752)	52,732,871 (17,079,086)	2,907,207	325,323,678 (175,567,661)	1,566,740,538 (1,009,006,063)
Deposits with Ceding Companies	-	1,629,257 (1,629,257)	-	-	-	1,629,257 (1,629,257)
Premium Deficiency	-	-	3,950,000	400,000	14,360,000 (5,400,000)	18,710,000 (5,400,000)
Solatium Fund	49,104,528 (26,900,000)	-	-	-	-	49,104,528 (26,900,000)
Unallocated premium (to the extent identifiable)			55,641,741			-

Previous year figure are in brackets

Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31st March 2004 (Refer Note no. 18)

## Summary of Financial Statements for the year ended 31st March

Particulars	2004	2003	2002
<b>OPERATING RESULTS</b>			
Gross Written Premium	4,797,967,210	2,997,517,965	1,419,637,426
Net Premium Income (net of Reinsurance)	2,864,123,322	1,807,644,681	840,704,765
Income from Investments (net of losses)	187,733,912	114,127,767	16,971,020
Miscellaneous Income	24,042,293	9,359,191	1,470,465
<b>Total Income</b>	<b>3,075,899,527</b>	<b>1,931,131,639</b>	<b>859,146,250</b>
Commissions	(230,722,221)	(154,944,786)	(128,066,023)
Operating Expenses	984,408,881	666,902,277	371,363,683
Claims, increase in URR and other outgoes	2,099,320,573	1,338,657,652	869,828,189
<b>Operating Profit/Loss</b>	<b>222,892,294</b>	<b>80,516,496</b>	<b>(253,979,599)</b>
<b>NON OPERATING RESULTS</b>			
Total income under shareholder's Account	94,792,359	93,457,769	126,035,061
<b>Profit before Tax</b>	<b>317,684,653</b>	<b>171,291,543</b>	<b>(132,666,769)</b>
<b>Provision for Tax</b>	<b>(100,790,000)</b>	<b>(75,006,000)</b>	<b>36,501,816</b>
<b>Profit after Tax</b>	<b>216,894,653</b>	<b>96,285,543</b>	<b>(96,164,953)</b>
<b>MISCELLANEOUS</b>			
Policyholder's Account:		Not Applicable being General Insurance Company	
Total Funds	-	-	-
Total Investments	-	-	-
Yield on Investments	-	-	-
Shareholder's Account		Not Applicable being General Insurance Company	
Total Funds	-	-	-
Total Investments	-	-	-
Yield on Investments	-	-	-
Paid up Equity Capital	1,100,000,000	1,100,000,000	1,100,000,000
Net Worth	1,380,430,467	1,091,482,923	996,684,172
<b>Total Assets</b>	<b>4,593,931,760</b>	<b>2,948,144,978</b>	<b>1,904,571,096</b>
Yield on Total Investments	9.95%	9.7%	13.6%
Earning per Share	1.97	0.88	(0.93)
Book value per Share	12.55	9.92	9.06
Total Dividend	-	-	-

Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31 March 2004 (Refer Note no. 18)

## Ratios for the year ended 31st March

	2003-2004	2002-2003
1 Gross Premium growth rate		
Motor	29%	79%
Fire	94%	128%
Marine Cargo	150%	446%
Marine Hull	Not Applicable	Not Applicable
Workmen Compensation	172%	260%
Public/Product liability	96%	83%
Engineering	69%	326%
Aviation	112%	442%
Personal Accident	74%	59%
Health	93%	167%
Others	141%	657%
2 Gross Premium to shareholder's Fund ratio	Not Applicable	Not Applicable
3 Growth rate of shareholder's fund	Not Applicable	Not Applicable
4 Net retention ratio		
Motor	77%	75%
Fire	32%	28%
Marine Cargo	57%	46%
Marine Hull	13%	Not Applicable
Workmen Compensation	78%	76%
Public/Product liability	70%	64%
Engineering	25%	23%
Aviation	22%	5%
Personal Accident	78%	77%
Health	78%	75%
Others	65%	68%
5 Net Commission ratio		
Motor	5%	2%
Fire	-61%	-74%
Marine Cargo		-11%
Marine Hull	-155%	Not Applicable
Workmen Compensation	-2%	-4%
Public/Product liability	-4%	-8%
Engineering	-79%	-71%
Aviation	-35%	-169%
Personal Accident	-1%	0%
Health	1%	-3%
Others	1%	0%
6 Expenses of Management to Gross Premium ratio	21%	22%
7 Combined ratio	52%	53%
8 Technical reserves to net Premium ratio	86%	77%
9 Underwriting Balance ratio		
Motor	-1%	-5%
Fire	58%	67%
Marine	-31%	22%
Miscellaneous	8%	8%
10 Operating Profit ratio	11%	10%
11 Liquid Assets to Liabilities ratio	Policyholders Liabilities not separately calculated	
12 Net earning ratio	8%	5%
13 Return on Net worth	16%	9%
14 Reinsurance ratio	40%	40%

## Receipts and Payments for the year ended 31st March

	2004		2003
Receipts from Policyholders	4,751,948,529		3,051,945,402
Foreign Exchange Gain	2,145,500		5,644,060
Payment to Re-insurers	(806,673,209)		(761,399,999)
Payment of Claims	(1,502,862,073)		(996,144,577)
Payment of Commission	(323,377,872)		(132,027,139)
Payment of other Operating Expenses Net of Misc Income	(811,282,761)		(564,793,027)
Cash Deposit under Section 7 of the Insurance Act, 1938	-		3,900,000
Income Tax deducted at source or Paid	(103,826,387)		(81,003,004)
<b>Cash Flow From Operating Activities</b>		<b>1,206,071,727</b>	<b>526,121,716</b>
Investment Activities			
Purchase Fixed Assets	(189,175,908)		(93,443,002)
Sale of Fixed Assets	20,000		
Purchase of Investments	(3,319,416,191)		(1,455,102,228)
Sale of Investments	2,187,035,755		947,523,967
Interest Income	208,856,308		183,385,128
Interest Expense and Other Investment Expenses	(1,411,593)		(443,500)
<b>Cash Flow from Investment Activities</b>		<b>(1,114,091,629)</b>	<b>(418,079,635)</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents during the year</b>		<b>91,980,098</b>	<b>108,042,081</b>
<b>Cash and Cash Equivalent at the year beginning</b>		<b>321,558,673</b>	<b>213,516,592</b>
<b>Cash and Cash Equivalent at the year end</b>		<b>413,538,771</b>	<b>321,558,673</b>

### As per our report of even date

#### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

#### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004

## Balance Sheet Abstract and Company's General Business Profile

<b>I. Registration No.</b>	<b>15329</b>
State code	11
Balance Sheet Date	31st March 2004
<b>II. Capital raised during the year</b>	<b>Rs in '000s</b>
Public issue	-
Private issue	-
Bonus Issue	-
Private placement	-
<b>III. Position of mobilisation and deployment of funds</b>	<b>Rs in '000s</b>
Total Liabilities	1,380,430
Total Assets	1,380,430
<b>IV. Source of funds</b>	<b>Rs in '000s</b>
Paid up capital	1,096,425
Reserves and surplus	284,005
Secured loans	-
Unsecured loans	-
<b>V. Application of funds</b>	<b>Rs in '000s</b>
Net Fixed assets	289,208
Investments	3,486,287
Net Current Assets	(2,395,065)
Miscellaneous expenditure	-
Accumulated loss	-
<b>VI. Performance of the company</b>	<b>Rs in '000s</b>
Turnover	4,797,967
Total expenditure	4,480,282
Profit / (Loss) before tax	317,685
Profit / (Loss) after tax	216,895
Accumulated profits	217,015
Earnings per share	1.97
Dividend rate%	-
<b>VII. Generic names of principal products / services of the company</b>	
Item code number (ITC code)	-
Product Description	General Insurance

**Note :** The Company being an insurance company, the accounts of the company are not required to be made in accordance with schedule VI. Further the Insurance Act, 1938 requires the financial statements of the Company to be split in revenue accounts and profit and loss account. In the view of this it is not possible to give all the information as required by part VI of this schedule.

### As per our report of even date

#### For and on behalf of

**Dalal & Shah**

Chartered Accountants

**Anish Amin**

Partner

Membership number 40451

Mumbai

#### For and on behalf of

**Bharat S Raut & Co**

Chartered Accountants

**Russell I Parera**

Partner

Membership number 42190

Mumbai

### For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Don Nguyen**

Director

**G B Laddha**

Chief Financial Officer

**Heinz Dollberg**

Director

**Ranjit Gupta**

Director

**S. Venkatesh**

Company Secretary

**Sanjiv Bajaj**

Director

**Kamesh Goyal**

Chief Executive Officer

Place : Pune

Date : 14th May 2004

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2003 (Refer Note no 10)

## Related Party Disclosure under AS 18 of ICAI for the year ended 31 March

Related party	Relationship	Nature of transaction	2003-04		2002-03	
			Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)
Bajaj Auto Ltd	Holding Company	Deputaion for CFO	3,395,000	-	3,250,000	
		Rent for premises hired	8,234,287	-	4,903,740	
		Deposits for Rent Premises	6,568,080	-	-	
		Insurance Premia received	26,851,752	-	18,534,522	
		Insurance Claims paid	2,026,263	-		
		Other transactions	1,531,805	-	6,266	
Allianz Versicherungs- AG- Germany	Subsidiary Of Allianz AG	Reinsurance premium paid/payable	14,477,393	(11,445,771)	25,573,178	495,897
		Commission on reinsurance received/receivable	723,870	-	1,278,659	
		Claims recovery on reinsurance	14,715,444	-	18,830	
Allianz AG-Germany	Joint Venture Promoter	Development & training fees for Opus	2,072,661	-	11,903,089	7,866,383
		Licence fees for Opus	732,333	-	13,901,126	7,917,782
		Billable expenses incurred on behalf of Allianz AG	97,488	(97,488)	-	-
		Expenditure incurred by Allianz Bajaj Life Insurance Co. Ltd. On behalf of Bajaj Allianz	21,672,121		32,328,355	
Allianz Bajaj Life Insurance Co Ltd	Fellow Subsidiary	Expenditure incurred on behalf of Allianz Bajaj Life Insurance Co. Ltd.	19,667,517	(8,375,817)	13,435,021	(371,582)
		Insurance Premium paid to Allianz Bajaj	813,074		465,424	
		Insurance Premium from Allianz Bajaj	1,413,899		314,825	(56,217)
		Insurance Claims paid	515,194	-	-	-
		Amounts received from Allianz AG for payments	701,332	-	100,000	
Allianz AG India Liaison Office	Representative office of Allianz AG (Promoter)	Payments by us on behalf of Allianz AL ILO	701,332	-	406,242	
		Reinsurance premium paid/payable	172,140	-	-	
		Commission on reinsurance received/receivable	12,911	-	-	
		Claims recovery on reinsurance	-	-	-	
		Software Consultancy Fees	2,347,652	1,502,357		
Allianz AG Reinsurance, branch Asia Pacific	Associate company	Reinsurance premium paid/payable	471,188,850	7,669,878	321,520,320	32,202,179
		Commission on reinsurance received/receivable	201,802,779	-	91,335,640	
		Claims recovery on reinsurance	91,905,407	-	28,073,831	

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2003 (Refer Note no 10)

## Related Party Disclosure under AS 18 of ICAI for the year ended 31 March

Related party	Relationship	Nature of transaction	2003-04		2002-03	
			Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)
Assurances Generales de France (M/s AGF)	Associate company	Reinsurance premium paid/payable	6,932,169	5,275,463	3,754,797	76,335
Euler Hermes UK Plc	Associate company	Commission on reinsurance received/receivable	1,733,042		938,699	
		Reinsurance premium paid/payable	16,917,469	148,314	16,444,483	238,662
EULER HERMES CR UWR (HONGKONG)	Associate company	Commission on reinsurance received/receivable	1,087,793	-	1,012,044	
		Claims recovery on reinsurance	10,034,660	-	3,946,634	
Allianz Marine and Aviation Versicherungs AG	Associate company	Reinsurance premium paid/payable	608,000	-	-	-
		Commission on reinsurance received/receivable	45,600	-	-	-
Bajaj Hindustan Ltd	Group company	Reinsurance premium paid/payable	4,825,758	1,930,818	-	-
		Commission on reinsurance received/receivable	1,005,478	-	-	-
Bajaj Electricals Ltd	Group company	Insurance Premium received	-	-	11,363	-
		Insurance Claims paid	3,970,751	-	3,723,856	-
Mukand Engineers Ltd	Group company	Insurance Premium received	2,100,165	-	427,728	-
		Risk Inspection fees paid	440,524	-	510,246	-
Mukand Ltd	Group company	Insurance Premium received	1,141,449	-	8,339,788	-
		Insurance Claims paid	11,160,984	-	-	-
Bajaj Auto Finance Ltd	Associate Company	Service Charges for Insurance business	1,047,416	-	-	-
		Insurance Premium received	26,047,787	8,938,274	43,034,602	5,314,283
Sam Ghosh	CEO	Insurance Claims paid	361,287	-	160,367	-
		Remuneration for the year 2003-04	278,250	-	-	-
Kamesh Goyal	CEO	Remuneration for the year 2003-04	3,750,000	594,382	4,796,514	3,369,463
		Remuneration for the year 2003-04	1,250,000	13,153	-	-
Allianz AG Branch Asia Pacific	Associate Company	Billable expenses incurred on behalf of AZAP	533,410	(621,296)	-	-
		BMC Training Charges	61,555	-	-	-
Allianz Insurance Company-Guangzhou Branch, China	Associate Company	Software Consultancy Fees	1,010,455	-	-	-
		Billable expenses incurred on behalf of Allianz China	86,786	(140,766)	-	-

## OUR PRODUCTS AND SERVICES

- Risk Analysis
- Risk Grading & Risk Control
- HAZOP Studies
- Safety Audit
- Disaster Management Planning
- Risk Management Training
- Development and Monitoring of Risk Management programmes
- Insurance Portfolio Analysis
- Accident Investigations

## A Range of Corporate and Retail Products

### Tariff Products

- Fire (includes Consequential Loss)
- Industrial All Risk
- Motor (includes private cars, two wheelers and commercial vehicles)
- Workmen's Compensation
- Engineering (includes Contractor's Plant and Machinery, Electronic Equipment, Loss of Profits, Boiler Explosion, Machinery Breakdown, Deterioration of Stocks)
- Marine Hull
- Tea Crop Insurance
- Shopkeepers
- Fidelity Guarantee
- Marine Cargo
- Public Liability Act
- Public Liability
- Product Liability
- Composite Public and Product Liability
- Hospital Cash
- Office Package
- Motor Dealer's Package

### Non - Tariff Products

- Personal Guard
- Overseas Travel
- Burglary
- Cash
- Plate Glass
- Householders
- Health Guard
- Critical Illness
- Farmer's Package
- Cattle Insurance
- Ports & Terminal liability package
- Jeweller's Block
- Multinational Transport operators package





## Bajaj Allianz General Insurance Company Limited

GE Plaza, Airport Road, Yerwada, Pune - 411006

For more details, call toll free : 1 - 600 - 225858

visit us : [www.bajajallianz.co.in](http://www.bajajallianz.co.in)