



BAJAJ | Allianz 

Bajaj Allianz General Insurance Company Limited
Fifth Annual Report | 2004 - 2005

Message from the CEO



Dear friends,

We are pleased to present the annual report of our Company for the year ended 31st March 2005. The year has been a rewarding one for us on profitability as well as growth. I am pleased to note that we have emerged as one of the top insurance entities in India in a span of less than four years. Some of the key performance indicators are:

1. Our gross written premium was Rs.8561 Mn representing a growth rate of 78%.
2. The net earned premium, which is an indicator of the premium retained in the business and the ability to absorb risk, grew by 61% to Rs.3709 Mn. We are pleased to have maintained our significant leadership position amongst the private insurance companies on this parameter.
3. Our underwriting profit was Rs.41cr, which is the highest amongst private insurance companies and indicates the prudent underwriting norms followed by the company.

4. During the year, we issued over 2 million policies and settled over 1,50,000 claims, which represents a significant proportion of the policies issued and claims settled by all the private sector insurers.
5. This year, we had a well diversified portfolio with 41% from Motor business and approximately 40% from corporate insurances.
6. We also improved on several measures of solvency. The ratio of insurance reserves to net earned premiums increased from 109% to 112% while our invested assets and cash were sufficient to cover our outstanding claims by 5 times.

Combining financial strength with quality service, we were able to balance the protection needs of our customers, the career aspirations of our employees and the return expectations of our shareholders.

I take this opportunity to thank all our clients and policyholders for their support and look forward to offering our services to you.

Warm regards

Kamesh Goyal

Ratios for the year ended 31st March

Particulars	2005	2004
Growth in Gross Written Premium	78%	60%
Growth in Net Earned Premium	61%	50%
PBT/Shareholders' Equity	42%	23%
Reserves/Share Capital	66%	26%
Return on Average Equity	29%	18%
Retention	56%	60%
Claims Ratio	61%	65%
Liquid Assets/Net Outstanding Claims	142%	86%
Insurance Reserves/NEP	20%	12%
Shareholders' Equity/NEP	49%	60%

FINANCIAL HIGHLIGHTS

Year 2004-2005

Particulars	2004-05	2003-04	2002-03
	Rs. Million	Rs. Million	Rs. Million
Gross Written Premium	8,561	4,798	2,998
Net Written Premium	4,793	2,864	1,808
Net Earned Premium	3,709	2,306	1,541
Net Incurred Claims	(2,263)	(1,506)	(1,040)
Net Commission	419	231	155
Management Expenses and Provisions	(1,456)	(1,020)	(690)
Underwriting Results	409	11	(33)
Income from Investments	389	285	207
Others	(29)	22	(3)
Profit before Tax	770	318	171
Provision for Tax	(299)	(101)	(75)
Profit after Tax	471	217	96
Claims Ratio	61%	65%	67%
Commission Ratio	(11%)	(10%)	(10%)
Management Expenses Ratio	40%	43%	45%
Combined Ratio	90%	99%	102%
Return on Equity	34%	20%	10%
Shareholders Equity	1,824	1,380	1,091
Assets Under Management	5,835	3,486	2,236
Number of Employees	924	480	306

* 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.

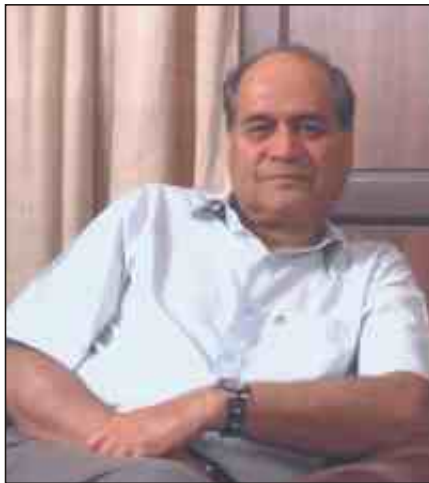
RANJIT GUPTA

Also Vice President (Insurance), Bajaj Auto Ltd.

BRUCE BOWERS

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

DIRECTORS REPORT



The Directors have pleasure in presenting their Fifth Annual Report and Audited Statements of Accounts for the year 2004-05.

1. MARKET SCENARIO IN THE GENERAL INSURANCE INDUSTRY

Gross premium income for the general insurance industry increased to Rs. 181 Bn. in 2004-05 from Rs.161 Bn. in the previous year, a growth of 12.8 percent compared with 13 percent in the previous year. Private sector companies grew by 57% increasing their share to 19.65 percent compared to 14.09 percent in 2003-04. Bajaj Allianz General Insurance Company ('the Company') grew by 78 percent and maintained its second position among the private sector companies, close behind the leader, with a market share of 4.71 percent.

While industry primarily grew in retail segment, Bajaj Allianz could harness growth both in corporate and retail segments. Fire, Health and Travel remained the main contributors for growth in the retail segment.

2. SUMMARY OF OPERATIONS FOR THE YEAR

VOLUME OF BUSINESS, MARKET POSITIONING ETC.

Notwithstanding an environment of heightened competition, the Company was successful in writing gross premium of Rs.8561 Mn. in the year under review compared to Rs.4798 Mn. in the previous year, an increase of 78%. The net premium income for the year was Rs.4793 Mn. compared to Rs.2864 Mn. in the previous year, an increase of 67%. The total incurred claims for the current year including the provisions for Incurred But Not Reported claims (IBNR) stood at Rs.2263 Mn. as against Rs. 1506 Mn. in the previous year. High incidence of claims in Group Health and Marine Cargo

are matters of concern, which the Company is closely monitoring.

Though the motor premium income grew by 50 %, the share of motor insurance business to total premium has come down to 40% compared to 46% last year. Property, Health and Miscellaneous lines of business have shown good growth.

Company increased its customer base and penetrated rural areas by selling its insurance products through its partner banks.

PRODUCTS

The Company underwrites all major tariff and conventional non-tariff products generally sold in the Indian market. New innovative products like the cover for travel agents selling international travel tickets and wedding insurance were introduced during the year.

REGIONAL AND BRANCH OFFICE NETWORK

The Company expanded its operations during the year with the opening of satellite offices and shifting some of the existing offices to more spacious premises to keep pace with the growth in business and the number of employees. The total number of offices in the country has gone up to 42 comprising 9 Regional offices, 30 Branch offices and 3 Satellite offices. All these offices are fully functional and networked with the Head Office over a wide area network. The geographical spread of offices has helped in spreading the retail business across the country.

DISTRIBUTION CHANNELS

There are over 3000 active multiline agents who operate across the country and contribute to about a third of the GWP.

The Company broadened its relationships with banks with a few more tie-ups during the year including the ones being with United Bank of India, UTI Bank and IDBI Bank.

Brokers as a channel have started contributing to overall business with retail brokers becoming increasingly active.

The Company also introduced "online selling" and many of its retail products are now available online, thus spreading the reach to a large customer base.

CUSTOMER SERVICE

The Company has taken several initiatives to improve the quality of customer service. It has pioneered a system of SMS intimations to customers on the status of their motor claim settlement. This unique system sends SMS intimations right from the registration of the claim to allotment of surveyor till the claim cheque is despatched.

The other major initiative has been in setting up of an in-house facility for processing of hospital claims thus removing dependencies on TPAs. This is helping us in bringing down the claim settlement turn around time (TAT).

Our biannual newsletter, Claimstrack, transparently reveals the overall status of claim settlement. Our many customers have acknowledged our speed in settling their claims and expressed their happiness in the level of transparency demonstrated by us.

CAPITAL

The Company could meet the capital adequacy and solvency norms for the higher level of business without injection of additional capital. The paid up capital of the Company 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 2005-06.

REINSURANCE

The reinsurance treaty programme of the Company was contracted for the period 01 April 2005 to 31 March 2006 for the proportional and non-proportional reinsurance. Additional partners for the treaty have been brought in on the panel viz. SOMPO Japan and National Indemnity (a Div of Berkshire Hathaway). Allianz continues to lead the program with a reduced share of 50% on the proportional

treaties. In view of the growth in business our Cat XL protection was doubled at reduced cost as compared to the expiring treaty.

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

3. FINANCIAL RESULTS

The Directors are pleased to inform that the Company has earned a net profit after tax of Rs.470.91 Mn. for the year ended 31 March 2005 against a net profit of Rs.216.89 Mn. for the year ended 31 March 2004, which is an increase of 117%. Since the Company is in its early years and has to consolidate its surplus, the Directors do not recommend any dividend to the shareholders.

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. 70,524,649
Expenditure in foreign currency	Rs. 353,441,946

6. PARTICULARS OF EMPLOYEES

The employee strength of the Company has gone up from 480 as on 31 March 2004 to 924 as on 31st March 2005. The Company's Management Trainee Programme is showing good results and a further batch of 21 trainees has been recruited. The Company introduced a whistleblower program named 'Satark', which empowers employees to raise issues related to violations of the code of conduct, legal provisions and Company policies and procedures.

As required by the provisions of sub-section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 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. Don Nguyen and Dr. Werner Zedelius, 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 2005 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 14 May 2004 and 19 November 2004 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 fifth Annual General meeting of the Company.

The shareholders are requested to appoint the 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, intermediaries, channel partners, 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.

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



RAHUL BAJAJ

Chairman

6 May 2005

Pune

AUDITORS REPORT

We have audited the attached Balance Sheet of Bajaj Allianz General Insurance Company Limited ('the Company') as at 31 March 2005, the Revenue accounts of Motor, Fire, Marine and Miscellaneous Insurance (collectively known as the 'Revenue accounts'), the Profit and Loss account and the Receipts and Payments account, for the year ended on that date 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 of 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 Receipts and Payments account, have been drawn up in accordance with the Insurance Act, 1938, 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 ('the Act')

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.

We report that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
- In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;
- As the Company's accounting system is centralized, no returns for the purposes of our audit are prepared at the branches and other offices;
- The Balance Sheet, the Revenue accounts, Profit and Loss account and the Receipts and Payments account referred to in this report are in agreement with the books of account;
- The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported (IBNER) at 31 March 2005 has been duly certified by the appointed actuary. The appointed actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDA and the Actuarial Society of India in concurrence with the IRDA. We have relied upon the appointed actuary's certificate in this regard; and
- On the basis of the written representations received from the Directors, as at 31 March 2005 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2005 from being appointed as a Director under Section 274 (1)(g) of the Act.

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

- Investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders / directions issued by IRDA in this behalf;
- The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders / directions issued by IRDA in this behalf;
- The Balance Sheet, the Revenue accounts, the Profit and Loss account and the Receipts and Payment account referred to in this report are in compliance with the accounting standards referred to under sub section 3C of section 211 of the Act, to the extent applicable;
- The Balance Sheet, Revenue accounts, Profit and Loss account and Receipts and Payments account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Act 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 2005 ;
 - in the case of the Revenue Accounts, of the surplus/deficit, as the case maybe, for the year ended on that date;
 - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

IRDA Registration No. 113 dated 2nd May, 2001

Further, on the basis of examination of books and records of the Company and 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 2005 and there is no apparent mistake or material inconsistencies with the financial statements; and

For BSR & Co

(Formerly Bharat S. Raut & Co.)
Chartered Accountants

Akeel Master

Partner
Membership No. 46768

Place : Mumbai
Date : 6th May 2005

- Based on the information and explanations received during the normal course of our audit and management representation by officers of the Company charged with compliance and compliance certificates noted by the audit committee, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration.

For Dalal & Shah

Chartered Accountants

Anish Amin

Partner
Membership No. 40451

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 2005).

AUDITOR S CERTIFICATE TO THE MEMBERS OF BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED

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' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investment of the policyholders' funds.
- This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

For BSR & Co

(Formerly Bharat S. Raut & Co.)
Chartered Accountants

Akeel Master

Partner
Membership No. 46768

Place : Mumbai
Date : 6th May 2005

For Dalal & Shah

Chartered Accountants

Anish Amin

Partner
Membership No. 40451

MANAGEMENT REPORT

With respect to the operations of the Bajaj Allianz General Insurance Company Ltd. for the year ended 31 March, 2005 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 2005 - 2006.
2. We certify that all dues payable to the statutory authorities have been duly paid except where the Company has preferred an appeal.
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. Specifically market value of investments has been compared to book value for each class of investments for determining if the assets set forth in the balance sheet are shown in the aggregates at 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 insurance operations in any other country with any exposure risk or country risk.
9. The Company has completed about 4 years of operations and from the experience this far it can be stated that the average time taken for settlement of claims is approximately 4 to 6 weeks from the date of receipt of intimation for all classes of business except Health business where the present time taken for settlement is about 7 days. 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 for equities on the basis of lower of the closing prices as on the balance sheet date on The National Stock Exchange of India Ltd. and the Bombay Stock Exchange. For fixed income securities the market value is based on 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 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:

Rent & deposit for premises on lease from Bajaj Auto Ltd.	Rs. 23,720,902/-
Other services - Bajaj Auto Ltd.	Rs. 553,088/-
Hind Musafir Agency Ltd.	Rs. 74,887/-

For and on behalf of the Board of Directors

Rahul Bajaj Chairman	Bruce Bowers Alternate Director	Sanjiv Bajaj Director
Don Nguyen Director	Ranjit Gupta Director	Kamesh Goyal Chief Executive Officer
S. Sreenivasan Chief Financial Officer	S. Venkatesh Company Secretary	Place : Pune Date : 6th May 2005

Revenue accounts for the year ended 31st March

Motor Insurance Business

Particulars	Schedule	2005 Rs.	2004 Rs.
Premiums earned - (Net)	1	2,106,652,312	1,472,473,638
Profit/(Loss) on sale/redemption of Investments (Net)		21,896,770	20,676,152
Other Income - Miscellaneous Income		284	810
Provisions no Longer required Written Back		75,606	8,842,413
Exchange Rate Gain/(Loss)		-	-
Interest, Dividend & Rent-Gross		95,058,167	66,800,477
Sub Total		117,030,827	96,319,852
Total (A)		2,223,683,139	1,568,793,490
Claims incurred (Net)	2	1,195,213,752	1,006,232,353
Contribution to Solatium Fund (Refer Schedule 13 Note 1.18)		34,600,000	22,204,528
Commission	3	138,937,506	84,900,571
Operating Expenses related to Insurance Business	4	633,514,748	478,219,887
Total (B)		2,002,266,006	1,591,557,339
OPERATING PROFIT/(LOSS) from Motor Insurance Business(C)=(A)-(B)		221,417,133	(22,763,849)
Appropriations			
Transfer to Shareholders' Account		221,417,133	(22,763,849)
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		221,417,133	(22,763,849)
Notes to financial Statements	13		

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 attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

Chartered Accountants

Akeel Master

Partner

Membership number 46768

For and on behalf of the Board of Directors

Rahul Bajaj

Chairman

Don Nguyen

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Mumbai
Date : 6th May 2005

Place : Pune
Date : 6th May 2005

Revenue accounts for the year ended 31st March

Fire Insurance Business

Particulars	Schedule	2005 Rs	2004 Rs
Premiums earned - (Net)	1	526,446,453	264,077,883
Profit/(Loss) on sale/redemption of Investments (Net)		13,761,291	11,201,221
Other Income - Miscellaneous Income		3,476,053	1,035,775
Provisions no Longer required Written Back		47,515	4,790,341
Exchange Rate Gain/(Loss)		(351,895)	1,014,146
Interest, Dividend & Rent-Gross		59,740,455	36,188,885
Sub Total		76,673,419	54,230,368
Total (A)		603,119,872	318,308,251
Claims incurred (Net)	2	254,638,005	60,570,935
Commission	3	(478,883,094)	(238,170,420)
Operating Expenses related to Insurance Business	4	354,974,953	270,711,914
Total (B)		130,729,864	93,112,429
OPERATING PROFIT/(LOSS) from Fire Insurance Business (C)=(A)-(B)		472,390,008	225,195,822
Appropriations			
Transfer to Shareholders' Account		472,390,008	225,195,822
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		472,390,008	225,195,822
Notes to financial Statements	13		

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 attached

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For and on behalf of the Board of Directors

Rahul Bajaj

Chairman

Don Nguyen

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Mumbai
Date : 6th May 2005

Place : Pune
Date : 6th May 2005

Revenue accounts for the year ended 31st March

Marine Insurance Business

Particulars	Schedule	2005 Rs	2004 Rs
Premiums earned - (Net)	1	158,643,456	69,553,731
Profit/(Loss) on sale/redemption of Investments (Net)		2,819,510	1,930,479
Other Income - Miscellaneous Income		3,127,268	1,689,279
Provisions no Longer required Written Back		9,735	825,593
Exchange Rate Gain/(Loss)		(72,099)	174,784
Interest, Dividend & Rent-Gross		12,240,047	6,236,989
Sub Total		18,124,461	10,857,124
Total (A)		176,767,917	80,410,855
Claims incurred (Net)	2	189,014,451	92,194,675
Commission	3	(16,591,786)	(15,966,663)
Change in Premium Deficiency		(4,350,000)	4,350,000
Operating Expenses related to Insurance Business	4	64,218,882	33,405,160
Total (B)		232,291,547	113,983,172
OPERATING PROFIT/(LOSS) from Marine Insurance Business (C)=(A)-(B)		(55,523,630)	(33,572,317)
Appropriations			
Transfer to Shareholders' Account		(55,523,630)	(33,572,317)
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		(55,523,630)	(33,572,317)
Notes to financial Statements	13		

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 attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

Chartered Accountants

Akeel Master

Partner

Membership number 46768

For and on behalf of the Board of Directors

Rahul Bajaj

Chairman

Don Nguyen

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Mumbai
Date : 6th May 2005

Place : Pune
Date : 6th May 2005

Revenue accounts for the year ended 31st March

Miscellaneous Insurance Business

Particulars	Schedule	2005 Rs	2004 Rs
Premiums earned - (Net)	1	917,414,941	500,283,595
Profit/(Loss) on sale/redemption of Investments (Net)		14,933,464	10,565,314
Other Income - Miscellaneous Income		1,106,680	194,194
Provisions no Longer required Written Back		51,563	4,518,387
Exchange Rate Gain/(Loss)		(381,869)	956,571
Interest, Dividend & Rent-Gross		64,829,090	34,134,395
Sub Total		80,538,928	50,368,861
Total (A)		997,953,869	550,652,456
Claims incurred (Net)	2	624,458,986	347,073,607
Commission	3	(62,895,558)	(61,485,709)
Change in Premium Deficiency		5,078,867	8,960,000
Operating Expenses related to Insurance Business	4	403,169,990	202,071,920
Total (B)		969,812,285	496,619,818
OPERATING PROFIT/(LOSS) from Miscellaneous Insurance Business (C)=(A)-(B)		28,141,584	54,032,638
Appropriations			
Transfer to Shareholders' Account		28,141,584	54,032,638
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		28,141,584	54,032,638
Notes to financial Statements	13		

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 attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

Chartered Accountants

Akeel Master

Partner

Membership number 46768

For and on behalf of the Board of Directors

Rahul Bajaj

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Don Nguyen

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Mumbai
Date : 6th May 2005

Place : Pune
Date : 6th May 2005

Profit and Loss Account for the year ended 31st March

Particulars	2005 Rs	2004 Rs
Operating Profit/(Loss), as per Revenue Accounts of :-		
(a) Motor Insurance Business	221,417,133	(22,763,849)
(b) Fire Insurance Business	472,390,008	225,195,822
(c) Marine Insurance Business	(55,523,630)	(33,572,317)
(d) Miscellaneous Insurance Business	28,141,584	54,032,638
	666,425,095	222,892,294
Income From Investments		
(a) Interest, Dividends and Rent -Gross	84,129,700	74,093,375
(b) Profit on sale/redemption of investments	25,458,064	23,251,835
Less:- (Loss on sale/redemption of investments)	(6,078,679)	(318,377)
	103,509,085	97,026,833
Other Income -Miscellaneous Income	5,630,508	3,559,811
Total(A)	775,564,688	323,478,938
Provisions (Other than taxation)		
(a) For diminution in the value of investments	-	-
(b) For doubtful debts	-	-
(c) Others (to be specified)	-	-
Other Expenses		
(a) Expenses other than those directly related to the insurance business	4,205,801	4,006,561
(b) Bad debts written off	-	-
(b) Preliminary Expenses written off	1,787,716	1,787,724
	5,993,517	5,794,285
Total (B)	5,993,517	5,794,285
Profit/(Loss) before tax	769,571,171	317,684,653
Provision for Taxation (Refer Schedule 13 Note 10)		
Current Tax	335,124,913	90,238,000
Deferred Tax	(36,469,804)	10,552,000
	298,655,109	100,790,000
Profit/(Loss) after tax	470,916,062	216,894,653
Profit Available for appropriation	-	-
Appropriations		
(a) Interim dividends paid during the year	-	-
(b) Proposed final dividend	-	-
(c) Dividend distribution on tax	-	-
(d) Transfer to reserve/other accounts (to be specified)	-	-
Balance of Profit / (Loss) brought forward last year	217,015,243	120,590
Balance carried to Balance Sheet	687,931,305	217,015,243
Notes to Financial Statements	13	
Earning per Share: Basic (Refer Schedule 13 Note 14)	4.28	1.97

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

As per our report of even date attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

Chartered Accountants

Akeel Master

Partner

Membership number 46768

For and on behalf of the Board of Directors

Rahul Bajaj

Chairman

Don Nguyen

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Balance Sheet as at 31st March

Particulars	Schedule	2005 Rs	2004 Rs
SOURCES OF FUNDS			
Shareholders' funds :			
Share Capital	5	1,098,212,284	1,096,424,568
Reserves and Surplus	6	687,931,305	217,015,243
Fair Value Change Account		38,023,221	66,990,656
Borrowings		-	-
Total		1,824,166,810	1,380,430,467
APPLICATION OF FUNDS			
Investments	7	5,835,527,466	3,486,286,723
Loans		-	-
Fixed Assets	8		
Gross Block		539,308,345	414,324,568
Less:- Accumulated Depreciation		235,586,858	128,731,623
Net Block		303,721,487	285,592,945
Capital Work In Progress		3,156,613	3,615,342
		306,878,100	289,208,287
Deferred Tax Asset (Refer Schedule 13 Note 10)		84,217,804	47,748,000
Current Assets			
Cash and Bank Balances	9	731,334,146	421,475,879
Advances and Other Assets	10	417,689,088	349,194,547
Sub-Total (A)	1,149,023,234	770,670,426	
Current Liabilities	11	2,829,970,323	1,646,742,431
Provisions	12	2,721,509,471	1,566,740,538
Sub-Total (B)	5,551,479,794	3,213,482,969	
Net Current Assets (C) = (A - B)		(4,402,456,560)	(2,442,812,543)
Miscellaneous Expenditure (to the extent not written off or adjusted		-	-
Debit Balance in Profit and Loss Account		-	-
Total		1,824,166,810	1,380,430,467
Notes to Financial Statements	13		

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

As per our report of even date attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

Chartered Accountants

Akeel Master

Partner

Membership number 46768

For and on behalf of the Board of Directors

Rahul Bajaj

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Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Mumbai
Date : 6th May 2005

Place : Pune
Date : 6th May 2005

IRDA Registration No. 113 dated 2nd May, 2001

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, 2005

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

Particulars	2005 (Rs.)						2004 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Premium from Direct Business written:	3,491,347,701	2,194,179,682	339,549,681	110,009,371	2,381,077,825	8,516,164,260	2,220,452,800	1,202,921,226	185,147,337	22,170,646	1,134,629,808	4,765,321,817
Add: Premium on Reinsurance Accepted	-	29,391,715	-	-	15,185,937	44,577,652	-	29,957,496	-	-	2,687,897	32,645,393
Less: Premium on reinsurance ceded	843,384,359	1,534,409,121	133,542,913	102,383,846	1,154,160,009	3,767,880,248	503,246,124	844,116,411	79,939,821	19,263,439	487,278,093	1,933,843,888
Net Premium	2,647,963,342	689,162,276	206,006,768	7,625,525	1,242,103,753	4,792,861,664	1,717,206,676	388,762,311	105,207,516	2,907,207	650,039,612	2,864,123,322
Adjustment for Change in Unexpired Risk Reserve												
Reserve created during the year	1,493,662,632	396,141,003	103,003,392	7,625,523	650,012,490	2,650,445,040	952,351,602	233,425,180	52,732,871	2,907,207	325,323,678	1,566,740,538
Less: Reserve created during the previous year Written Back	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
Change in the Unexpired Risk Reserve	541,311,030	162,715,823	50,270,521	4,718,316	324,688,812	1,083,704,502	244,733,038	124,684,428	35,653,785	2,907,207	149,756,017	557,734,475
Total Premium Earned (Net)	2,106,652,312	526,446,453	155,736,247	2,907,209	917,414,941	3,709,157,162	1,472,473,638	264,077,883	69,553,731	-	500,283,595	2,306,388,847
Note :												
Premium Income earned from business effected:												
In India	2,106,652,312	526,446,453	155,736,247	2,907,209	917,414,941	3,709,157,162	1,472,473,638	264,077,883	69,553,731	-	500,283,595	2,306,388,847
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	2,106,652,312	526,446,453	155,736,247	2,907,209	917,414,941	3,709,157,162	1,472,473,638	264,077,883	69,553,731	-	500,283,595	2,306,388,847

* Refer Schedule 1(a)

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

Particulars	2005 (Rs.)								2004 (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
Premium from Direct Business:	47,653,510	63,835,559	871,153,476	9,057,398	100,879,823	427,052,214	861,445,845	2,381,077,825	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
Add: Premium on Reinsurance Accepted	-	-	3,163,699	-	2,606,548	-	9,415,690	15,185,937	-	-	2,687,897	-	-	-	-	2,687,897
Less: Premium on reinsurance ceded	10,026,563	25,824,191	732,835,546	8,255,694	22,961,604	92,216,776	262,039,635	1,154,160,009	6,114,095	10,031,044	236,653,370	9,291,523	16,846,042	45,960,853	162,381,166	487,278,093
Net Premium	37,626,947	38,011,368	141,481,629	801,704	80,524,767	334,835,438	608,821,900	1,242,103,753	22,287,412	23,569,604	79,026,760	2,636,345	58,176,541	159,136,127	305,206,823	650,039,612
Adjustment for Change in Unexpired Risk Reserve																
Reserve created during the year	18,813,475	19,005,689	83,931,366	733,929	41,015,679	182,101,402	304,410,950	650,012,490	11,216,413	11,784,803	39,513,380	1,318,174	29,319,434	79,568,063	152,603,411	325,323,678
Less: Reserve created during the previous year Written Back	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
Change in the Unexpired Risk Reserve	7,597,062	7,220,886	44,417,986	(584,245)	11,696,245	102,533,339	151,807,539	324,688,812	6,603,987	4,908,393	16,879,305	1,163,953	8,321,113	25,209,176	86,670,090	149,756,017
Total Premium Earned (Net)	30,029,885	30,790,482	97,063,643	1,385,949	68,828,522	232,302,099	457,014,361	917,414,941	15,683,425	18,661,211	62,147,455	1,472,392	49,855,428	133,926,951	218,536,733	500,283,595
Note :																
Premium Income earned from business effected:																
In India	30,029,885	30,790,482	97,063,643	1,385,949	68,828,522	232,302,099	457,014,361	917,414,941	15,683,425	18,661,211	62,147,455	1,472,392	49,855,428	133,926,951	218,536,733	500,283,595
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	30,029,885	30,790,482	97,063,643	1,385,949	68,828,522	232,302,099	457,014,361	917,414,941	15,683,425	18,661,211	62,147,455	1,472,392	49,855,428	133,926,951	218,536,733	500,283,595

IRDA Registration No. 113 dated 2nd May, 2001

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, 2005

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

Particulars	2005 (Rs.)						2004 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Claims Paid												
Direct	1,314,196,668	487,805,752	216,396,861	23,083,661	642,489,114	2,683,972,056	933,030,465	98,492,934	86,326,449	405,833	384,606,392	1,502,862,073
Add: Re-insurance accepted	-	1,130,400	-	-	8,598	1,138,998	-	-	-	-	-	-
Less: Re-insurance Ceded	357,692,199	288,025,903	82,520,767	19,945,325	189,351,565	937,535,759	214,008,166	60,172,845	43,392,999	395,549	170,312,281	488,281,840
Net Claims paid	956,504,469	200,910,249	133,876,094	3,138,336	453,146,147	1,747,575,295	719,022,299	38,320,089	42,933,450	10,284	214,294,111	1,014,580,233
Claims Outstanding (including IBNR)												
Add : Claims Outstanding at the close of the year (net of Re-insurance)	826,858,334	92,259,244	93,548,050	11,752,491	359,805,024	1,384,223,143	588,149,051	38,531,488	51,509,570	1,790,950	188,492,185	868,473,244
Less: Claims Outstanding at the beginning of the year (net of Re-insurance)	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
Change in Claims Outstanding	238,709,283	53,727,756	42,038,480	9,961,541	171,312,839	515,749,899	287,210,054	22,250,846	47,459,991	1,790,950	132,779,496	491,491,337
Total Claims Incurred (Net)	1,195,213,752	254,638,005	175,914,574	13,099,877	624,458,986	2,263,325,194	1,006,232,353	60,570,935	90,393,441	1,801,234	347,073,607	1,506,071,570
Claims incurred												
In India	1,195,213,752	254,638,005	175,914,574	13,099,877	624,458,986	2,263,325,194	1,006,232,353	60,570,935	90,393,441	1,801,234	347,073,607	1,506,071,570
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred (Net)	1,195,213,752	254,638,005	175,914,574	13,099,877	624,458,986	2,263,325,194	1,006,232,353	60,570,935	90,393,441	1,801,234	347,073,607	1,506,071,570

* Refer Schedule 2(a)

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

Particulars	2005 (Rs.)								2004 (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	12,746,203	450,297	86,785,490	245,251	59,253,594	267,837,692	215,170,587	642,489,114	3,607,347	-	129,552,262	1,460	34,130,831	123,026,651	94,287,841	384,606,392
Add: Re-insurance accepted	-	-	8,598	-	-	-	-	8,598	-	-	-	-	-	-	-	-
Less: Re-insurance Ceded	2,543,778	90,059	51,538,062	209,396	12,371,725	53,850,696	68,747,849	189,351,565	721,470	-	108,996,872	492	6,826,662	24,687,089	29,079,696	170,312,281
Net Claims paid	10,202,425	360,238	35,256,026	35,855	46,881,869	213,986,996	146,422,738	453,146,147	2,885,877	-	20,555,390	968	27,304,169	98,339,562	65,208,145	214,294,111
Claims Outstanding (including IBNR)																
Add : Claims Outstanding at the close of the year (net of Re-insurance)	22,151,062	34,504,231	37,391,827	11,511,700	23,508,760	70,034,135	160,703,309	359,805,024	14,757,023	-	14,853,740	11,349,637	18,680,513	60,317,283	68,533,989	188,492,185
Less: Claims Outstanding at the beginning of the year (net of Re-insurance)	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
Change in Claims Outstanding	7,394,039	34,504,231	22,538,087	162,063	4,828,247	9,716,852	92,169,320	171,312,839	5,821,862	(10,910,331)	8,485,789	11,318,793	12,851,696	51,816,781	53,394,906	132,779,496
Total Claims Incurred (Net)	17,596,464	34,864,469	57,794,113	197,918	51,710,116	223,703,848	238,592,058	624,458,986	8,707,739	(10,910,331)	29,041,179	11,319,761	40,155,865	150,156,343	118,603,051	347,073,607
Claims incurred																
In India	17,596,464	34,864,469	57,794,113	197,918	51,710,116	223,703,848	238,592,058	624,458,986	8,707,739	(10,910,331)	29,041,179	11,319,761	40,155,865	150,156,343	118,603,051	347,073,607
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred (Net)	17,596,464	34,864,469	57,794,113	197,918	51,710,116	223,703,848	238,592,058	624,458,986	8,707,739	(10,910,331)	29,041,179	11,319,761	40,155,865	150,156,343	118,603,051	347,073,607

IRDA Registration No. 113 dated 2nd May, 2001

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, 2005

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

Particulars	2005 (Rs.)						2004 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Commission Paid direct (A)	300,042,890	71,905,189	31,543,079	2,402,303	150,541,904	556,435,365	197,004,552	45,703,741	10,932,339	285,841	59,811,673	313,738,146
Add: Re-insurance Accepted	-	3,045,507	-	-	495,207	3,540,714	-	1,694,369	-	-	145,799	1,840,168
Less: Commission on Re-insurance Ceded	161,105,384	553,833,790	31,084,976	19,452,192	213,932,669	979,409,011	112,103,981	285,568,530	22,378,484	4,806,359	121,443,181	546,300,535
Net Commission	138,937,506	(478,883,094)	458,103	(17,049,889)	(62,895,558)	(419,432,932)	84,900,571	(238,170,420)	(11,446,145)	(4,520,518)	(61,485,709)	(230,722,221)
@ Break-up of the expenses (Gross) incurred to procure business furnished as per details below												
Agents						284,167,835						211,235,098
Brokers						100,418,858						28,707,102
Corporate Agency						171,848,672						73,795,946
Referral						-						-
Others						-						-
Total (B)						556,435,365						313,738,146
Commission Paid												
In India	138,937,506	(478,883,094)	458,103	(17,049,889)	(62,895,558)	(419,432,932)	84,900,571	(238,170,420)	(11,446,145)	(4,520,518)	(61,485,709)	(230,722,221)
Outside India -	-	-	-	-	-	-	-	-	-	-	-	-
Net Commission	138,937,506	(478,883,094)	458,103	(17,049,889)	(62,895,558)	(419,432,932)	84,900,571	(238,170,420)	(11,446,145)	(4,520,518)	(61,485,709)	(230,722,221)

*Refer Schedule 3(a)

@ Information across line of business has not been disclosed as information is not readily available

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

Particulars	2005 (Rs.)								2004 (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 (A)	3,476,792	4,612,977	19,953,263	87,641	8,663,495	38,153,670	75,594,066	150,541,904	994,000	1,284,963	9,265,840	160,594	4,542,955	12,593,952	30,969,369	59,811,673
Add: Re-insurance Accepted	-	-	219,378	-	182,458	-	93,371	495,207	-	-	145,799	-	-	-	-	145,799
Less: Commission on Re-insurance Ceded	1,944,343	5,314,775	121,487,456	806,481	5,535,211	22,208,343	56,636,060	213,932,669	1,420,312	2,265,439	71,885,291	1,079,896	4,943,938	10,898,269	28,950,036	121,443,181
Net Commission	1,532,449	(701,798)	(101,314,815)	(718,840)	3,310,742	15,945,327	19,051,377	(62,895,558)	(426,312)	(980,476)	(62,473,652)	(919,302)	(400,983)	1,695,683	2,019,333	(61,485,709)
@ Break-up of the expenses (Gross) incurred to procure business furnished as per details below																
Agents																
Brokers																
Corporate Agency																
Referral																
Others																
Total (B)																
Commission Paid																
In India	1,532,449	(701,798)	(101,314,815)	(718,840)	3,310,742	15,945,327	19,051,377	(62,895,558)	(426,312)	(980,476)	(62,473,652)	(919,302)	(400,983)	1,695,683	2,019,333	(61,485,709)
Outside India -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Commission	1,532,449	(701,798)	(101,314,815)	(718,840)	3,310,742	15,945,327	19,051,377	(62,895,558)	(426,312)	(980,476)	(62,473,652)	(919,302)	(400,983)	1,695,683	2,019,333	(61,485,709)

@ Information across line of business has not been disclosed as information is not readily available

IRDA Registration No. 113 dated 2nd May, 2001

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, 2005

Schedule - 4 Operating expenses related to Insurance Business for the year ended 31st March

Particulars	2005 (Rs.)						2004 (Rs.)					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Employees' remuneration and Welfare benefits												
Salary allowances etc.	126,342,498	79,401,471	12,287,391	3,980,943	86,164,813	308,177,116	98,278,385	53,241,913	8,194,717	981,284	50,219,300	210,915,599
Contribution to Funds	7,538,214	4,737,482	733,126	237,523	5,141,016	18,387,361	7,064,036	3,826,913	589,018	70,533	3,609,653	15,160,153
Welfare Expenses	5,226,908	3,284,913	508,341	164,696	3,564,718	12,749,576	3,431,759	1,859,141	286,149	34,265	1,753,596	7,364,910
	139,107,620	87,423,866	13,528,858	4,383,162	94,870,547	339,314,053	108,774,180	58,927,967	9,069,884	1,086,082	55,582,549	233,440,662
Travel, Conveyance and Vehicle running expenses	17,338,500	10,896,590	1,686,249	546,322	11,824,751	42,292,412	15,825,550	8,573,427	1,319,577	158,014	8,086,703	33,963,271
Agent Training Expense	3,531,249	2,219,256	343,430	111,265	2,408,292	8,613,492	3,341,561	1,810,277	278,628	33,365	1,707,505	7,171,336
Rents, Rates and Taxes	19,815,555	12,453,325	1,927,154	624,373	13,514,086	48,334,493	18,374,075	9,954,080	1,532,080	183,460	9,388,974	39,432,669
Maintenance & Repairs	2,388,912	1,501,341	232,333	75,273	1,629,222	5,827,081	1,350,814	731,798	112,635	13,488	690,252	2,898,987
Printing and Stationery	22,675,945	2,409,766	1,617,858	18,499	11,392,964	38,115,032	15,048,525	1,685,406	914,541	4,229	5,504,502	23,157,203
Communication expenses	16,232,893	10,201,758	1,578,724	511,485	11,070,734	39,595,594	10,198,395	5,524,939	850,370	101,827	5,211,281	21,886,812
Information Technology expenses	35,991,315	3,824,786	2,567,868	29,363	18,082,938	60,496,270	17,975,906	2,013,267	1,092,446	5,052	6,575,289	27,661,960
Legal and Professional charges	3,800,155	2,388,253	369,583	119,739	2,591,683	9,269,413	2,791,832	1,512,463	232,790	27,875	1,426,600	5,991,560
Auditor's fees, expenses, etc.												
(a) as auditors	614,951	386,473	59,807	19,377	419,392	1,500,000	698,941	378,648	58,280	6,979	357,152	1,500,000
(b) as advisor or in any other capacity in respect of:												
(i) Taxation matters -	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Tax Audit	81,993	51,530	7,974	2,584	55,919	200,000	93,192	50,486	7,771	930	47,621	200,000
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	61,495	38,647	5,981	1,939	41,938	150,000	535,855	290,297	44,681	5,351	273,816	1,150,000
(d) Out of Pocket Expenses	526,386	330,814	51,194	16,585	358,993	1,283,972	476,118	257,935	39,700	4,753	243,293	1,021,799
	123,059,349	46,702,539	10,448,155	2,076,804	73,390,912	255,677,759	86,710,764	32,783,023	6,483,499	545,323	39,512,988	166,035,597
Advertisement and publicity	48,110,238	5,112,661	3,432,515	39,248	24,171,791	80,866,453	39,488,648	4,422,652	2,399,835	11,099	14,444,294	60,766,528
Business Development and Promotion Expenses	20,585,174	136,058,740	2,774,785	1,909,656	39,065,627	200,393,982	-	-	-	-	-	-
Marketing and Support Services Expenses	217,749,420	23,140,166	15,535,739	177,644	109,402,769	366,005,738	13,394,295	1,500,135	814,009	3,766	4,899,410	20,611,615
Interest and Bank Charges	3,237,774	2,034,818	314,888	102,021	2,208,141	7,897,642	3,188,325	1,727,262	265,851	31,835	1,629,203	6,842,476
Service Charges	2,455,578	76,602	138	-	12,457	2,544,775	164,528,635	52,742,709	5,483,146	199,196	46,315,850	269,269,536
Other Acquisition Costs	6,541,007	8,722,449	(58,262)	189,559	10,451,685	25,846,438	4,727,678	89,873,144	454,570	1,604,715	12,583,928	109,244,035
Others												
Miscellaneous Expenses	24,964,088	15,722,641	2,433,081	788,283	17,061,882	60,969,975	21,781,266	11,059,968	1,702,292	203,843	10,432,079	45,179,448
Loss on disposal of Assets	1,019,267	640,572	99,128	32,115	695,133	2,486,215	-	-	-	-	-	-
	324,662,546	191,508,649	24,532,012	3,238,526	203,069,485	747,011,218	247,108,847	161,325,870	11,119,703	2,054,454	90,304,764	511,913,638
Depreciation	46,685,233	29,339,899	4,540,354	1,471,011	31,839,046	113,875,543	32,626,096	17,675,054	2,720,452	325,763	16,671,619	70,018,984
Provision for Doubtful Debts	-	-	-	-	-	-	3,000,000	-	-	-	-	3,000,000
Total	633,514,748	354,974,953	53,049,379	11,169,503	403,169,990	1,455,878,573	478,219,887	270,711,914	29,393,538	4,011,622	202,071,920	984,408,881

* Refer Schedule 4(a)

IRDA Registration No. 113 dated 2nd May, 2001

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, 2005

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

Particulars	2005 (Rs.)								2004 (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
Employees' remuneration and Welfare benefits																
Salary allowances etc.	1,724,453	2,310,037	31,524,705	327,763	3,650,570	15,453,873	31,173,412	86,164,813	1,257,065	1,487,182	13,853,198	527,934	3,320,538	9,077,698	20,695,685	50,219,300
Contribution to Funds	102,889	137,828	1,880,919	19,556	217,811	922,054	1,859,959	5,141,016	90,355	106,895	995,738	37,947	238,673	652,485	1,487,560	3,609,653
Welfare Expenses	71,342	95,568	1,304,207	13,560	151,027	639,341	1,289,673	3,564,718	43,895	51,931	483,736	18,435	115,949	316,982	722,668	1,753,596
	1,898,684	2,543,433	34,709,831	360,879	4,019,408	17,015,268	34,323,044	94,870,547	1,391,315	1,646,008	15,332,672	584,316	3,675,160	10,047,165	22,905,913	55,582,549
Travel, Conveyance and Vehicle running expenses	236,654	317,016	4,326,265	44,980	500,983	2,120,798	4,278,055	11,824,751	202,422	239,478	2,230,750	85,012	534,699	1,461,762	3,332,580	8,086,703
Agent Training Expense	48,198	64,565	881,110	9,161	102,033	431,933	871,292	2,408,292	42,741	50,566	471,022	17,950	112,902	308,651	703,673	1,707,505
Rents, Rates and Taxes	270,463	362,306	4,944,334	51,406	572,555	2,423,785	4,889,237	13,514,086	235,020	278,043	2,589,986	98,702	620,806	1,697,162	3,869,255	9,388,974
Maintenance & Repairs	32,606	43,679	596,076	6,197	69,026	292,205	589,433	1,629,222	17,278	20,441	190,409	7,256	45,640	124,771	284,457	690,252
Printing and Stationery	74,033	14,737	138,755	1,295	565,154	987,789	9,611,201	11,392,964	40,028	7,366	89,316	716	401,732	622,117	4,343,227	5,504,502
Communication expenses	221,563	296,801	4,050,396	42,112	469,037	1,985,564	4,005,261	11,070,734	130,446	154,326	1,437,553	54,784	344,574	941,997	2,147,601	5,211,281
Information Technology expenses	117,505	23,390	220,232	2,056	897,013	1,567,822	15,254,920	18,082,938	47,815	8,799	106,690	855	479,881	743,138	5,188,111	6,575,289
Legal and Professional charges	51,868	69,482	948,206	9,859	109,803	464,825	937,640	2,591,683	35,710	42,247	393,533	14,997	94,328	257,874	587,911	1,426,600
Auditor's fees, expenses, etc.																
(a) as auditor	8,393	11,244	153,441	1,595	17,769	75,219	151,731	419,392	8,940	10,577	98,522	3,755	23,615	64,559	147,184	357,152
(b) as advisor or in any other capacity in respect of:																
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Tax Audit	1,119	1,499	20,459	213	2,369	10,029	20,231	55,919	1,192	1,410	13,136	501	3,149	8,608	19,625	47,621
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	839	1,124	15,344	160	1,777	7,522	15,172	41,938	6,854	8,109	75,533	2,879	18,105	49,495	112,841	273,816
(d) Out of Pocket Expenses	7,185	9,624	131,343	1,366	15,210	64,386	129,879	358,993	6,090	7,205	67,113	2,558	16,087	43,978	100,262	243,293
	1,070,426	1,215,467	16,425,961	170,400	3,322,729	10,431,877	40,754,052	73,390,912	774,536	828,567	7,763,563	289,965	2,695,518	6,324,112	20,836,727	39,512,988
Advertisement and publicity	157,072	31,266	294,388	2,748	1,199,054	2,095,736	20,391,527	24,171,791	105,037	19,329	234,373	1,878	1,054,180	1,632,491	11,397,006	14,444,294
Business Development and Promotion Expenses	114,314	2,200,287	22,600,599	-	477,892	3,202,402	10,470,133	39,065,627	-	-	-	-	-	-	-	-
Marketing and Support Services Expenses	710,914	141,511	1,332,417	12,437	5,426,979	9,485,407	92,293,104	109,402,769	35,628	6,556	79,498	637	357,571	553,730	3,865,790	4,899,410
Interest and Bank Charges	44,192	59,199	807,882	8,400	93,553	396,036	798,879	2,208,141	40,781	48,247	449,422	17,127	107,724	294,497	671,405	1,629,203
Service Charges	-	-	-	-	633	7,777	4,047	12,457	1,656,793	364,290	6,618,163	60,471	1,872,274	5,917,664	29,826,195	46,315,850
Other Acquisition Costs	33,041	182,899	2,632,058	1	55,799	515,985	7,031,902	10,451,685	30,041	15,707	6,576,141	264,774	635,216	915,534	4,146,515	12,583,928
Others																
Miscellaneous Expenses	341,467	457,421	6,242,348	64,902	722,866	3,060,091	6,172,787	17,061,882	261,131	308,933	2,877,731	109,668	689,777	1,885,714	4,299,125	10,432,079
Loss on disposal of Assets	13,912	18,636	254,325	2,644	29,451	124,674	251,491	695,133	-	-	-	-	-	-	-	-
	1,414,912	3,091,219	34,164,017	91,132	8,006,227	18,888,108	137,413,870	203,069,485	2,129,411	763,062	16,835,328	454,555	4,716,742	11,199,630	54,206,036	90,304,764
Depreciation	637,208	853,590	11,648,798	121,113	1,348,934	5,710,412	11,518,991	31,839,046	417,316	493,709	4,598,934	175,261	1,102,340	3,013,581	6,870,478	16,671,619
Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5,021,230	7,703,709	96,948,607	743,524	16,697,298	52,045,665	224,009,957	403,169,990	4,712,578	3,731,346	44,530,497	1,504,097	12,189,760	30,584,488	104,819,154	202,071,920

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, 2005

Schedule - 5 Share Capital as at 31st March

Particulars	2005 Rs.	2004 Rs.
Authorised Capital		
110,000,000 Equity shares of Rs 10 each	1,100,000,000	1,100,000,000
Issued Capital		
110,000,000 Equity Shares of Rs 10 each fully paid up	1,100,000,000	1,100,000,000
Subscribed Capital		
110,000,000 Equity Shares of Rs 10 each fully paid up	1,100,000,000	1,100,000,000
Called-up Capital		
110,000,000 Equity Shares of Rs 10 each fully paid up	1,100,000,000	1,100,000,000
Less: Calls unpaid	-	-
Add : Shares forfeited (Amount originally paidup)	-	-
Less : Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses to the extent not written off	1,787,716	3,575,432
Expenses including commission or brokerage on underwriting or subscription of shares		
Total	1,098,212,284	1,096,424,568

Notes: Of the above;

- 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)
- 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	2005		2004	
	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%
Others	-	0%	-	0%
Total	110,000,000	100%	110,000,000	100%

Schedule - 6 Reserves and Surplus as at 31st March

Particulars	2005 Rs.	2004 Rs.
Capital Reserve	-	-
Capital Redemption Reserve	-	-
Share Premium	-	-
General Reserves	-	-
Less: Debit balance in Profit and Loss Account, If any	-	-
Less: Amount utilised for Buy-back	-	-
Catastrophe Reserve	-	-
Other Reserves (to be specified)	-	-
Balance in Profit and Loss Account	687,931,305	217,015,243
Total	687,931,305	217,015,243

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, 2005

Schedule - 7 Investments as at 31st March

Particulars	2005 Rs.	2004 Rs.
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	1,772,243,319	1,482,340,728
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares	-	-
(aa) Equity Shares	179,516,101	129,544,610
Fair Value Change Accretion/(Diminution)	32,220,070	5,662,030
	211,736,171	135,206,640
(bb) Preference Shares	-	-
(b) Mutual Funds		
(c) Derivative Instruments		
(d) Debenture/Bonds	967,652,124	719,406,284
	1,069,126,449	853,280,368
(e) Other securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	-	-
5 Other than Approved Securities		
(a) Shares	7,084,703	5,312,254
Fair Value Change Accretion/(Diminution)	5,505,297	(1,281,004)
	12,590,000	4,031,250
(b) Debenture/Bonds	354,894,785	179,411,823
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	796,692,976	-
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity Shares	-	-
(bb) Preference Shares	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debenture/Bonds	402,210,848	-
(e) Other securities (to be specified)	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	187,840,188	-
5 Other than Approved Securities		
(a) Shares	-	-
(b) Mutual Funds	60,242,752	50,000,000
Fair Value Change Accretion/(Diminution)	297,854	62,609,630
	60,540,606	112,609,630
(c) Debenture/Bonds		
Total	5,835,527,466	3,486,286,723
Investments		
In India	5,835,527,466	3,486,286,723
Outside India	-	-
Total	5,835,527,466	3,486,286,723

NOTES:

- All the Investments are free of any Encumbrances.
- All the above investments are performing assets.
- Investments maturing within next 12 months are Rs . 1,386,744,012 (Previous year Rs Nil)
- Government of India Bonds aggregating Rs 122,580,030 (Previous Year Rs. 123,730,242) have been deposited with The Reserve Bank of India under section 7 of the Insurance Act, 1938. (Also refer Schedule 13 Note No 13)
- Investment other than Equities and Derivative instruments
Aggregate value of Investments as at March 31, 2005 Rs 5,611,201,295/- (Previous Year Rs. 3,347,048,833/-) Market value as at March 31, 2005 Rs 5,665,823,624/- (Previous Year Rs 3,578,657,405/-)
- Investment property Rs NIL (Previous Year Rs NIL)
- Value of contracts in relation to investments where deliveries are pending Rs NIL (Previous Year Rs NIL) and in respect of sale of investments where

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, 2005

Schedule - 8 Fixed Assets as at 31st March

Particulars	Gross Block (Rs)			Depreciation /Amortisation (Rs)				Net Block (Rs)		
	As at 1st April 2004	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2005*	As at 1st April 2004	For the Year	Adjus/ Recoup on sale	As at 31st March 2005	As at 31st March 2005	As at 31st March 2004
Goodwill -	-	-	-	-	-	-	-	-	-	-
Intangibles -Computer Softwares	23,528,964	23,868,709	-	47,397,673	14,111,253	12,977,023	-	27,088,276	20,309,397	9,417,711
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	59,181,901	42,096,530	1,239,449	100,038,982	25,657,089	23,633,173	560,708	48,729,554	51,309,428	33,524,812
Building	81,974,629	-	-	81,974,629	2,689,709	1,639,404	-	4,329,113	77,645,516	79,284,920
Furniture & fixtures	41,131,828	19,355,514	624,402	59,862,940	15,584,769	12,485,549	348,300	27,722,018	32,140,922	25,547,059
Information Technology Equipment	162,159,132	42,850,610	8,962,116	196,047,626	55,699,931	53,145,211	3,335,758	105,509,384	90,538,242	106,459,201
Vehicles	18,242,639	1,992,463	5,824,235	14,410,867	6,130,546	2,854,709	2,429,833	6,555,422	7,855,445	12,112,093
Office Equipment	28,105,475	12,132,701	662,548	39,575,628	8,858,326	7,140,474	345,709	15,653,091	23,922,537	19,247,149
others (specify nature)	-	-	-	-	-	-	-	-	-	-
Total	414,324,568	142,296,527	17,312,750	539,308,345	128,731,623	113,875,543	7,020,308	235,586,858	303,721,487	285,592,945
PREVIOUS YEAR	228,952,244	186,590,266	1,217,942	414,324,568	59,483,355	70,018,984	770,716	128,731,623	285,592,945	
Work-in-progress									3,156,613	3,615,342
Grand Total	414,324,568	142,296,527	17,312,750	539,308,345	128,731,623	113,875,543	7,020,308	235,586,858	306,878,100	289,208,287

Note : Assets included in land,building and property above exclude Investment Properties as defined in note (e) to schedule 8

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

Particulars	2005 Rs.	2004 Rs.
Cash and Stamps on Hand	1,627,001	1,129,306
Cheques on Hand	271,189,254	162,367,469
Bank Balances		
(a) Deposit Accounts		
(aa) Short Term (due within 12 months)	291,936,832	203,587,404
(bb) Others		
(b) Current Accounts	164,581,059	54,391,700
(c) Others :- Margin Money Account	2,000,000	-
Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
Others (to be specified)	-	-
Total	731,334,146	421,475,879
Balance with non-scheduled Banks included in (b) and (c) above	20,116,412	859,132
Cash and Bank Balances		
In India	711,217,734	420,616,747
Outside India	20,116,412	859,132
Total	731,334,146	421,475,879

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, 2005

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

Particulars	2005 Rs.	2004 Rs.
Advances		
Deposits with Ceding Companies	-	1,629,257
Application money for Investments	-	-
Prepayments	9,402,990	-
Advances to Directors / Officers	-	-
Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Tax, Previous year Rs 187042184) (Refer Schedule 13 Note 10)	-	3,699,983
Others		
Advance to employees	1,595,457	1,192,419
Advances recoverable in cash or in kind	16,268,490	24,222,201
Unutilised service tax Carried forward	20,299,955	-
Total (A)	47,566,892	30,743,860
Other Assets		
Income accrued on investments	150,520,547	90,531,650
Outstanding Premium	26,759,746	39,781,747
Agent's Balances	16,987,874	21,010,155
Less: Provision For Doubtful Recoveries	<u>3,000,000</u>	(3,000,000)
Foreign Agencies Balances	-	-
Due from other entities carrying on insurance business, including reinsurance	138,338,197	138,271,165
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	40,415,831	31,755,969
Total (B)	370,122,196	318,450,687
Total (A + B)	417,689,088	349,194,547

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, 2005

Schedule - 11 Current Liabilities as at 31st March

Particulars	2005 Rs.	2004 Rs.
Agent's Balances	42,030,111	24,760,227
Balances due to other insurance companies	415,492,804	211,597,247
Deposit held on re-insurance ceded	-	-
Premium Received in Advance	82,417,741	38,511,271
Unallocated Premium	259,922,781	173,555,870
Sundry creditors	348,856,437	253,498,554
Due to subsidiaries/holding company	-	-
Claims outstanding for		
i) More than Six Months	897,556,872	456,703,588
ii) Less than Six Months	723,849,128	434,254,946
iii) Claims Incurred but not Reported and not enough reported (Refer Schedule 13 Note No 1.9 and Note No 6)	819,915,319	481,826,578
	2,441,321,319	1,372,785,112
Claims Recoverable from Reinsurer	(789,388,586)	(358,258,412)
IBNR Recovery	(267,709,591)	(146,053,456)
Net Claims Outstanding	1,384,223,142	868,473,244
Solatium Fund	83,704,528	49,104,528
Premium Deficiency (Refer Schedule 13 Note No 1.7)	19,438,867	18,710,000
Due to Officers/Directors	-	594382
Others		
Temporary Overdraft as per the books of accounts only	193,883,912	7,937,108
Total	2,829,970,323	1,646,742,431

Schedule - 12 Provisions as at 31st March

Particulars	2005 (Rs.)	2004 (Rs.)
Reserve for Unexpired Risk	2,650,445,040	1,566,740,538
For taxation (Refer Schedule 13 Note 10) (Net of Advance Tax Paid)	71,064,431	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Others (to be specified)	-	-
Total	2,721,509,471	1,566,740,538

Schedule - 13 Notes to and forming Part of the Financial Statements for the year ended 31st March 2005

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, 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) and current practices prevailing in the Insurance Industry.

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, on direct business and reinsurance accepted, 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, from this year, have been recognised as premium as against the past practice of netting off the same against claims incurred. Accordingly, previous years figures have been regrouped.

Interest/Dividend income

Interest/Dividend income is recognized on accrual basis.

Premium / discount on Purchase of Investments

Premium or 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 is recognized when incurred. Any subsequent revision to, refunds or cancellations of premiums are recognized in the year in which they occur.

1.4. Acquisition costs

Acquisition costs, defined as 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 risk

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, whichever is appropriate, or as required by Section 64 V(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 ultimate amount of expected net 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.

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 and include claim settlement costs likely to be incurred to settle outstanding claims. 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.

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
 - Average Premium per Policy
- c) Depreciation is apportioned on the basis of 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/amortisation

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.

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 / Amortisation is provided at the following rates:

Information technology equipment	33.33%
Computer software (Intangibles)	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.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

1.13. Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, 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 on National Stock Exchange or Stock Exchange Mumbai, whichever is lower. 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

Contributions to Provident Fund, a defined contribution scheme, are made to the Regional Provident Fund Authority at prescribed rates.

Super Annuation

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 as at 31st March 2005 is recognised either as a liability or a prepayment as the case may be.

Employees Pension Scheme

Defined 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 difference 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 2004 as per the last confirmation received. Entire amount of reinsurance accepted on this account, net of claims and expenses, upto the above date, 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 Funds

The Company provides for contribution to various funds (such as Solatium Fund etc.), as per requirement of regulations, pending implementing guidelines for the management of these funds.

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. Unutilized credits, if any, are carried forward under "Advances and other Assets" for adjustments in subsequent periods.

1.21. Provisions and Contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Contingent Liabilities not provided for in respect of claims against the Company not acknowledged as debts other than insurance matters.

	As At 31st March 2005	As At 31st March 2004
2.1. Partly paid up Investments	Rs. Nil	Rs. Nil
2.2. Underwriting commitments outstanding	Rs. Nil	Rs. Nil
2.3. Claims other than those under policies, not acknowledged as debts	Rs. Nil	Rs. Nil
2.4. Guarantees given by the company	Rs. Nil	Rs. Nil
2.5. Statutory demands/liabilities in dispute, not provided for, in respect of Service Tax	Rs. 46,049,422/-	Rs. Nil
2.6. Reinsurance obligations to the extent not provided for in accounts	Rs Nil	Rs. Nil

3. a) Commitments made and outstanding for acquisition of Fixed Assets amount to Rs. 7,408,747 (Previous year

Rs. 21,878,294).

b) Commitments made and outstanding for Loans and Investments Rs. NIL (Previous Year Rs. NIL)

4. All assets of the Company are free from any encumbrances. No Assets of the Company are subject to restructuring.

5. Computation of managerial remuneration;

For the year ended 31st March		
	2005 (Rs.)	2004 (Rs.)
Salary (Including Bonus & Contributions to funds)	6,344,951	4,317,500
Perquisites	26,400	682,500

Note: Perquisites have been valued, in the current year, as per Income Tax Rules. Performance pay, for the year is provided at the year-end on an overall company basis and accordingly has been included in the above information in the year in which it is paid or determined.

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 93% (Previous Year 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 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.

c) Claims settled and outstanding for more than six months Rs. NIL (Previous Year Rs. NIL)

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

(Amount : Rs Thousands, Count numbers)

Business sector	For the year ended 31st March 2005			For the year ended 31st March 2004		
	GWP	No of lives	% of GWP	GWP	No of Lives	% of GWP
Rural	804,464	-	9.40	274,064	-	5.71
Social	1,292	16,724	0.01	697	34,689	0.01
Urban	7,754,985	-	90.59	4,523,206	-	94.28
Total	8,560,741	16,724	100.00	4,797,967	34,689	100.00

8. 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.

9.a) 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 2005		For year ended 31st March 2004	
	Amount of business written	% of business written	Amount of business written	% of business written
Risk retained	4,854,506	56.70	2,917,148	60.80
Risk Reinsured	3,706,235	43.30	1,880,819	39.20
Total	8,560,741	100.0	4,797,967	100.0

b) Extent of premium income recognized based on varying risk pattern Rs. NIL (Previous Year Rs.NIL)

10. Taxation

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

	As at 31st March 2005		As at 31st March 2004	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Carried Forward Business Loss	-	-	-	-
Timing differences on account of Reserve for Unexpired Risks	250,201,439	-	133,096,158	-
Total	250,201,439	-	133,096,158	-
Net deferred tax asset/(liability)	84,217,804	-	47,748,000	-
Deferred Tax expense/(income) recognised in the Profit and loss account	(36,469,804)	-	10,552,000	-

11. 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 2005 Rs.	As at 31st March 2004 Rs.
Payable not later than one year	46,093,277	25,949,082
Payable later than one year but not later than five years	58,174,220	23,768,536
Payable later than five years	4,844,358	7,814,280

(i) Amount charged to revenue accounts for lease is Rs. 53,264,946/- (Previous year Rs. 44,534,601).

(ii) There are no transactions in the nature of sub leases.

(iii) The period of agreement is generally for three years and renewable thereafter at the option of the lessee.

12. 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 2005 Rs.	31st March 2004 Rs.
Profit after Tax		
Basic earnings before extra-ordinary items [A]	470,916,063	216,894,653
Basic earnings after extra-ordinary items [B]	470,916,063	216,894,653
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]	4.28	1.97
Basic earnings per share excluding extraordinary items [B/C]	4.28	1.97

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.

13. 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.

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

15. 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.

16. The summary of the financial statements for the last 4 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

Rahul Bajaj

Chairman

Sanjiv Bajaj

Director

Ranjit Gupta

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Don Nguyen

Director

Kamesh Goyal

Chief Executive Officer

S. Venkatesh

Company Secretary

Place : Pune

Date : 6th May 2005

Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31st March 2005 (Refer Note no. 8)

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 assets and liabilities, given the nature of the business, have been allocated amongst various segments to the extent possible.

	Motor Rs.	Fire Rs.	Marine		Misc Rs.	Total Rs.
			Cargo Rs.	Others Rs.		
Premium Received in Advance	29,045,151 (31,681,456)	5,960,455 (5,468,326)	199,572 (255,959)	245,326 (-)	46,967,237 (1,105,530)	82,417,741 (38,511,271)
Net Claims Outstanding	826,858,334 (588,149,051)	92,259,244 (38,531,488)	93,548,050 (51,509,570)	11,752,491 (1,790,950)	359,805,024 (188,492,185)	1,384,223,143 (868,473,244)
Reserve for Unexpired Risk	1,493,662,632 (952,351,602)	396,141,003 (233,425,180)	103,003,392 (52,732,871)	7,625,523 (2,907,207)	650,012,490 (325,323,678)	2,650,445,040 (1,566,740,538)
Deposits with Ceding Companies	- (-)	- (1,629,257)	- (-)	- (-)	- (-)	- (1,629,257)
Premium Deficiency	- (-)	- (-)	- (3,950,000)	- (400,000)	19,438,867 (14,360,000)	19,438,867 (18,710,000)
Solatium Fund	83,704,528 (49,104,528)	- (-)	- (-)	- (-)	- (-)	83,704,528 (49,104,528)
Unallocated premium (to the extent identifiable)	- (-)	- (-)	21,919,579 (55,641,741)	- (-)	- (-)	21,919,579 (55,641,741)

Previous year figure are in brackets

Summary of Financial Statements for the year ended 31st March

Particulars	2005 (Rs.)	2004 (Rs.)	2003 (Rs.)	2002 (Rs.)
OPERATING RESULTS				
Gross Written Premium	8,560,741,912	4,797,967,210	2,997,527,965	1,419,637,426
Net Premium Income (net of Reinsurance)	4,792,861,664	2,864,123,322	1,807,644,681	840,704,765
Income from Investments (net of losses)	285,296,048	187,733,912	114,127,767	16,971,020
Miscellaneous Income	7,088,841	24,042,293	9,359,191	1,470,465
Total Income	5,085,246,553	3,075,899,527	1,931,131,639	859,146,250
Commissions	(419,432,932)	(230,722,221)	(154,944,786)	(128,066,023)
Operating Expenses	1,455,878,573	984,408,881	666,902,277	371,363,683
Claims, increase in URR and other outgoes	3,382,358,563	2,099,320,573	1,338,657,652	869,828,189
Operating Profit/Loss	666,442,349	222,892,294	80,516,496	(253,979,599)
NON OPERATING RESULTS				
Total income under Shareholder's Account	103,128,824	94,792,359	93,457,769	126,035,061
Profit before Tax	769,571,173	317,684,653	171,291,543	(132,666,769)
Provision for Tax	(298,655,109)	(100,790,000)	(75,006,000)	36,501,816
Profit after Tax	470,916,064	216,894,653	96,285,543	(96,164,953)
MISCELLANEOUS				
Policyholder's Account	-	-	-	-
Total Funds	-	-	-	-
Total Investments	-	-	-	-
Yield on Investments	-	-	-	-
Shareholder's Account	-	-	-	-
Total Funds	-	-	-	-
Total Investments	-	-	-	-
Yield on Investments	-	-	-	-
Paid up Equity Capital	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Net Worth	1,824,166,812	1,380,430,467	1,091,482,923	996,684,172
Total Assets (Gross of current liabilities and provisions)	7,375,646,604	4,593,931,760	2,948,144,978	1,904,571,096
Yield on Total Investments	8.34%	9.95%	9.7%	13.6%
Earning Per Share	4.28	1.97	0.88	(0.93)
Book value per Share	16.58	12.55	9.92	9.06
Total Dividend	-	-	-	-
Dividend per share	-	-	-	-

IRDA Registration No. 113. dated 2nd May, 2001

Ratios for the year ended 31st March

	2005	2004
1 Gross Premium growth rate		
Motor	57%	29%
Fire	80%	94%
Marine Cargo	83%	150%
Marine Hull	396%	Not Applicable
Workmen Compensation	68%	172%
Public/Product Liability	90%	96%
Engineering	177%	69%
Aviation	-24%	112%
Personal Accident	38%	74%
Health	108%	93%
Others	86%	141%
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	76%	77%
Fire	31%	32%
Marine Cargo	61%	57%
Marine Hull	7%	13%
Workmen Compensation	79%	78%
Public/Product Liability	60%	70%
Engineering	16%	25%
Aviation	9%	22%
Personal Accident	78%	78%
Health	78%	78%
Others	70%	65%
5 Net Commission Ratio		
Motor	5%	5%
Fire	-69%	-61%
Marine Cargo	0%	
Marine Hull	-224%	-155%
Workmen Compensation	4%	-2%
Public/Product Liability	-2%	-4%
Engineering	-72%	-79%
Aviation	-90%	-35%
Personal Accident	4%	-1%
Health	5%	1%
Others	3%	1%
6 Expenses of Management to Gross Premium Ratio	17%	21%
7 Combined Ratio	48%	52%
8 Technical Reserves to Net Premium Ratio	84%	86%
9 Underwriting Balance Ratio		
Motor	8%	-1%
Fire	69%	58%
Marine	-26%	-31%
Miscellaneous	2%	8%
10 Operating Profit Ratio	16%	11%
11 Liquid Assets to liabilities ratio	Policyholders Liabilities not separately calculated	
12 Net Earning Ratio	10%	8%
13 Return on Net worth	26%	16%
14 Reinsurance Ratio	44%	40%

Receipts and Payments for the year ended 31st March

Particulars	For the year ended 31st March, 2005 (Rs.)	For the year ended 31st March, 2004 (Rs.)
Cash flow from operating activities		
Premium received from Policyholders, including advance receipts	9,378,107,444	5,027,490,183
Other receipts	-	-
Payment to Re-insurers, net of commissions and claims	-1,656,658,727	-806,673,209
Payment to Co-insurers, net of claims recovery	28,617,306	
Payment of Claims	-2,741,557,926	-1,502,862,073
Payment of Commission	-537,632,908	-303,107,717
Payment of other Operating Expenses Net of Misc Income	-1,232,812,918	-811,282,761
Preliminary and preoperative expenses	-	-
Income tax paid (Net)	-259,990,333	-103,826,387
Service Tax Paid	-667,823,523	-295,811,809
Other Payments	-	-
Cash Deposit under Section 7 of the Insurance Act, 1938	-	-
Cash Flow before extraordinary items	-	-
Cash Flow from extraordinary operations	-	-
Net Cash Flow From Operating Activities	2,310,248,415	1,203,926,227
Cash Flow from Investment Activities		
Investment Activities		
Purchase of Fixed Assets	-141,837,798	-189,175,908
Proceeds from Sale of Fixed Assets	7,806,227	20,000
Purchase of Investments	-3,151,003,958	-3,319,416,191
Loan Disbursed	-	-
Sale of Investments	1,272,498,137	2,187,035,755
Repayments received	-	-
Rent/Interests/Dividends Received	305,613,812	208,856,308
Investments in money market instruments and in liquid mutual funds (Net)*	-476,517,185	-
Interest Expense and Other Investment Expenses	-2,090,325	-1,411,593
Net Cash Flow from Investment Activities	-2,185,531,090	-1,114,091,629
Cash Flow from Financing Activities		
Proceeds from issuance of share capital	-	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from financing activities	-	-
Effect of foreign exchange rates on cash and cash equivalents, (Net)	-805,862	2,145,500
Increase/(Decrease) in Cash and Cash Equivalents during the year	123,911,463	91,980,098
Cash and Cash Equivalent at the year beginning	413,538,771	321,558,673
Cash and Cash Equivalent at the year end	537,450,234	413,538,771

As per our report of even date attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

Chartered Accountants

Akeel Master

Partner

Membership number 46768

Place : Mumbai

Date : 6th May 2005

For and on behalf of the Board of Directors

Rahul Bajaj

Chairman

Don Nguyen

Director

S. Sreenivasan

Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Pune

Date : 6th May 2005

Balance Sheet Abstract and Company's General Business Profile

I.	Registration No.	15329
	State code	11
	Balance Sheet Date	31st March 2005
II.	Capital raised during the year	Rs in 000s
	Public issue	-
	Private issue	-
	Bonus Issue	-
	Private placement	-
III.	Position of mobilisation and deployment of funds	Rs in 000s
	Total Liabilities (Sources of funds)	1,824,167
	Total Assets (Application of funds)	1,824,167
IV.	Source of funds	Rs in 000s
	Paid up capital	1,098,212
	Reserves and surplus	725,954
	Secured loans	-
	Unsecured loans	-
V.	Application of funds	Rs in 000s
	Net Fixed assets	306,878
	Investments	5,835,527
	Net Current Assets	(4,318,239)
	Miscellaneous expenditure	-
	Accumulated loss	-
VI.	Performance of the company	Rs in 000s
	Turnover	8,560,742
	Total expenditure	7,791,171
	Profit / (Loss) before tax	769,571
	Profit / (Loss) after tax	470,916
	Accumulated profits	687,931
	Earnings per share	4.28
	Dividend rate (%)	-
VII.	Generic names of principal products / services of the company	
	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 attached

For and on behalf of

Dalal & Shah

Chartered Accountants

Anish Amin

Partner

Membership number 40451

For and on behalf of

BSR & Co

(Formerly Bharat S. Raut & Co.)

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For and on behalf of the Board of Directors

Rahul Bajaj

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Director

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Chief Financial Officer

Bruce Bowers

Alternate Director

Ranjit Gupta

Director

S. Venkatesh

Company Secretary

Sanjiv Bajaj

Director

Kamesh Goyal

Chief Executive

Officer

Place : Mumbai
Date : 6th May 2005

Place : Pune
Date : 6th May 2005

IRDA Registration No. 113 dated 2nd May, 2001

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2005 (Refer Note no 08)

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

Related party	Relationship	Nature of transaction	Amount Rs	2004-05	2003-04	
				Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	
Bajaj Auto Ltd	Holding Company	Deputation of CFO	882,113	-	3,395,000	-
		Purchase of Investments	53,078,588	-	-	-
		Rent for premises hired	11,949,142	-	8,234,287	-
		Deposits for Rent Premises	539,940	(11,771,760)	6,568,080	-
		Insurance Premium received	36,502,251	-	26,851,752	-
		Insurance Claims paid	17,922,649	-	2,026,263	-
		Other transactions	585,588	-	1,531,805	-
		Allianz Versicherungs-AG-Germany	Subsidiary Of Allianz AG	Reinsurance premium paid/payable	16,051,076	1,383,659
Allianz AG-Germany	Joint Venture Promoter	Commission on reinsurance received/receivable	3,555,590	-	723,870	-
		Claims recovery on reinsurance	3,470,467	-	14,715,444	-
Bajaj Allianz Life Insurance Co Ltd	Fellow Subsidiary	Development and training fees for Opus Software	-	-	2,072,661	-
		Licence fees for Opus Software	14,517,986	-	732,333	-
Allianz AG India Liaison Office	Representative office of Allianz AG (Promoter)	Billable expenses incurred on behalf of Allianz AG	1,320,739	(1,418,227)	97,488	(97,488)
		Expenditure incurred by Bajaj Allianz Life Insurance Co. Ltd. on our behalf	14,121,090	-	21,672,121	-
		Expenditure incurred on behalf of Bajaj Allianz Life Insurance Co. Ltd.	21,245,407	-	19,667,517	(8,375,817)
		Insurance Premium paid to Bajaj Allianz Life	961,971	-	813,074	-
		Insurance Premium from Bajaj Allianz Life	2,080,605	-	1,413,899	-
Allianz CP General Ins Co. Ltd	Associate company	Insurance Claims paid	2,606,621	-	515,194	-
		Amounts received from Allianz AG for payments	-	-	701,332	-
Allianz AG Reinsurance, branch Asia Pacific	Associate company	Payment by us on behalf of Allianz AL ILO	-	-	701,332	-
		Reinsurance premium paid/payable	158,870	-	172,140	-
Assurances Generales de France (M/s AGF)	Associate company	Commission on reinsurance received/receivable	11,915	-	12,911	-
		Software Consultancy Fees	2,037,027	(408,081)	2,347,652	1,502,357
		Reinsurance premium paid/payable	599,083,507	-	471,188,850	7,669,878
		Commission on reinsurance received/receivable	240,571,274	-	201,802,779	-
		Claims recovery on reinsurance	138,536,511	-	91,905,407	-
		No Claim Bonus on XOL Premium	9,969,162	-	-	-
		Portfolio Premium Withdrawal	125,805,963	-	-	-
		Portfolio Claims Withdrawal	29,927,817	-	-	-
Euler Hermes UK Plc	Associate company	Portfolio Premium Entry	99,845,661	-	-	-
		Portfolio Claims Entry	23,942,253	-	-	-
Euler Hermes UK Plc	Associate company	Reinsurance premium paid/payable	10,024,087	(164,219)	6,932,169	5,275,463
		Commission on reinsurance received/receivable	2,506,022	-	1,733,042	-
		Reinsurance premium paid/payable	20,013,857	129,618	16,917,469	148,314
Euler Hermes UK Plc	Associate company	Commission on reinsurance received/receivable	1,532,405	-	1,087,793	-
		Claims recovery on reinsurance	11,346,218	-	10,034,660	-

IRDA Registration No. 113 dated 2nd May, 2001

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March, 2005 (Refer Note no 08)

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

Related party	Relationship	Nature of transaction	2004-05		2003-04	
			Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)
Euler Hermes CR UWR (HONGKONG)	Associate company	Reinsurance premium paid/payable	-	-	608,000	-
		Commission on reinsurance received/receivable	-	-	45,600	-
		Claims recovery on reinsurance	551,217	-	-	-
Allianz Marine and Aviation Versicherungs AG	Associate company	Reinsurance premium paid/payable	10,365,772	3,449,166	4,825,758	1,930,818
		Commission on reinsurance received/receivable	2,094,921	-	1,005,478	-
		Claims recovery on reinsurance	1,067,475	-	-	-
Bajaj Hindustan Ltd	Group company	Insurance Premium received	49,659	-	-	-
Bajaj Electricals Ltd	Group company	Insurance Premium received	6,616,229	-	3,970,751	-
		Insurance Claims paid	1,790,806	-	2,100,165	-
Mukand Engineers Ltd	Group company	Insurance Premium received	265,926	-	440,524	-
		Risk Inspection fees paid	-	-	1,141,449	-
Mukand Ltd	Group company	Insurance Premium received	11,761,714	-	11,160,984	-
		Insurance Claims paid	5,731,229	-	1,047,416	-
		Risk Inspection Fees Paid	700,000	-	-	-
Bajaj Auto Finance Ltd	Associate Company	Support Charges for Insurance business	8,719,720	1,039,243	26,047,787	8938274
		Insurance Premium received	375,526	-	361,287	-
		Insurance Claims paid	128,908	-	278,250	-
Kamesh Goyal	CEO	Remuneration for the year 2004-05	6,371,351	-	1,250,000	13,153
Sam Ghosh	CEO	Remuneration for the year 2004-05	-	-	3,750,000	594,382
Allianz AG Branch Asia Pacific	Associate Company	Billable expenses incurred on behalf of AZAP	1,632,242	(2,253,538)	533,410	(621,296)
		BMC Training Charges	-	-	61,555	-
Allianz Insurance Company-Guangzhou Branch, China	Associate Company	Software Consultancy Fees	257,020	1,851,583	1,010,455	-
		Billable expenses incurred on behalf of Allianz China	147,817	(288,583)	86,786	(140,766)
Allianz Srilanka	Associate Company	Income from Management Consultancy	1,414,500	(1,414,500)	-	-
Allianz Ost-West Allianz, Moscow	Associate Company	Income from Software Consultancy	411,952	(411,952)	-	-
Hind Musafir Agency Private Ltd.	Group Company	Support Charges for Insurance business	40,999	-	-	-
		Service Charges on Ticket Booking	33,888	-	-	-
Mr. Shekhar Bajaj	Relative of Key Management Personnel	Insurance Premium Received	38,013	-	-	-

Note : Premium figures from related parties are net of Service Tax since the Company accounts for premium Net of Service Tax