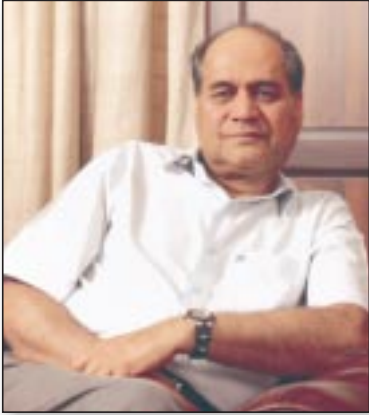


## ► Message from the Chairman



Dear colleagues and friends,

We have come a long way since 2001 when we received our IRDA registration. Our first full year of operations, 2002-2003, will be remembered as having been remarkable in more ways than one:

- For closing the financial year with a profit after tax of Rs. 96 million and a gross premium of Rs. 3000 million
- For laying the infrastructure for future growth by setting up a network of offices spread over the length and breadth of the country.
- For harnessing the power of IT to enable online policy issuance.
- For introducing several unique insurance policies that were out of the ordinary.
- And, despite our late start, for riding on the excellence of our products, services, processes and human resources, to emerge the leader in private sector general insurance.

I congratulate everyone involved in what has been a resounding success.

Well begun is only half done. Today, we are living our vision - of being the customer's first choice insurer, of being perceived as the best employer in the industry and being the number one insurer in creating shareholder value. The real challenge, however, lies in sustaining this momentum.

And there are many challenges ahead of us. IRDA is ringing in more new changes in the insurance industry while the Finance Ministry is planning to review the operations of PSU insurers. Also, goaded by our success, the competition will have made new plans to address the market more effectively and strongly. So, it is imperative that we quickly learn to anticipate change and allow for flexibility in our plans, strategies, systems and processes to enable us to respond faster.

In spite of all this, our target of achieving 10% market share in the next five years seems possible. Especially in the light of what we have already achieved. We now have a core that has been tried, tested and proven. What is required now is some good old fashioned hard work and dedication, fired by the belief, from deep down, that we can do it.

To create wealth, accountability has to be built into the system. Active participation from the stakeholders is evident from our Board of Directors and top management profile. We are even looking at increased accountability to investors through corporate governance as a way of not only enhancing wealth, but also to create environmental and social value. We have taken the first few steps but a lot still remains to be done.

We must take care that we live up to our promises and commitments and meet the expectations that we have raised with our performance. Now we must gear ourselves up for the long haul ahead, because true success is only that which can be sustained over a period of time.

And last, but not the least, we must never forget that we are responsible and committed corporate citizens and must discharge all our duties and responsibilities accordingly.

We have done extremely well. However, I know our best is yet to come.

**Rahul Bajaj**  
Chairman

## Board of Directors



**Rahul Bajaj**  
Chairman  
Also CMD, Bajaj Auto Ltd.



**Niraj Bajaj**  
Also M. D., Mukand Ltd.



**Sanjiv Bajaj**  
Also Vice President (Finance),  
Bajaj Auto Ltd.



**Ranjit Gupta**  
Also Vice President (Insurance),  
Bajaj Auto Ltd.



**Dr. Werner Zedelius**  
Also Member of the Board of Management,  
Growth Market, Allianz AG



**Heinz Dollberg**  
Also Executive Vice President,  
Asia Pacific Division, Allianz AG



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



**Alan Wilson**  
Also CEO, Allianz Insurance  
Management Asia Pacific Pte. Ltd.



**Dipak Poddar**  
Also M. D., Bajaj Auto Finance Ltd.



**Sanjay K. Asher**  
Also Partner, Crawford Bayley & Co.



**Suraj L. Mehta**  
Also C. E. O., Nabil Bank Ltd.

### Auditors

Dalal & Shah, Chartered Accountants, Mumbai  
Bharat S. Raut & Co., Chartered Accountants, Mumbai

### Bankers

Bank of America  
Citibank  
Standard Chartered Bank

### Registered under the Indian Companies Act, 1956

#### Registered and Head Office :

GE Plaza, Airport Road, Yerawada, Pune 411 006  
Phone : 020 - 4026666. Fax 020 - 4026667  
Website : [www.bajajallianz.co.in](http://www.bajajallianz.co.in)

## Key Management Team

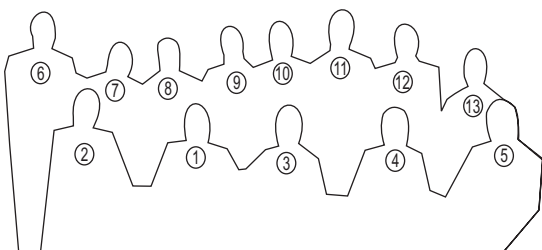


The Key Management Team comprises all the Zonal Managers and all the Departmental Heads from Head Office.

This committee meets once every month to discuss key issues, review progress, formulate strategies and lay down procedures.

The key responsibility is to break down business goals and objectives into achievable targets, monitor progress and suggest corrective measures if required.

The result - a road map that converts our mission into ground reality.



- |   |  |   |
|---|--|---|
| 1. <b>Sam Ghosh</b><br>CEO                            | 6. <b>Deepak Sood</b><br>Head - Business Development     | 11. <b>V. Philip</b><br>Head - IT & Special Projects        |
| 2. <b>Kamesh Goyal</b><br>COO                         | 7. <b>D. G. Koimattur</b><br>Zonal Manager - Central     | 12. <b>Anil Varma</b><br>Regional Manager - North           |
| 3. <b>G. B. Laddha</b><br>CFO                         | 8. <b>Biswapati Nag</b><br>Zonal Manager - East          | 13. <b>K. G. Krishnamoorthy Rao</b><br>Head - Underwriting  |
| 4. <b>Dr. D. R. Kurane</b><br>Head - HR               | 9. <b>Swaraj Krishnan</b><br>Head - Reinsurance & Claims | <b>S. Venkatesh</b><br>Company Secretary & Internal Auditor |
| 5. <b>K. C. Sankar Mohan</b><br>Zonal Manager - South | 10. <b>Praveen Gupta</b><br>General Manager - West       |   |

► Highlights of our achievements in 2002-03

**Performance**

In spite of starting more than 6 months late, Bajaj Allianz ranks among the leaders - in terms of premium income, policies issued and claims settled. In what is just our first full year of operations, we have achieved a Profit Before Tax of Rs. 170 million and a Profit After Tax of Rs. 96 million.

**Nationwide network**

Networked the country with 38 web-enabled offices, spanning 36 cities and offering over 45 products.

**Policies issued**

Issued over 8,00,000 policies and settled over 70,000 claims during the year. An industry landmark, among the private general insurance companies, that proved that the infrastructure is in place to handle large business volumes.

**Path breaking products**

Provided unique offerings like the Personal Accident cover for Amarnath Yatris, Housing loan cover for the loanee on being jobless, film and event insurance. Being the first private sector general insurance company to offer such products, a new benchmark has been created.

**Product distribution channels**

Apart from over 1000 intermediaries and large corporate agents, the IRDA approved bancassurance distribution channel has also been adopted. To this end, tie-ups are already in place with Lord Krishna Bank, Karur Vyasa Bank, J&K Bank, Bank of Rajasthan, Bank of Punjab and Punjab & Sind Bank (a leading public sector bank). The importance of this achievement will soon be clear when the company begins reaping the benefits of all the efforts that have been taken to boost product distribution.

**Leveraging IT**

The company successfully leveraged the power of IT so that most of the retail products are also web based. Today over 900 people, comprising staff and intermediaries, access the system from various locations to issue polices online. This achievement is also another industry first.

The road map to the future has been clearly marked. Bajaj Allianz has made a bright start but there is still a long way to go. Teamwork, dedication, commitment, experience and innovation will continue to power the way forward.

Bajaj Allianz received the Award for Outstanding Achievement in Indo-German Economic Relations for the year 2002.



Sam Ghosh, CEO, receiving the award



**Vision**

- To be the first choice insurer for customers.
- To be the preferred employer for staff in the insurance industry.
- To be the number one insurer for creating shareholder value.

**Mission**

As a responsible, customer focused market leader, we will strive to understand the insurance needs of the consumers and translate it into affordable products that deliver value for money.



## ► Our Products and Services

### Risk Management Services

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

### A Range of Corporate and Retail Products

#### Tariff Products

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

#### Non - Tariff Products

- Personal Guard
- Overseas Travel
- Burglary
- Cash
- Plate Glass
- Householders
- Professional Indemnity
- Health Guard
- Critical Illness
- Farmer's Package
- Cattle Insurance



## ▶ Directors' Report

The Directors of your Company take pleasure in presenting the Third Annual Report for the year 1st April 2002 to 31st March 2003.

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

The year ended 31st March 2003, the third year after the liberalization of the general insurance industry in India, saw the competition in the industry grow between the 4 public sector companies and the eight private sector companies. For the eleven months ended February 2003, the 12 non-life companies reported a Gross premium of Rs.125,455 million. The four public sector companies have a market share of 90.51% with New India Assurance Company leading with 27.82%. Out of the 9.49% market share of the eight private companies, your Company leads with 2.07%. The company has maintained this lead at the end of March 31, 2003 also, but the final figures of the entire market are yet to be published on the date of this report.

The slow growth in the industrial sector continued in the current year and so there has not been appreciable growth in the premium income or penetration of the general insurance market except in the motor insurance market where the premium increased due to upward revision in the motor tariff and the increase in the number of models and demand for automobiles. With the very marginal growth in the Corporate business in the industry, the competition was intense in the retail segment, which has shown a growth of 15%. However, the Company has increased its market presence in the Health and Travel segments of the retail business and also been able to retain renewals of all corporate business.

A significant development in the year 2002-03 was the appointment of the Justice Rangarajan Committee by the Insurance Regulatory and Development Authority to examine the various aspects of Motor Vehicle Insurance in the Country, including the detariffing of insurance covers other than those that are compulsory under the Motor Vehicle Act. The report of the Committee is expected shortly.

### 2. SUMMARY OF OPERATIONS FOR THE YEAR

#### CAPITAL

Your Company continued to meet the Capital Adequacy and Solvency norms without the requirement of any additional capital and is in the process of consolidation. The liquidity and cash flow position was also smooth through out the year. The paid up capital of the Company is maintained at Rs. 1100 million as on the date of the balance sheet attached to this report.

#### IRDA APPROVAL

The Certificate of Registration from the Insurance Regulatory and Development Authority dated 2nd May 2001 for granting of registration and approval to carry on general insurance business has been further renewed for the year 2003-04.

#### REGIONAL AND BRANCH OFFICE NETWORK

Your Company expanded its operations during the year with the opening of more offices in the Country. The total number of offices in the country have gone up to 36 comprising 9 Regional offices in major cities and 27 Branch offices. All the Regional Offices and most of the branches are fully functional and networked with the Head office over a wide area network. The geographical spread, achieved by the number of offices, helped also in the spread of the business among the broad base of customers of the Company.

#### PRODUCTS

The Company continued to underwrite all the major tariff products as well as all the conventional non-tariff products generally sold in the Indian general insurance market. In keeping with the principle of meeting customer needs, the Company also introduced a new medical insurance scheme named Health Guard. The Farmer's Package and Cattle Insurance policies also were introduced during the year with a view to focus on the rural and social market. All these products have been introduced after due approval from the IRDA and are administered as required under the regulations. Non-tariff products are being reviewed on a regular basis considering the demand, needs and preferences of the Customers.

#### AGENCY NETWORK

Your Company has increased its agency network with more than 1000 individual and corporate agents operating across the Country. Efforts are being made to increase the number of agents in order to achieve more spread in the retail market and to train these agents in the special features of the various products of the Company.

#### MARKETING TIE UPS AND RELATIONSHIPS

The Company established certain strong relationships with some Banks, Travel agents, International ticketing agencies etc in order to harness the captive customers of these organizations. These relationships have resulted in considerable benefit to the Company in terms of premium generation from these captive customers. The Company aims to target more such tie-ups and consolidate on the existing ones.

## REINSURANCE

The Reinsurance treaty program of the Company which was entered into at the inception of the operations was for the period 1st July 2001 to 31st March 2003 for the proportional reinsurance treaties and 1st July 2001 to 30th June 2002 for the non proportional treaty. Despite a hardening reinsurance market, the Company was able to obtain reduced rates by approx 20% on our Excess of Loss protection program during the negotiations for the renewal of the treaty for the period July 2002 to March 2003. On the proportional treaty for the period 2001-2003 the Company hopes to earn a profit commission from all the treaty levels arranged. In the renewal of the treaty for the period 2003-04, the capacities for most lines of business have been increased double-fold as compared to the expiring limits. Allianz continues to remain the leader in our reinsurance program.

The Reinsurance program has been designed keeping in mind the need for capacity to underwrite larger numbers and values, as also to protect the company against unforeseen catastrophe events and the same has been approved by the IRDA. The protection under the reinsurance treaties entered into by the Company is over and above the Obligatory cession of 20% to the General Insurance Corporation of India as required under IRDA regulations, and in addition the Company is utilizing the local market capacity arranged through GIC to the maximum extent.

## VOLUME OF BUSINESS, MARKET FOCUS ETC.

For the second year in succession your Company's premium income was the highest amongst the new general insurance companies in the private sector. The gross written premium during the period rose from Rs. 1419.6 Million in the previous year to Rs. 2997.5 Million in the current year an increase of 111%. The net premium income for the year ended 31st March 2003 was Rs. 1807.6 Million as compared to Rs.840.7 Million for the year ended 31st March 2002 ; an increase of 115 % over the previous year. The total incurred claims for the current year including the provisions for Incurred but not reported claims (IBNR) stood at Rs. 1039.8 Million as against Rs. 127.3 Million in the previous year.

The Directors are pleased to inform that your Company has returned a net profit, after tax provision, of Rs. 96.3 Million for the year ended 31st March 2003 against a loss of Rs. 96.2 Million for the year ended 31st March 2002. Since your Company is in its early years and has to consolidate itself, the Directors do not recommend any dividends.

Motor insurance business continues to be the major contributor to the total premium income of the Company though the Small and Medium Scale enterprises and the retail segment improved considerably in the current year. Your company has issued more than 800,000 policies to customers spread across the country which is the largest in terms of number of policies issued among the private sector companies in India.

With the hardening of competition in the Corporate business, the Company wishes to focus more on the SME and retail sector to achieve the balance in the portfolio and broad base the risk profile. The various health insurance products and the travel segments have also yielded considerable premiums and the thrust on the same will continue in the next year. Focus on Marine insurance business has also been increased particularly on Corporate accounts.

## EMPLOYEES

The employee strength of the Company grew from 141 as on 31st March 2002 to 306 as on 31st March 2003. With most of the branches having the core staff, the focus in the next year will be on training and strengthening of these employees. With this in view, a Training Manager has been appointed and a minimum of 3 days training for each employee has been mandated for the year 2003-04 and the training calendar has been finalized accordingly.

With a view to harnessing the young management talent, your Company launched its first Management Trainee programme in July 2002 whereby 8 Management trainees from reputed Management institutes were recruited. After a comprehensive modular training these trainees have been deployed at our various offices/departments for on the job training for a period of one year. The Second batch of 21 Management trainees, has also been recruited in December 2002 from various institutes across the Country and these young Management graduates are expected to be on board after the end of the current academic session.

The Performance Appraisal process of the employees of the Company has been established and successfully implemented for each half year and the payouts of the variable pay was done on time. The Appraisals for the half year ended 31st March 2003 are in process and would be completed by the 15th May 2003.

The HR policy is implemented and is in effective operation in the Company. While approvals in respect of the Gratuity and Superannuation schemes have been received from the Income tax authorities, the approval of the Provident Fund Scheme is awaited.

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

### 3. FINANCIAL RESULTS

Particulars	Year 2002-03 Amount (Rs)
Premium from Direct Business and	
Reinsurance Accepted	2,997,517,965
Reinsurance Ceded	(1,189,873,284)
Net Written Premium	1,807,644,681
Change in Unexpired Risk Reserve	(266,539,131)
Net Earned Premium	1,541,105,550
Other Underwriting Income	9,359,191
Net Claims Incurred	(1,039,818,521)
Net Commission	154,944,786
Management Expenses & Provisions	(699,202,276)
Investment Income relating to policyholders funds	114,127,766
<b>Net Underwriting Income</b>	<b>80,516,496</b>
Investment Income relating to Shareholders Funds	93,271,662
Items not related to Insurance Business	(708,896)
Preliminary Expenditure written off	(1,787,719)
<b>Profit before Tax</b>	<b>171,291,543</b>
Provision for Tax	(75,006,000)
<b>Profit after Tax</b>	<b>96,285,543</b>

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

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

### 5. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Earnings in foreign currency	Rs. 51,495,763
Expenditure in foreign currency	Rs. 368,132,537

### 6. PARTICULARS OF EMPLOYEES REMUNERATION UNDER SEC.217(2A)

Under the provisions of Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to this report.

### 7. DIRECTORS

Mr. Dipak Poddar having been appointed as Additional Director during the year, would retire at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Sanjiv Bajaj and Mr. Ranjit Gupta will retire from the Board by rotation and being eligible offer themselves for reappointment.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, your Board of Directors wish to confirm the following:

- 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);
- That such accounting policies have been selected and applied consistently and made judgements 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 31st March 2003 and of the profit and loss of the company for that period;
- 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;
- 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, comprising Mr. Sanjiv Bajaj, Mr. Heinz Dollberg, Mr. Ranjit Gupta



and Mr. Don Nguyen held their meetings on the 9th May 2002 and the 18th December 2002 and reviewed the operations and accounts of the Company.

#### 10. AUDITORS

In accordance with the IRDA Regulations/Guidelines, the Company appointed M/s Bharat S. Raut 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 3rd Annual General Meeting.

It is 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 Board 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 Board is also grateful to its policyholders, bankers and other constituents for their

continued support.

The Directors take this opportunity to thank the concerned employees of Bajaj Auto Ltd. and Allianz AG, Munich for their invaluable contribution in setting up and establishing this Company.

The Directors would like to express their sincere appreciation of the employees of the Company at all levels 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

Place : Pune  
Date : 7th May 2003

#### Information as per section 217(2A)(b)(ii) read with the Companies (particulars of employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2003

St. No.	Name	Designation (Nature of Duties)	Gross Remuneration Rs	Qualification	Age	Total Experience (years)	Date of Commencement of employment	Last Employment	Designation
A) Employed throughout the financial year									
1	Sam Ghosh	Chief Executive Officer	4796514	BSc. (Hons) Mech. Engg., ICAEW, CA	43	21	4/1/01	Allianz AG India Liaison Office	Country Manager
2	Kamesh Goyal	Chief Operating Officer (Operations)	3068653	M.B.A. (FMS), LLB All	37	15	4/1/01	Allianz AG India Liaison Office	General Manager
3	Praveen Gupta	General Manager (Corporate Marketing)	2778047	M.A. (Stephens), ASSOC-CII	45	23	4/1/01	Allianz AG India Liaison Office	General Manager
4	G B Laddha	Chief Financial Officer (Finance)	3250000	B Com, AICWA	59	39	4/1/01	Bajaj Auto Ltd	General Manager Finance
B) Employed for the part of the financial year									
1	Kalyan Maishe	General Manager (Retail Marketing)	1795919	B.TECH-IIT, PGDM-IIM(A)	50	24	4/1/01	Arabian Auto, Dubai	

## Auditors' Report

We have audited the attached Balance Sheet of Bajaj Allianz General Insurance Company Limited ('the Company') as at 31 March 2003, the Motor, Fire, Marine and Miscellaneous Insurance Revenue Accounts (collectively known as the 'Revenue Accounts'), the Profit and Loss Account and the Receipts and Payments Account for the year then ended and 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.

The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account have been drawn up in accordance with the Insurance Act, 1938 (Act 4 of 1938), Insurance Regulatory and Development Authority ('IRDA') (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 read with Section 211 of the Companies Act, 1956.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

We report thereon as follows :-

- 1 We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit and have found them satisfactory;
- 2 In our opinion, and to the best of information and according to the explanations given to us, proper books of account have been maintained by the Company so far as appears from our examination of those books;
- 3 As the Company's accounting system is centralised at the head office, no returns relating to the financial statements are prepared at the branches of the Company;
- 4 The Balance Sheet, Revenue Accounts, Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account;
- 5 The actuarial valuation of incurred but not reported claims ('IBNR') and premium deficiency is duly certified by the appointed actuary as detailed in Note No 3. The Actuary has certified that assumptions for such valuation are in accordance with the guidelines and norms, if any issued by the Authority, and/or the Actuarial Society of India in concurrence with the Authority;
- 6 On the basis of written representations received from the directors of the Company as at 31st March 2003 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director of the Company under the provisions of Section 274 (1)(g) of the Companies Act, 1956.

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

- 1 The Company has valued its Investments in accordance with the provisions of the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002;
- 2 The accounting policies selected by the Company are appropriate and in compliance with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956, to the extent applicable and with the accounting principles as prescribed by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and orders and/or directions issued by the IRDA in this behalf, and
- 3 The said accounts give the information required by the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act, 1956 to the extent applicable, in a manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2003;
  - in the case of the Revenue Accounts, of the surplus/deficit for the year ended 31st March 2003;
  - in the case of the Profit and Loss account, of the profit for the year ended 31st March 2003; and
  - in the case of the Receipts and Payments Account, of the receipts and payments for the year ended 31st March 2003

We further certify that:

- We have reviewed the management report and there is no apparent mistake or material inconsistency with the financial statements;
- Based on information and explanations received during the normal course of our audit, management representations and the compliance certificate submitted by officers of the Company charged with compliance and noted by the Board, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration as per subsection 4 of section 3 of the Insurance Act, 1938.

**For Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner  
Membership No. 40451

7th May 2003, Mumbai

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

**Russell I Parera**  
Partner  
Membership No 42190

## Management Report

With respect to the operations of the Bajaj Allianz General Insurance Company Ltd. for the year ended 31 March, 2003 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 2003 - 2004.
2. We certify that all dues payable to the statutory authorities have been duly paid.
3. There was no transfer of shares during the year and the shareholding pattern is in accordance with the statutory and regulatory requirement.
4. The management has not invested any funds of holders of policies in India, directly or indirectly outside India.
5. The required solvency margins have been maintained as required by the IRDA.
6. We certify that the values of all the assets have been reviewed on the date of Balance Sheet and in management's belief, the assets set forth in the Balance Sheet are in the aggregate amounts not exceeding their realizable or market value under their related headings.
7. The Company has a spread portfolio and has a few large risks on its books on the balance sheet date, which are also protected by reinsurance. The Company has entered into reinsurance arrangements wherein it reinsures risk in excess of its retention limits. The Company's gross acceptances are protected by Surplus treaties with sufficient capacities and the net accounts are protected by both Risk and Catastrophe Excess of Loss treaties.
8. The Company does not have operations in any other country.
9. The Company has completed about 2 years of operations and from the experience this far it can be stated that the average time taken for settlement of claims in excess of branch limits is approximately 3 to 4 weeks from the date of receipt of final documents in case of Miscellaneous class of business and 4 to 6 weeks for other than miscellaneous class of business. This however does not include Motor Third party claims which have to be settled through the MACT and other judicial bodies.
10. We certify that the values, as shown in the Balance Sheet, of the investments which consists of debt securities have been valued at historical costs subject to amortisation/ accretion. Market values have been ascertained on the basis of traded prices on The National Stock Exchange of India Ltd., and where such prices were not available, based on quotes received from market participants. The investments in the Equity Mutual Funds are valued at the declared Net Asset Values of these Mutual funds as on the Balance Sheet date.
11. The Company has invested mainly in approved Government securities and rated bonds. The primary aim while investing is to generate adequate return while minimizing risk. The emphasis is also on the liquidity of investments to ensure that the Company meets all outgoings related to Claims and other operations. While most of the investments are in fixed income securities in the form of Government of India securities or Corporate Bonds with strong credit rating, a small portion is also invested in non-fixed income securities in Equity Mutual Funds. 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 of the Company for the period;
  - 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 and the same was operational for most part of the year except for sometime when the internal auditor was redeployed in dealing with operational issues. The internal audit department is being strengthened with the recruitment of 5 zonal auditors. This will meet the requirements commensurate with the expansion of the business and the opening of new branches.
13. The schedule of payments, which have been made to individuals, firms, companies and organisations in which the Directors of the insurer are interested are as follows:
 

Salary & expenses of CFO on deputation from Bajaj Auto Ltd.	Rs. 3,249,997
Rent for premises on lease from Bajaj Auto Ltd.	Rs. 4,663,740
Rent for guest house premises on lease from Bajaj Auto Ltd.	Rs. 240,000

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

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

Place : Pune  
Date : 7th May 2003

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

### ► Revenue accounts for the year ended 31st March

<b>Motor Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>2003 Rs.</b>	<b>2002 Rs.</b>
Premiums earned - (Net)	1	1,236,359,057	67,946,016
Profit/(Loss) on sale/redemption of Investments (Net)		8,890,300	3,551,400
Other Income		3,684	3,441
Interest, Dividend & Rent-Gross		57,422,104	7,971,024
		66,316,087	11,525,865
	<b>Total (A)</b>	<b>1,302,675,144</b>	<b>79,471,881</b>
Claims incurred (Net)	2	876,007,221	99,592,211
Contribution to Solatium Fund (Refer Schedule 13, Note 1.18)		26,900,000	-
Commission	3	19,946,991	(42,255,593)
Operating Expenses related to Insurance Business	4	450,583,561	302,213,865
	<b>Total (B)</b>	<b>1,373,437,773</b>	<b>359,550,483</b>
<b>OPERATING PROFIT/(LOSS) from Motor Insurance Business</b>		<b>(70,762,628)</b>	<b>(280,078,602)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(70,762,628)	(280,078,602)
	<b>Total(C)</b>	<b>(70,762,628)</b>	<b>(280,078,602)</b>

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

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

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

<b>As per our report of even date For and on behalf of</b>	<b>For and on behalf of</b>	<b>Rahul Bajaj</b> Chairman	<b>Sanjiv Bajaj</b> Director	<b>Ranjit Gupta</b> Director
<b>Dalal &amp; Shah</b> Chartered Accountants	<b>Bharat S Raut &amp; Co</b> Chartered Accountants	<b>Heinz Dollberg</b> Director	<b>Don Nguyen</b> Director	
<b>Anish Amin</b> Partner Mumbai	<b>Russell I Parera</b> Partner Mumbai	<b>Soumen Ghosh</b> Chief Executive Officer	<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary
		Place : Pune Date : 7th May 2003		



## ► Revenue accounts for the year ended 31st March

<b>Fire Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>2003 Rs.</b>	<b>2002 Rs.</b>
Premiums earned - (Net)	1	97,454,664	6,799,371
Profit /(Loss) on sale/redemption of Investments (Net)		3,129,800	1,027,482
Other Income		1,850,010	996
Exchange Rate Gain/(Loss)		583	-
Interest, Dividend & Rent-Gross		20,215,254	2,306,155
		25,195,647	3,334,633
	<b>Total (A)</b>	<b>122,650,311</b>	<b>10,134,004</b>
Claims incurred (Net)	2	27,577,554	10,297,236
Commission	3	(131,353,673)	(66,322,500)
Operating Expenses related to Insurance Business	4	106,676,723	42,385,269
	<b>Total (B)</b>	<b>2,900,604</b>	<b>(13,639,995)</b>
<b>OPERATING PROFIT/(LOSS) from Fire Insurance Business</b>		<b>119,749,707</b>	<b>23,773,999</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		119,749,707	23,773,999
	<b>Total(C)</b>	<b>119,749,707</b>	<b>23,773,999</b>

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

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

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

<b>As per our report of even date For and on behalf of</b>	<b>For and on behalf of</b>	<b>Rahul Bajaj</b> Chairman	<b>Sanjiv Bajaj</b> Director	<b>Ranjit Gupta</b> Director
<b>Dalal &amp; Shah</b> Chartered Accountants	<b>Bharat S Raut &amp; Co</b> Chartered Accountants	<b>Heinz Dollberg</b> Director	<b>Don Nguyen</b> Director	
<b>Anish Amin</b> Partner Mumbai	<b>Russell I Parera</b> Partner Mumbai	<b>Soumen Ghosh</b> Chief Executive Officer	<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary
		Place : Pune Date : 7th May 2003		

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

### ► Revenue accounts for the year ended 31st March

<b>Marine Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>2003 Rs.</b>	<b>2002 Rs.</b>
Premiums earned - (Net)	1	21,639,903	1,514,662
Profit/(Loss) on sale/redemption of Investments (Net)		382,386	49,995
Other Income		230,286	48
Interest, Dividend & Rent-Gross		2,469,820	112,213
		3,082,492	162,256
	<b>Total (A)</b>	<b>24,722,395</b>	<b>1,676,918</b>
Claims incurred (Net)	2	14,604,844	1,699,880
Commission	3	(8,531,646)	(2,200,272)
Operating Expenses related to Insurance Business	4	11,272,014	1,915,963
	<b>Total (B)</b>	<b>17,345,212</b>	<b>1,415,571</b>
<b>OPERATING PROFIT/(LOSS) from Marine Insurance Business</b>		<b>7,377,183</b>	<b>261,347</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		7,377,183	261,347
	<b>Total(C)</b>	<b>7,377,183</b>	<b>261,347</b>

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

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

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

<b>As per our report of even date For and on behalf of</b>	<b>For and on behalf of</b>	<b>Rahul Bajaj</b> Chairman	<b>Sanjiv Bajaj</b> Director	<b>Ranjit Gupta</b> Director
<b>Dalal &amp; Shah</b> Chartered Accountants	<b>Bharat S Raut &amp; Co</b> Chartered Accountants	<b>Heinz Dollberg</b> Director	<b>Don Nguyen</b> Director	
<b>Anish Amin</b> Partner Mumbai	<b>Russell I Parera</b> Partner Mumbai	<b>Soumen Ghosh</b> Chief Executive Officer	<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary
		Place : Pune Date : 7th May 2003		

## ► Revenue accounts for the year ended 31st March

<b>Miscellaneous Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>2003 Rs.</b>	<b>2002 Rs.</b>
Premiums earned - (Net)	1	185,651,926	21,977,784
Profit /(Loss) on sale/redemption of Investments (Net)		2,898,273	601,870
Other Income		629,474	583
Exchange Rate Gain/(Loss)		6,645,154	1,465,397
Interest, Dividend & Rent-Gross		18,719,830	1,350,881
		28,892,731	3,418,731
	<b>Total (A)</b>	<b>214,544,657</b>	<b>25,396,515</b>
Claims incurred (Net)	2	121,628,902	15,771,930
Commission	3	(35,006,458)	(17,287,658)
Premium Deficiency		5,400,000	-
Operating Expenses related to Insurance Business	4	98,369,979	24,848,586
	<b>Total (B)</b>	<b>190,392,423</b>	<b>23,332,858</b>
<b>OPERATING PROFIT/(LOSS) from Miscellaneous Insurance Business</b>		<b>24,152,234</b>	<b>2,063,657</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		24,152,234	2,063,657
	<b>Total(C)</b>	<b>24,152,234</b>	<b>2,063,657</b>

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

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

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

<b>As per our report of even date For and on behalf of</b>	<b>For and on behalf of</b>	<b>Rahul Bajaj</b> Chairman	<b>Sanjiv Bajaj</b> Director	<b>Ranjit Gupta</b> Director
<b>Dalal &amp; Shah</b> Chartered Accountants	<b>Bharat S Raut &amp; Co</b> Chartered Accountants	<b>Heinz Dollberg</b> Director	<b>Don Nguyen</b> Director	
<b>Anish Amin</b> Partner Mumbai	<b>Russell I Parera</b> Partner Mumbai	<b>Soumen Ghosh</b> Chief Executive Officer	<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary
		Place : Pune Date : 7th May 2003		

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

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

Particulars	2003 Rs.	2002 Rs.
<b>Operating Profit/(Loss), as per Revenue Accounts of :-</b>		
(a) Motor Insurance Business	(70,762,628)	(280,078,602)
(b) Fire Insurance Business	119,749,707	23,773,999
(c) Marine Insurance Business	7,377,183	261,347
(d) Miscellaneous Insurance Business	24,152,234	2,063,657
	80,516,496	(253,979,599)
<b>Income From Investments</b>		
(a) Interest, Dividends and Rent -Gross	80,767,017	87,092,028
(b) Profit on sale/redemption of investments	12,582,492	39,493,576
Less:- (Loss on sale/redemption of investments)	(77,847)	(618,178)
	93,271,662	125,967,426
<b>Other Income -Miscellaneous Income</b>	186,107	67,635
<b>Total(A)</b>	<b>173,974,265</b>	<b>(127,944,538)</b>
<b>Expenses</b>		
(a) Expenses other than those directly related to the insurance business	895,003	246,199
(b) Preliminary Expenses written off	1,787,719	1,787,718
(c) Pre-operative Expenses (Previous year includes Depreciation Rs 91,358)	-	2,688,314
	2,682,722	4,722,231
<b>Total (B)</b>	<b>2,682,722</b>	<b>4,722,231</b>
<b>Profit/(Loss) before tax</b>	171,291,543	(132,666,769)
Provision for Taxation (Refer Schedule 13 Note 12) (Including Wealth Tax of Rs 106,000; Previous Year Rs. 48,164)		
Current Tax	15,506,000	81,298,184
Deferred Tax	59,500,000	(117,800,000)
<b>Profit/(Loss) after tax</b>	96,285,543	(96,164,953)
<b>Profit Available for appropriation</b>	-	-
<b>Appropriations</b>		
(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	(96,164,953)	-
<b>Balance carried to Balance Sheet</b>	<b>120,590</b>	<b>(96,164,953)</b>
<b>Notes to Financial Statements</b>	<b>13</b>	
<b>Earning per Share: Basic (Refer Schedule 13 Note 14)</b>	0.88	(0.93)

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

<b>As per our report of even date</b> <b>For and on behalf of</b>	<b>For and on behalf of</b>	<b>Rahul Bajaj</b> Chairman	<b>Sanjiv Bajaj</b> Director	<b>Ranjit Gupta</b> Director
<b>Dalal &amp; Shah</b> Chartered Accountants	<b>Bharat S Raut &amp; Co</b> Chartered Accountants	<b>Heinz Dollberg</b> Director	<b>Don Nguyen</b> Director	
<b>Anish Amin</b> Partner Mumbai	<b>Russell I Parera</b> Partner Mumbai	<b>Soumen Ghosh</b> Chief Executive Officer	<b>G B Laddha</b> Chief Financial Officer	<b>S. Venkatesh</b> Company Secretary
		Place : Pune Date : 7th May 2003		



## ► Balance Sheet as at 31st March

Particulars	Schedule	2003 Rs.	2002 Rs.
<b>SOURCE OF FUNDS</b>			
<b>Shareholders' funds :</b>			
Share Capital	5	1,094,636,844	1,092,849,125
Reserves and Surplus	6	120,590	-
Fair Value Change Account		(3,274,511)	-
<b>Total</b>		<b>1,091,482,923</b>	<b>1,092,849,125</b>
<b>APPLICATION OF FUNDS</b>			
<b>Investments</b>	7	2,235,717,793	1,668,161,624
<b>Fixed Assets</b>	8		
Gross Block		228,952,244	135,738,942
Less:- Accumulated Depreciation		59,483,355	17,129,470
Net Block		169,468,889	118,609,472
Capital Work In Progress		1,029,700	-
		170,498,589	118,609,472
<b>Current Assets</b>			
Cash and Bank Balances	9	321,704,295	233,422,235
Advances and Other Assets	10	161,924,301	185,414,189
<b>Sub-Total (A)</b>		<b>483,628,596</b>	<b>418,836,424</b>
<b>Current Liabilities</b>	11	837,767,588	508,871,008
<b>Provisions</b>	12	1,018,894,467	817,852,340
<b>Sub-Total (B)</b>		<b>1,856,662,055</b>	<b>1,326,723,348</b>
<b>Net Current Assets (C) = (A - B)</b>		(1,373,033,459)	(907,886,924)
Deferred Tax Asset		58,300,000	117,800,000
<b>Debit Balance in Profit and Loss Account</b>		-	96,164,953
<b>Total</b>		<b>1,091,482,923</b>	<b>1,092,849,125</b>

### Notes to Financial Statements

13

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

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

As per our report of even date  
For and on behalf of

**Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner  
Mumbai

For and on behalf of

**Bharat S Raut & Co**  
Chartered Accountants

**Russell I Parera**  
Partner  
Mumbai

**Rahul Bajaj**  
Chairman

**Heinz Dollberg**  
Director

**Soumen Ghosh**  
Chief Executive Officer  
Place : Pune  
Date : 7th May 2003

**Sanjiv Bajaj**  
Director

**Don Nguyen**  
Director

**G B Laddha**  
Chief Financial Officer

**Ranjit Gupta**  
Director

**S. Venkatesh**  
Company Secretary

## Bajaz Allianz General Insurance Company Limited

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, 2003

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

Particulars	2003 (Rs.)		
	Motor	Fire	Marine Cargo
<b>Premium from Direct Business :</b>	1,722,663,725	606,457,857	74,094,613
Premium on Reinsurance Accepted	-	30,534,605	-
Less: Premium on reinsurance ceded	434,023,034	458,411,770	39,936,441
<b>Net Premium</b>	<b>1,288,640,691</b>	<b>178,580,692</b>	<b>34,158,172</b>
Adjustment for Change in Unexpired Risk Reserve			
Reserve created during the year	707,618,564	108,740,752	17,079,086
Less: Reserve created during the previous year Written Back	655,336,930	27,614,724	4,560,817
Change in the Unexpired Risk Reserve	52,281,634	81,126,028	12,518,269
<b>Total Premium Earned (Net)</b>	<b>1,236,359,057</b>	<b>97,454,664</b>	<b>21,639,903</b>
<b>Note :</b>			
<b>Premium Income from business effected:</b>			
In India	1,236,359,057	97,454,664	21,639,903
Outside India	-	-	-
<b>Total Premium Earned (Net)</b>	<b>1,236,359,057</b>	<b>97,454,664</b>	<b>21,639,903</b>

\* Refer Schedule 1(a)

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

Particulars	2003 (Rs.)				
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident
<b>Premium from Direct Business:</b>	10,433,609	17,149,342	185,097,071	5,630,759	43,133,849
Premium on Reinsurance Accepted	-	-	2,172,069	-	-
Less: Premium on reinsurance ceded	2,470,205	6,239,011	144,173,059	5,322,327	9,937,089
<b>Net Premium</b>	<b>7,963,404</b>	<b>10,910,331</b>	<b>43,096,081</b>	<b>308,432</b>	<b>33,196,760</b>
Adjustment for Changes in Unexpired Risk Reserve					
Reserve created during the year	4,612,426	6,876,410	22,634,075	154,221	20,998,321
Less: Reserve created during the previous year Written Back	1,609,682	2,665,296	5,740,622	15,727	13,727,186
Changes in the Unexpired Risk Reserve	3,002,744	4,211,114	16,893,453	138,494	7,271,135
<b>Total Premium Earned (Net)</b>	<b>4,960,660</b>	<b>6,699,217</b>	<b>26,202,628</b>	<b>169,938</b>	<b>25,925,625</b>
<b>Note :</b>					
<b>Premium Income from business effected :</b>					
In India	4,960,660	6,699,217	26,202,628	169,938	25,925,625
Outside India	-	-	-	-	-
<b>Total Premium Earned (Net)</b>	<b>4,960,660</b>	<b>6,699,217</b>	<b>26,202,628</b>	<b>169,938</b>	<b>25,925,625</b>

		2002 (Rs.)				
Misc*	Total	Motor	Fire	Marine Cargo	Misc*	Total
561,595,096	2,964,811,291	963,858,692	278,860,972	13,568,782	163,348,980	1,419,637,426
2,172,069	32,706,674					
257,502,039	1,189,873,284	240,575,746	244,446,877	7,493,303	86,416,735	578,932,661
<b>306,265,126</b>	<b>1,807,644,681</b>	<b>723,282,946</b>	<b>34,414,095</b>	<b>6,075,479</b>	<b>76,932,245</b>	<b>840,704,765</b>
175,567,661	1,009,006,063	655,336,930	27,614,724	4,560,817	54,954,461	742,466,932
54,954,461	742,466,932	-	-	-	-	-
120,613,200	266,539,131	655,336,930	27,614,724	4,560,817	54,954,461	742,466,932
<b>185,651,926</b>	<b>1,541,105,550</b>	<b>67,946,016</b>	<b>6,799,371</b>	<b>1,514,662</b>	<b>21,977,784</b>	<b>98,237,833</b>
185,651,926	1,541,105,550	67,946,016	6,799,371	1,514,662	21,977,784	98,237,833
-	-	-	-	-	-	-
<b>185,651,926</b>	<b>1,541,105,550</b>	<b>67,946,016</b>	<b>6,799,371</b>	<b>1,514,662</b>	<b>21,977,784</b>	<b>98,237,833</b>

			2002 (Rs.)							
Health	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health	Others	Total
106,447,146	193,703,320	561,595,096	2,901,854	9,359,844	57,410,895	1,038,200	27,131,304	39,921,854	25,585,029	163,348,980
-	-	2,172,069								
26,838,771	62,521,577	257,502,039	725,289	3,995,979	47,543,861	1,019,582	6,874,430	9,996,754	16,260,840	86,416,735
79,608,375	131,181,743	306,265,126	2,176,565	5,363,865	9,867,034	18,618	20,256,874	29,925,100	9,324,189	76,932,245
54,358,887	65,933,321	175,567,661	1,609,682	2,665,296	5,740,622	15,727	13,727,186	23,548,050	7,647,898	54,954,461
23,548,050	7,647,898	54,954,461	-	-	-	-	-	-	-	-
30,810,837	58,285,423	120,613,200	1,609,682	2,665,296	5,740,622	15,727	13,727,186	23,548,050	7,647,898	54,954,461
<b>48,797,538</b>	<b>72,896,320</b>	<b>185,651,926</b>	<b>566,883</b>	<b>2,698,569</b>	<b>4,126,412</b>	<b>2,891</b>	<b>6,529,688</b>	<b>6,377,050</b>	<b>1,676,291</b>	<b>21,977,784</b>
48,797,538	72,896,320	185,651,926	566,883	2,698,569	4,126,412	2,891	6,529,688	6,377,050	1,676,291	21,977,784
-	-	-	-	-	-	-	-	-	-	-
<b>48,797,538</b>	<b>72,896,320</b>	<b>185,651,926</b>	<b>566,883</b>	<b>2,698,569</b>	<b>4,126,412</b>	<b>2,891</b>	<b>6,529,688</b>	<b>6,377,050</b>	<b>1,676,291</b>	<b>21,977,784</b>

## Bajaj Allianz General Insurance Company Limited

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, 2003

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

Particulars	2003 (Rs.)		
	Motor	Fire	Marine Cargo
Claims Paid			
Direct	810,371,745	54,620,048	26,222,125
Less: Re-insurance Ceded	176,211,390	33,572,133	14,758,527
Net Claims paid	634,160,355	21,047,915	11,463,598
Claims Outstanding			
Add : Claims Outstanding at the close of the year (net of Re-insurance)	300,938,997	16,280,642	4,049,579
Less: Claims Outstanding at the beginning of the year	59,092,131	9,751,003	908,333
Net Claims Outstanding	241,846,866	6,529,639	3,141,246
<b>Total Claims Incurred (Net)</b>	<b>876,007,221</b>	<b>27,577,554</b>	<b>14,604,844</b>
Claims paid to claimants:			
In India	876,007,221	27,577,554	14,604,844
Outside India	-	-	-
<b>Total Claims Incurred (Net)</b>	<b>876,007,221</b>	<b>27,577,554</b>	<b>14,604,844</b>

\* Refer Schedule 2(a)

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

Particulars	2003 (Rs.)				
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident
Claims Paid					
Direct	490,508	1,010,673	7,563,093	-	11,356,498
Less: Re-insurance Ceded	98,323	202,135	2,729,869	-	2,036,313
Net Claims paid	392,185	808,538	4,833,224	-	9,320,185
Claims Outstanding					
Add : Claims Outstanding at the close of the year	8,935,161	10,910,331	6,367,951	30,844	5,828,817
Less: Claims Outstanding at the beginning of the year	69,613	572,377	836,566	595	829,596
Net Claims Outstanding	8,865,548	10,337,954	5,531,385	30,249	4,999,221
<b>Total Claims Incurred (Net)</b>	<b>9,257,733</b>	<b>11,146,492</b>	<b>10,364,609</b>	<b>30,249</b>	<b>14,319,406</b>
Claims paid to claimants:					
In India	9,257,733	11,146,492	10,364,609	30,249	14,319,406
Outside India	-	-	-	-	-
<b>Total Claims Incurred (Net)</b>	<b>9,257,733</b>	<b>11,146,492</b>	<b>10,364,609</b>	<b>30,249</b>	<b>14,319,406</b>



		2002 (Rs.)				
Misc*	Total	Motor	Fire	Marine Cargo	Misc*	Total
104,926,615	996,140,533	50,205,258	1,172,443	1,659,481	4,670,596	57,707,778
26,655,302	251,197,352	9,705,178	626,210	867,934	1,253,766	12,453,088
78,271,313	744,943,181	40,500,080	546,233	791,547	3,416,830	45,254,690
55,712,689	376,981,907	59,092,131	9,751,003	908,333	12,355,100	82,106,567
12,355,100	82,106,567	-	-	-	-	-
43,357,589	294,875,340	59,092,131	9,751,003	908,333	12,335,100	82,106,567
<b>121,628,902</b>	<b>1,039,818,521</b>	<b>99,592,211</b>	<b>10,297,236</b>	<b>1,699,880</b>	<b>15,771,930</b>	<b>127,361,257</b>
121,628,902	1,039,818,521	99,592,211	10,297,236	1,699,880	15,771,930	127,361,257
-	-	-	-	-	-	-
<b>121,628,902</b>	<b>1,039,818,521</b>	<b>99,592,211</b>	<b>10,297,236</b>	<b>1,699,880</b>	<b>15,771,930</b>	<b>127,361,257</b>

			2002 (Rs.)							
Health	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health	Others	Total
50,756,418	33,749,425	104,926,615	-	-	657,305	-	749,761	2,541,811	721,719	4,670,596
8,753,819	12,834,843	26,655,302	-	-	516,529	-	150,152	443,388	143,697	1,253,766
42,002,599	20,914,582	78,271,313	-	-	140,776	-	599,609	2,098,423	578,022	3,416,830
8,500,502	15,139,083	55,712,689	69,613	572,377	836,566	595	829,596	1,772,555	8,273,798	12,355,100
1,772,555	8,273,798	12,355,100	-	-	-	-	-	-	-	-
6,727,947	6,865,285	43,357,589	69,613	572,377	836,566	595	829,596	1,772,555	8,273,798	12,355,100
<b>48,730,546</b>	<b>27,779,867</b>	<b>121,628,902</b>	<b>69,613</b>	<b>572,377</b>	<b>977,342</b>	<b>595</b>	<b>1,429,205</b>	<b>3,870,978</b>	<b>8,851,820</b>	<b>15,771,930</b>
48,730,546	27,779,867	121,628,902	69,613	572,377	977,342	595	1,429,205	3,870,978	8,851,820	15,771,930
-	-	-	-	-	-	-	-	-	-	-
<b>48,730,546</b>	<b>27,779,867</b>	<b>121,628,902</b>	<b>69,613</b>	<b>572,377</b>	<b>977,342</b>	<b>595</b>	<b>1,429,205</b>	<b>3,870,978</b>	<b>8,851,820</b>	<b>15,771,930</b>

## Bajaj Allianz General Insurance Company Limited

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, 2003

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

Particulars	2003 (Rs.)		
	Motor	Fire	Marine Cargo
Commission Paid			
Direct	116,342,754	4,639,715	2,423,741
Less: Re-insurance Ceded	96,395,763	135,993,388	10,955,387
<b>Net Commission</b>	<b>19,946,991</b>	<b>(131,353,673)</b>	<b>(8,531,646)</b>
Note			
Commission Paid			
In India	19,946,991	(131,353,673)	(8,531,646)
Outside India	-	-	-
<b>Net Commission</b>	<b>19,946,991</b>	<b>(131,353,673)</b>	<b>(8,531,646)</b>

\* Refer Schedule 3(a)

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

Particulars	2003 (Rs.)				
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident
Commission Paid					
Direct	229,662	312,407	1,386,741	11,417	2,180,531
Less: Re-insurance Ceded	522,565	1,239,164	32,014,836	532,818	2,214,463
<b>Net Commission</b>	<b>(292,903)</b>	<b>(926,757)</b>	<b>(30,628,095)</b>	<b>(521,401)</b>	<b>(33,932)</b>
Note					
Commission Paid					
In India	(292,903)	(926,757)	(30,628,095)	(521,401)	(33,932)
Outside India	-	-	-	-	-
<b>Net Commission</b>	<b>(292,903)</b>	<b>(926,757)</b>	<b>(30,628,095)</b>	<b>(521,401)</b>	<b>(33,932)</b>

		2002 (Rs.)				
Misc*	Total	Motor	Fire	Marine Cargo	Misc*	Total
17,942,748	141,348,958	5,952,639	488,164	167,483	681,478	7,289,764
52,949,206	296,293,744	48,208,232	66,810,664	2,367,755	17,969,136	135,355,787
<b>(35,006,458)</b>	<b>(154,944,786)</b>	<b>(42,255,593)</b>	<b>(66,322,500)</b>	<b>(2,200,272)</b>	<b>(17,287,658)</b>	<b>(128,066,023)</b>
(35,006,458)	(154,944,786)	(42,255,593)	(66,322,500)	(2,200,272)	(17,287,658)	(128,066,023)
-	-	-	-	-	-	-
<b>(35,006,458)</b>	<b>(154,944,786)</b>	<b>(42,255,593)</b>	<b>(66,322,500)</b>	<b>(2,200,272)</b>	<b>(17,287,658)</b>	<b>(128,066,023)</b>

			2002 (Rs.)							
Health	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health	Others	Total
3,283,216	10,538,774	17,942,748	13,252	37,196	140,750	-	75,399	143,523	271,358	681,478
5,924,151	10,501,209	52,949,206	129,557	600,588	11,619,622	104,784	964,582	1,618,185	2,931,818	17,969,136
<b>(2,640,935)</b>	<b>37,565</b>	<b>(35,006,458)</b>	<b>(116,305)</b>	<b>(563,392)</b>	<b>(11,478,872)</b>	<b>(104,784)</b>	<b>(889,183)</b>	<b>(1,474,662)</b>	<b>(2,660,460)</b>	<b>(17,287,658)</b>
(2,640,935)	37,565	(35,006,458)	(116,305)	(563,392)	(11,478,872)	(104,784)	(889,183)	(1,474,662)	(2,660,460)	(17,287,658)
-	-	-	-	-	-	-	-	-	-	-
<b>(2,640,935)</b>	<b>37,565</b>	<b>(35,006,458)</b>	<b>(116,305)</b>	<b>(563,392)</b>	<b>(11,478,872)</b>	<b>(104,784)</b>	<b>(889,183)</b>	<b>(1,474,662)</b>	<b>(2,660,460)</b>	<b>(17,287,658)</b>

## Bajaj Allianz General Insurance Company Limited

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, 2003

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

Particulars	2003 (Rs.)		
	Motor	Fire	Marine Cargo
Employees' remuneration and Welfare benefits			
Salary allowances etc.	78,245,433	27,546,036	3,365,466
Contribution to Funds	5,837,277	2,054,993	251,071
Welfare Expenses	2,368,344	833,767	101,867
	86,451,054	30,434,796	3,718,404
Travel, Conveyance and Vehicle running expenses	13,124,350	4,620,382	564,500
Agent Training Expense	3,067,466	1,079,891	131,937
Rents, Rates and Taxes	13,604,709	4,789,491	585,161
Maintenance & Repairs	2,061,431	725,720	88,666
Printing and Stationery	12,850,520	379,601	189,375
Communication expenses	10,014,144	3,525,445	430,725
Information Technology expenses	38,457,730	1,136,032	566,743
Legal and Professional charges	2,372,944	835,387	102,064
Auditor's fees, expenses, etc.			
(a) as auditors	941,279	331,374	40,486
(b) as advisor or in any other capacity in respect of:			
(i) Taxation matters	-	-	-
(ii) Tax Audit	122,018	42,956	5,248
(iii) Management services	793,115	279,213	34,113
(c) In any other capacity	-	-	-
(d) Out of Pocket Expenses	714,736	251,620	30,742
	98,124,442	17,997,113	2,769,760
Advertisement and publicity	22,882,825	291,936	145,641
Marketing expenses	7,934,068	234,370	116,923
Interest and Bank Charges	1,302,172	458,425	56,009
Service Charges	193,723,395	19,043,923	2,723,494
Other Acquisition Costs	2,220,924	24,857,864	109,721
Others			
Exchange Loss	582,011	204,895	25,033
Miscellaneous Expenses	13,336,979	4,695,238	573,645
	241,982,374	49,786,651	3,750,466
Depreciation	24,609,155	8,663,569	1,058,480
Less Expenses Capitalised	(583,464)	(205,406)	(25,096)
<b>Total</b>	<b>450,583,561</b>	<b>106,676,723</b>	<b>11,272,014</b>

\* Refer Schedule 4(a)

		2002 (Rs.)				
Misc*	Total	Motor	Fire	Marine Cargo	Misc*	Total
25,508,317	134,665,252	42,498,630	12,295,588	598,277	7,202,412	62,594,907
1,902,975	10,046,316	3,725,633	1,077,890	52,448	631,397	5,487,368
772,089	4,076,067	1,088,908	315,040	15,329	184,542	1,603,819
<b>28,183,381</b>	<b>148,787,634</b>	<b>47,313,171</b>	<b>13,688,518</b>	<b>666,054</b>	<b>8,018,351</b>	<b>69,686,094</b>
4,278,589	22,587,821	7,981,470	2,309,177	112,360	1,352,652	11,755,659
1,000,006	5,279,300	2,118,668	612,967	29,826	359,059	3,120,520
4,435,188	23,414,550	8,971,892	2,595,723	126,302	1,520,503	13,214,420
672,035	3,547,851	924,033	267,339	13,008	156,599	1,360,979
2,423,803	15,843,299	6,541,433	47,512	15,118	162,922	6,766,985
3,264,650	17,234,964	5,069,278	1,466,630	71,363	859,111	7,466,382
7,253,711	47,414,216	6,778,776	1,961,217	95,429	1,148,826	9,984,248
773,589	4,083,984	1,760,566	509,362	24,784	298,371	2,593,083
306,861	1,620,000	470,510	136,127	6,624	79,739	693,000
-	-	-	-	-	-	-
39,778	210,000	-	-	-	-	-
258,558	1,365,000	-	-	-	-	-
-	-	7,129	2,063	100	1,208	10,500
233,007	1,230,105	208,258	60,252	2,932	35,294	306,736
<b>24,939,775</b>	<b>143,831,090</b>	<b>40,832,013</b>	<b>9,968,369</b>	<b>497,846</b>	<b>5,974,284</b>	<b>57,272,512</b>
1,864,051	25,184,453	36,367,413	264,143	84,051	905,774	37,621,381
1,496,485	9,781,846	3,529,036	25,632	8,156	87,895	3,650,719
424,513	2,241,119	355,442	102,836	5,004	60,238	523,520
22,694,671	238,185,483	45,190,292	9,998,925	399,790	6,600,967	62,189,974
6,396,988	33,585,497	110,508,210	3,094,913	-	130,498	113,733,621
189,738	1,001,677	-	-	-	-	-
4,347,907	22,953,769	6,550,311	1,895,118	92,213	1,110,108	9,647,750
<b>37,414,353</b>	<b>332,933,844</b>	<b>202,500,704</b>	<b>15,381,567</b>	<b>589,214</b>	<b>8,895,480</b>	<b>227,366,964</b>
8,022,681	42,353,885	11,567,977	3,346,815	162,849	1,960,471	17,038,112
(190,211)	(1,004,177)	-	-	-	-	-
<b>98,369,979</b>	<b>666,902,277</b>	<b>302,213,865</b>	<b>42,385,269</b>	<b>1,915,963</b>	<b>24,848,586</b>	<b>371,363,683</b>

## Bajaj Allianz General Insurance Company Limited

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, 2003

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

Particulars	2003 (Rs.)					
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health
Employees' remuneration and Welfare benefits						
Salary allowances etc.	473,907	778,943	8,407,329	255,756	1,959,191	4,834,956
Contribution to Funds	35,354	58,111	627,205	19,080	146,160	360,698
Welfare Expenses	14,344	23,577	254,474	7,741	59,301	146,345
	523,606	860,632	9,289,008	282,577	2,164,652	5,341,999
Travel, Conveyance and Vehicle running expenses	79,490	130,655	1,410,187	42,899	328,621	810,982
Agent Training Expense	18,579	30,537	329,594	10,026	76,806	189,545
Rents, Rates and Taxes	82,399	135,437	1,461,801	44,469	340,649	840,665
Maintenance & Repairs	12,485	20,522	221,497	6,738	51,616	127,380
Printing and Stationery	13,124	3,769	39,216	213	264,020	302,656
Communication expenses	60,652	99,692	1,076,001	32,733	250,745	618,796
Information Technology expenses	39,275	11,279	117,363	636	790,132	905,759
Legal and Professional charges	14,372	23,623	254,968	7,756	59,416	146,629
Auditor's fees, expenses, etc.						
(a) as auditor	5,701	9,371	101,139	3,077	23,569	58,164
(b) as advisor or in any other capacity in respect of:						
(i) Taxation matters	-	-	-	-	-	-
(ii) Tax Audit	739	1,215	13,111	399	3,055	7,540
(iii) Management services	4,804	7,896	85,219	2,592	19,859	49,008
(c) In any other capacity	-	-	-	-	-	-
(d) Out of Pocket Expenses	4,329	7,115	76,797	2,336	17,896	44,165
	335,949	481,110	5,186,894	153,874	2,226,384	4,101,290
Advertisement and publicity	10,093	2,899	30,160	164	203,047	232,761
Marketing expenses	8,103	2,327	24,213	131	163,009	186,864
Interest and Bank Charges	7,887	12,963	139,916	4,256	32,605	80,464
Service Charges	415,735	350,469	4,637,582	247,529	948,841	2,092,219
Other Acquisition Costs	597	2,293	837,873	-	20,185	2,710,404
Others						
Exchange Loss	3,525	5,794	62,536	1,902	14,573	35,964
Miscellaneous Expenses	80,778	132,771	1,433,034	43,594	333,945	824,121
	526,717	509,516	7,165,314	297,576	1,716,206	6,162,797
Depreciation	149,050	244,987	2,644,209	80,438	616,190	1,520,653
Less Expenses Capitalised	(3,534)	(5,808)	(62,692)	(1,907)	(14,609)	(36,053)
<b>Total</b>	<b>1,531,788</b>	<b>2,090,436</b>	<b>24,222,732</b>	<b>812,558</b>	<b>6,708,822</b>	<b>17,090,686</b>



		2002 (Rs.)							
Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health	Others	Total
8,798,235	25,508,316	127,949	412,696	2,531,371	45,776	1,196,278	1,760,242	1,128,100	7,202,412
656,367	1,902,975	11,216	36,179	221,912	4,013	104,871	154,311	98,895	631,397
266,306	772,089	3,278	10,574	64,860	1,173	30,652	45,101	28,904	184,542
9,720,908	28,183,381	142,443	459,449	2,818,143	50,962	1,331,801	1,959,654	1,255,899	8,018,351
1,475,755	4,278,589	24,030	77,507	475,405	8,597	224,667	330,583	211,863	1,352,652
344,918	1,000,006	6,379	20,574	126,194	2,282	59,638	87,753	56,239	359,059
1,529,769	4,435,188	27,011	87,124	534,399	9,664	252,547	371,605	238,153	1,520,503
231,796	672,035	2,782	8,973	55,039	995	26,010	38,272	24,528	156,599
1,800,805	2,423,803	2,668	1,223	6,425	44	41,109	78,393	33,060	162,922
1,126,031	3,264,650	15,263	49,227	301,944	5,460	142,693	209,963	134,561	859,111
5,389,266	7,253,711	20,409	65,827	403,768	7,302	190,813	280,769	179,938	1,148,826
266,823	773,589	5,300	17,097	104,866	1,896	49,558	72,921	46,733	298,371
105,841	306,861	1,417	4,569	28,025	507	13,244	19,488	12,489	79,739
-	-	-	-	-	-	-	-	-	-
13,720	39,778	-	-	-	-	-	-	-	-
89,181	258,559	-	-	-	-	-	-	-	-
-	-	21	69	425	8	201	295	189	1,208
80,368	233,007	627	2,022	12,405	224	5,862	8,626	5,528	35,294
12,454,274	24,939,775	105,907	334,212	2,048,895	36,979	1,006,342	1,498,668	943,281	5,974,284
1,384,928	1,864,051	14,832	6,798	35,722	247	228,545	435,830	183,800	905,774
1,111,839	1,496,485	1,439	660	3,466	24	22,178	42,292	17,836	87,895
146,422	424,513	1,070	3,452	21,171	383	10,005	14,722	9,435	60,238
14,002,296	22,694,671	75,369	101,088	728,147	-	173,351	4,519,444	1,003,568	6,600,967
2,825,636	6,396,988	-	-	-	-	-	-	130,498	130,498
65,444	189,738	-	-	-	-	-	-	-	-
1,499,664	4,347,907	19,722	63,609	390,159	7,056	184,381	271,307	173,874	1,110,108
21,036,228	37,414,353	112,432	175,607	1,178,665	7,710	618,460	5,283,595	1,519,011	8,895,480
2,767,154 (65,607)	8,022,681 (190,211)	34,827 -	112,334 -	689,030 -	12,460 -	325,623 -	479,132 -	307,065 -	1,960,471 -
<b>45,912,957</b>	<b>98,369,979</b>	<b>395,609</b>	<b>1,081,602</b>	<b>6,734,733</b>	<b>108,111</b>	<b>3,282,226</b>	<b>9,221,049</b>	<b>4,025,256</b>	<b>24,848,586</b>

## Bajaj Allianz General Insurance Company Limited

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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, 2003

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

Particulars	2003 Rs.	2002 Rs.
<b>Authorised Capital</b>		
110,000,000 Equity shares of Rs 10 each	1,100,000,000	1,100,000,000
<b>Issued Subscribed and Paid up Capital</b>		
110,000,000 Equity Shares of Rs 10 each fully paid up	1,100,000,000	1,100,000,000
Less : Preliminary Expenses, to the extent not written off	5,363,156	7,150,875
<b>Total</b>	<b>1,094,636,844</b>	<b>1,092,849,125</b>

#### Notes : of the above;

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

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

Shareholder	2003		2002	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian (Bajaj Auto Ltd.)	81,400,000	74%	81,400,000	74%
Foreign (Allianz AG)	28,600,000	26%	28,600,000	26%
<b>Total</b>	<b>110,000,000</b>	<b>100%</b>	<b>110,000,000</b>	<b>100%</b>

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

Particulars	2003 Rs.	2002 Rs.
Balance in Profit and Loss Account	120,590	-
<b>Total</b>	<b>120,590</b>	<b>-</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2003

► **Schedule - 7 Investments as at 31st March**

Particulars	2003 Rs.	2002 Rs.
<b>Long Term Investments</b>		
Government securities And		
Government guaranteed bonds including Treasury Bills	975,047,638	844,657,852
Other Approved Securities	-	50,513,603
Other Investments		
(a) Mutual Funds	-	-
(b) Debenture / Bonds	564,424,751	427,599,785
Investments in Infrastructure and Social Sector	589,519,915	212,575,872
Other than Approved Securities	50,000,000	52,888,362
<b>'Short Term Investments</b>		
Government securities and		
Government guaranteed bonds including Treasury Bill		49,926,150
Other Investments		
Mutual Funds	60,000,000	
Provision for Diminution	(3,274,511)	30,000,000
<b>Total</b>	<b>2,235,717,793</b>	<b>1,668,161,624</b>
Investments		
In India	2,235,717,793	1,668,161,624
Outside India	-	-
<b>Total</b>	<b>2,235,717,793</b>	<b>1,668,161,624</b>

**Notes : of the above;**

- All the Investments are free of any Encumbrances.
- Government of India Bonds aggregating Rs. 124,798,354 (Previous Year Rs. 71,698,632) have been deposited with The Reserve Bank of India under section 7 of the Insurance Act, 1938.
- Investment other than Equities and Derivative instruments  
Aggregate value of Investments as at March 31, 2003 Rs. 2,235,717,793/-  
Market value as at March 31, 2003 Rs. 2,403,609,715/-  
Aggregate value of Investments as March 31, 2002 Rs. 1,668,161,624/-  
Market value as at March 31, 2002, Rs. 1,735,601,043/-

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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, 2003

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

Particulars	Gross Block (Rs)				Depreciation (Rs)				Net Block (Rs)	
	As at 1st April 2002	Addition during the year	Deduction during the year	As at 31st March*2003	As at 1st April 2002	For the Year	Adjust/ Recoup Sales etc.	As at 31st March 2003	As at 31st March 2003	As at 31st March 2002
Computer Softwares	7,389,649	12,367,773	-	19,757,422	1,547,224	5,007,628	-	6,554,852	13,202,570	5,842,425
Leasehold Improvements	11,824,521	27,955,222	-	39,779,743	1,545,158	8,388,421	-	9,933,579	29,846,164	10,279,363
Building	49,363,283	-	-	49,363,283	497,941	987,180	-	1,485,121	47,878,162	48,865,342
Furniture & fixtures	12,444,127	11,009,543	-	23,453,670	3,613,184	5,872,986	-	9,486,170	13,967,500	8,830,943
Information Technology Equipment	38,880,912	27,731,206	-	66,612,118	7,244,285	17,657,403	-	24,901,688	41,710,430	31,636,627
Vehicles	7,939,378	4,113,870	-	12,053,248	1,291,833	1,941,964	-	3,233,797	8,819,451	6,647,545
Office Equipment	7,897,072	10,035,688	-	17,932,760	1,389,845	2,498,303	-	3,888,148	14,044,612	6,507,227
<b>Total</b>	<b>135,738,942</b>	<b>93,213,302</b>	<b>-</b>	<b>228,952,244</b>	<b>17,129,470</b>	<b>42,353,885</b>	<b>-</b>	<b>59,483,355</b>	<b>169,468,889</b>	<b>118,609,472</b>
Previous year - 31st March, 2002	-	135,738,942	-	135,738,942	-	-	-	17,129,470	118,609,472	

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

	Current Year	Previous Year
Types of Assets	Gross Value (Rs.)	Gross Value (Rs.)
Computer Software	3,149,053	3,149,053
Information Technology	23,475,167	20,889,121
Air Conditioners	65,250	65,250
Furniture and Fixtures	115,311	115,311
Office Equipment	469,494	-

Computer Software includes Rs. 378,199 due to foreign Currency gain/loss arising out of exchange rate difference

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

Particulars	2003 Rs.	2002 Rs.
<b>Cash and Stamps on Hand</b>	655,264	23,663
<b>Cheques on Hand</b>	82,041,008	127,340,705
<b>Bank Balances</b>		
(a) Deposit Accounts (Short Term - due within 12 months)	116,725,000	75,800,000
(b) Current Accounts	121,483,023	30,257,867
(c) Others :- Margin Money Account	800,000	-
<b>Total</b>	<b>321,704,295</b>	<b>233,422,235</b>
<b>Balance with non-scheduled Banks included in (b) and (c) above</b>	-	-
<b>Cash and Bank Balances</b>		
In India	283,921,272	233,422,235
Outside India	37,783,023	-
<b>Total</b>	<b>321,704,295</b>	<b>233,422,235</b>

Schedule to and forming part of the Revenue Accounts and Profit and Loss account for the year ended on and to Balance Sheet as at 31st March, 2003

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

Particulars	2003 Rs.	2002 Rs.
<b>Advances</b>		
Application money for investments	-	49,965,000
Deposits with Ceding Companies	1,629,257	-
Others		
Advance to employees	1,033,365	2,075,594
Advances recoverable in cash or in kind	18,951,497	25,727,545
<b>Total (A)</b>	<b>21,614,119</b>	<b>77,768,139</b>
<b>Other Assets</b>		
Income accrued on investments	62,550,540	51,823,659
Outstanding Premium	1,859,151	-
Agent's Balances	4,697,487	255
Due from other entities carrying on insurance business, including reinsurance	51,757,100	40,379,300
Due from Subsidiary/Holding Companies	-	
Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938 - Refer foot note 2 in Schedule 7]	100,001	4,000,001
Others		
Deposits	18,833,489	10,624,815
Prepaid expenses	512,414	818,020
<b>Total (B)</b>	<b>140,310,182</b>	<b>107,646,050</b>
<b>Total (A + B)</b>	<b>161,924,301</b>	<b>185,414,189</b>

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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, 2003

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

Particulars	2003 Rs.	2002 Rs.
Agent's Balance	16,247,117	2,228,066
Balances due to other insurance companies	147,675,733	261,808,844
Premium Received in Advance	20,330,593	11,622,306
Sundry creditors	157,431,226	97,620,448
Due to subsidiaries / holding company	-	15,981
Claims outstanding for		
i) More than Six Months	93,997,131	-
ii) Less than Six Months	200,706,944	83,280,986
iii) Claims Incurred but not Reported and not enough reported	208,972,728	17,000,000
	503,676,803	100,280,986
Claims Recoverable from Reinsurer	(95,299,818)	
IBNR Recovery	(31,395,078)	(24,182,238)
Net Claims Outstanding	376,981,907	76,098,748
Unallocated Premium	83,285,927	37,214,884
Solatium Fund	26,900,000	-
Premium Deficiency	5,400,000	-
Due to Officers / Directors	3,369,463	2,356,088
Temporary Overdraft as per the books of accounts only	145,622	19,905,643
<b>Total</b>	<b>837,767,588</b>	<b>508,871,008</b>

### ► Schedule - 12 Provisions

Particulars	For the year ended 31st March, 2003 Rs.	For the year ended 31st March, 2002 Rs.
Reserve for Unexpired Risk	1,009,006,063	742,466,932
For taxation (Refer Schedule 13 Note 12)	9,888,404	75,385,408
(Net of Advance Tax Paid Rs. 86,915,780 ; Previous Year Rs. 5,912,776)		
<b>Total</b>	<b>1,018,894,467</b>	<b>817,852,340</b>



## Schedule - 13 Notes to and forming part of the financial statements for the year ended 31st March 2003

### 1 Significant accounting policies

The Financial Statements are prepared 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 Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable).

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

#### 1.2 Revenue Recognition

##### *Premium*

Premium is recognized as income over the contract period or the period of risk whichever is appropriate on gross basis. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

##### *Interest income*

Interest income is recognized on accrual basis.

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

Profit or Loss on sale of securities is recognized on trade date. Cost of security is arrived on 'First in First Out' cost basis.

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

Premium or Discount on acquisition, as the case may be, are amortized on constant yield to maturity basis over the

period of maturity/holding and netted off against Interest income.

#### 1.3 Reinsurance ceded and commission

Reinsurance is ceded in the year in which the risk commences and recognised over the contract period or period of risk whichever is appropriate. Any subsequent revision to or cancellations of premiums are recognized in the year in which they occur.

Commissions on reinsurance ceded is recognized as income on accrual basis.

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

#### 1.4 Acquisition cost

Acquisition costs, defined as a cost 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 during the year, where the insurance/risk commences subsequent to the Balance Sheet date.

#### 1.6 Reserve for unexpired risk

Represents that part of the net premium written 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 based on contract period basis or risk period basis or as required by Section 64 (1)(ii)(b) of the Insurance Act, 1938 whichever is higher (Also refer 1.17).

#### 1.7 Premium Deficiency

Premium deficiency represents the amount by which sum of expected claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as

## Bajaj Allianz General Insurance Company Limited

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the reserve for unexpired risk. Premium deficiency is calculated by line of business. Management considers maintenance costs as relevant costs incurred to ensure claim handling operations continue to operate at optimum efficiency levels.

### 1.8 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 appointed actuary for the purpose has arrived at the said amounts on assumptions detailed in note 3 below.

### 1.9 Claims

Claims are recognized as and when reported.

Amounts received/to be received from/to the re-insurers, proportionate to the risk ceded, are also recognized together with the claim.

Amounts received/receivable/paid/payable from the Coinsurers, proportionate to the risk shared, are recognized together with the claim.

### 1.10 Operating expenses

Operating expenses relating to 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 allocated on either of the following basis, as may be appropriate:
  - Number of policies;
  - Gross written premium;
  - Average premium weighted by the number of policies; and
  - Sum assured.

The method of allocation has been decided based on the nature of the expenses and its logical correlation with various business segments, wherever possible.

### 1.11 Income from investments

Other income derived from investments and deposits are allocated to the revenue account and the profit and loss account on the basis of funds available from insurance operations and shareholders funds and are further allocated to lines of business in the proportion of their respective Gross Written Premiums.

### 1.12 Fixed assets and depreciation

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

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

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

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

Depreciation is provided at the following rates:

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

The Company provides pro rata depreciation from the month in which the asset is acquired/put to use.

### 1.13 Investments

#### *Debt Securities*

##### 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 other than short term are classified as long-term investments

##### Valuation:

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

The realized gains 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.

#### *Equities/ Derivative Instruments:*

##### Listed & Actively Traded:

Are stated at the lowest of the last quoted closing price. The change in the value is credited to an account designated as "Fair Value Change Account".

##### Unlisted & Not Actively Traded:

Are stated at their cost of Acquisition less provisions for diminution in the value.

#### *Mutual funds*

In accordance with a circular dated 26th February, 2003 issued by the IRDA, the unrealized change in value is taken to an account designated as "Fair Value Change Account". This is a change in accounting policy as in the previous year, investments in mutual funds were valued at cost. This change in policy does not have an impact on the profit and loss account in the current year as the change in fair

value is reflected in the equity statement and taken to the profit and loss account only on sale of the instrument.

### 1.14 Retirement benefits

#### *Provident Fund*

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

#### *Super Annuation*

During the year, the Company has received necessary approvals for its arrangement to contribute to the Bajaj Auto Super Annuation Fund as a defined contribution. As a result, amounts provided including those provided in the previous year have been remitted to the Fund.

#### *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 is provided as liability. The actuarial valuation for gratuity has been assessed at 1st December each year, in accordance with the scheme date as specified by LIC.

#### *Employees Pension Scheme*

Contributions to Employees Pension Scheme 1995 are made to Regional Provident Fund Authority as a defined contribution.

#### *Leave Encashment Scheme*

During the year, the Company has introduced privilege leave entitlements as part of retirement benefits encashable on separation. Provision has been made for the accumulated leave credited to each employee at the close of the year on the basis of current eligible emoluments.

### 1.15 Foreign Currency Transactions

Transactions denominated in foreign currencies, if any, are recorded at the exchange rate prevailing on the date of the

## Bajaj Allianz General Insurance Company Limited

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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 Account 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.

### 1.16 Preliminary and Pre-operative 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.

Pre-operative expenses, representing expenses incurred post incorporation but prior to the commencement of business i.e. up to the date of obtaining approval from IRDA permitting commencement of Insurance Business, have been written off to the Profit and Loss account during the previous year.

### 1.17 Contributions to Terrorism Pool

The Company in accordance with the requirements of IRDA has participated in contributing to 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 intimation/confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only upto 31st December 2002 as per the last confirmation received, which has been carried forward to the subsequent accounting period as Unexpired Risk

Reserve for subsequent risks, if any, to be borne by the Company.

### 1.18 Contributions to Solatium Fund

The Company in accordance with the requirements of an IRDA circular dated 18th March 2003 has provided, for Solatium Fund established by the Central Government. This has been provided at 1% of gross written premium for all motor policies from the inception of the business.

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

## 2 Contingent Liabilities not provided for in respect of claims against the Company not acknowledged as debts other than insurance matters Rs 60 million (Previous year Rs Nil);

## 3 Assumptions made by the Actuary for determining provision required for IBNR/IBNER and determination of premium deficiency :

The Company has obtained an actuarial valuation for determining provision required for Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') claims.

The Actuary has used the recommendations of the Mukherjee Committee for non motor lines of business and the Chain Ladder Method for motor line of business to arrive at a reasonable picture of the reserves. The IBNR reserves for non motor lines were calculated by the applying the percentages specified by the Mukherjee Committee to the Net Written Premiums ('NWP') for the various classes of business. For the motor line, IBNR has been calculated under the Chain Ladder Method on gross basis as per usual practice.

Considering that only 18 months have elapsed since commencement of operations and there are insufficient numbers of claims or payments, it is a little too early to apply statistical/actuarial methods to other lines of business.

However, for the motor line, which did have a large number of transactions, the Chain Ladder Method was conducted on data from October 2002 which is when the new comprehensive systems went online. Further, the Company had undertaken the task of converting all previous records into the new system by

manually feeding in data of claims outstanding in the old system. Such manual data entry has resulted in anomalies which have been adjusted to the extent possible.

Calculations were made to find out the proportion of ultimate claims being made in each development month based on the data available. From the pattern that emerged, it was possible to estimate the IBNR/IBNER for the motor portfolio. Calculations were also made using the Mukherjee Committee to ascertain the impact of the change in method. The following figures have emerged:

Product code	Chain Ladder Method Rs. Millions	Proportionate Payment Method Rs. Millions	Mukherjee Committee Rs. Millions
Motor Car	126.3	111.5	31.5
Two Wheelers	36.6	30.1	6.1
<b>Total</b>	<b>162.9</b>	<b>141.6</b>	<b>37.6</b>

The Actuary has recommended the higher (Rs 162.9 million) of the three numbers to be considered as IBNR. This change in method as against the use of Mukherjee Committee in the previous year has resulted in higher IBNR for motor line of Rs125.39 million. However, as the IBNR calculated for motor is on gross basis, an amount of Rs 31 million has been recognized as recovery from reinsurers.

The IBNR for non-motor lines amounts to Rs 16.92million.

He has further recommended the following, which has been considered:

For the liability class of business considering the low volume and long tail nature of this class of business compounded with the possibility of delays in reporting losses and assessment thereof it is recommended that the Company set aside 100% of the NWP. This amounts to Rs 19.81million.

Orphan motor claims : These are third party claims for which complete details are not available. Claims have been listed

based on preliminary information received and investigations are ongoing. A provision of Rs 18 million has been made on this account.

Further, the Actuary has recommended that as claims amounting to Rs 8.67 million pertaining to the period prior to 31st March 2003 have already been reported to the Company and hence recognized by the Company as outstanding claims, this amount should be reduced from the IBNR number. The IBNR amounts to Rs 209 million. The actuary has assessed the need for premium deficiency. Necessary provisions have been made to adequately reflect the same as certified by the actuary.

#### 4 Commitments made and outstanding on capital account amount to Rs 11,131,101 (Previous year Rs 12,068,585).

#### 5 Computation of managerial remuneration;

As at 31st March		
	2003	2002
Salary	3,000,000	3,000,000
Perquisites	1,796,514	1,680,851

Note: Perquisites have been valued at cost to company basis.

#### 6 Some of the Re-insurance treaties remain to be formally executed by the Company. However the broad terms and conditions on which re-insurances have been effected during the year have been conclusively decided and agreed upon by both the parties. Until such time the treaties are formally signed the underlying risk stands covered and have been reflected as such in the financial statements.

#### 7 All Investments are performing assets.

#### 8 In accordance with a circular dated 26th February 2002, the IRDA has directed insurance companies to restrict their investments in mutual funds to liquid funds, gilt or debt funds. The Company had made investments in equity mutual funds prior to the issue of the circular which it continues to hold as at 31st March 2003. Consequently, the Company has intimated to the IRDA by a letter dated 28th April 2003 that these investments will be liquidated in the year 2003 - 2004.

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

Business Sector	As at 31 March 2003				As at 31 March 2002			
	Rs. Mns				Rs. Mns			
	GWP	No of Policies	No of Lives	% of GWP	GWP	No of Policies	No of Lives	% of GWP
Rural	169.711	53014		5.66	30.170	22464		2.13
Social	0.200	14053	14053	0.01	0.005	5000	5000	0.00
Urban	2827.607	766176		94.33	1389.462	297942		97.87
<b>Total</b>	<b>2997.518</b>	<b>819190</b>	<b>14053</b>	<b>100.00</b>	<b>1419.637</b>	<b>310406</b>	<b>5000</b>	<b>100.00</b>

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

**11** Extent of risk written and reinsured (excluding Excess of Loss and Catastrophe reinsurance).

	As at 31 March 2003		As at 31 March 2002	
	Amount of Business Written	% age of Business Written	Amount of Business Written	% age of Business Written
Risk Retained	1,807,644,681	60.3%	840,704,765	59.2%
Risk Reinsured	1,189,873,284	39.7%	578,932,661	40.8%
	<b>2,997,517,965</b>	<b>100.0%</b>	<b>1,419,637,426</b>	<b>100.0%</b>

### 12 Taxation

Accounting Standard 22 'Taxes on Income' issued by the Institute of Chartered Accountants of India requires the company to accrue 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. Management has recognized and carried forward deferred tax asset 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 assets 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. The major components of temporary differences that account for deferred tax assets and liabilities are as under:

	As at 31 March 2003		As at 31 March 2002	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Carried Forward Business Loss	71,411,751		-	-
Timing differences on account of Reserve for Unexpired Risks	88,828,500		320,608,108	-
<b>Total</b>	<b>162,240,251</b>		<b>320,608,108</b>	
Net deferred tax asset (liability)	58,300,000		117,800,000	
Deferred tax expense / (income) recognised in the P & L account	59,500,000		(117,800,000)	

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

Minimum future lease payments as on 31st March 2003:

	As at 31 March 2003	As at 31 March 2002
Payable within one year	Rs. 29,616,566	Rs. 14,503,104
Payable within one year and five years	Rs. 35,514,494	Rs. 17,840,914
<b>Payable after five years</b>	<b>Rs. 9,683,767</b>	<b>Nil</b>

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

	As at 31 March 2003	As at 31 March 2002
<b>Profit after Tax</b>		
Basic earnings before extra-ordinary items (A)	Rs. 96,285,543	(Rs. 96,164,953)
Basic earnings before extra-ordinary items (B)	Rs. 96,285,543	(Rs. 96,164,953)
Weighted average no. of equity share (par value of Rs. 10 each) (C)	110,000,000	103,369,905
Basic earnings per share (A/C)	Rs. 0.88	(Rs. 0.93)
Basic earnings per share excluding extraordinary items (B/C)	Rs. 0.88	(Rs. 0.93)



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

**15** Previous year figures as per the revised financial statements, have been regrouped wherever necessary to make them comparable with those of current year.

**16** Segment revenue and results have been disclosed in the financial statements itself. Segment assets and liabilities, due to complexities of the business, have been identified to the extent possible has been set out in a statement annexed hereto.

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

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

**Rahul Bajaj**  
Chairman

**Sanjiv Bajaj**  
Director

**Ranjit Gupta**  
Director

**Heinz Dollberg**  
Director

**Don Nguyen**  
Director

**Soumen Ghosh**  
Chief Executive Officer

**G B Laddha**  
Chief Financial Officer

**S. Venkatesh**  
Company Secretary

Place : Pune  
Date : 7th May 2003

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

### ► Segmental Break up of the Balance Sheet Item as at 31/03/03

Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31st March 2003 (Refer Note no. 16)

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

	Motor	Fire	Marine Cargo	Misc	Total
Premium Received in Advance	16,069,636	1,407,534	4,463	2,848,960	20,330,593
	(8,677,905)	(584,502)	(10,344)	(2,349,555)	(11,622,306)
Net Claims Outstanding	300,938,997	16,280,642	4,049,579	55,712,689	376,981,907
	(59,092,131)	(9,751,003)	(908,333)	(12,355,100)	(82,106,567)
Reserve for Unexpired Risk	707,618,564	108,740,752	17,079,086	175,567,661	1,009,006,063
	(655,336,930)	(27,614,724)	(4,560,817)	(54,954,461)	(742,466,932)
Deposits with Ceding Companies	-	1,629,257	-	-	1,629,257
	-	(NIL)	-	-	(NIL)
Premium Deficiency	-	-	-	5,400,000	5,400,000
	-	-	-	(NIL)	(NIL)
Solatium Fund	26,900,000	-	-	-	26,900,000
	(NIL)	-	-	-	(NIL)

Previous year figure are in brackets

Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31st March 2003 (Refer Note no. 17)

### Summary of Financial Statements

Particulars	2003	2002
<b>OPERATING RESULTS</b>		
Gross Written Premium	2,997,517,965	1,419,637,426
Net Premium Income (net of Reinsurance)	1,807,644,681	840,704,765
Income from Investments (net of losses)	114,127,767	16,971,020
Miscellaneous Income	9,359,191	1,470,465
<b>Total Income</b>	<b>1,931,131,639</b>	<b>859,146,250</b>
Commissions	(154,944,786)	(128,066,023)
Operating Expenses	666,902,277	371,363,683
Claims, increase in URR and other outgoes	1,338,657,652	869,828,189
<b>Operating Profit / Loss</b>	<b>80,516,496</b>	<b>(253,979,599)</b>
<b>NON OPERATING RESULTS</b>		
Total income under shareholder's Account	93,457,769	126,035,061
<b>Profit before Tax</b>	<b>171,291,543</b>	<b>(132,666,769)</b>
Provision for Tax	(75,006,000)	36,501,816
<b>Profit after Tax</b>	<b>96,285,543</b>	<b>(96,164,953)</b>
<b>MISCELLANEOUS</b>		
<b>Policyholder's Account :</b>	Not Applicable being General Insurance Company	
Total Funds	-	-
Total Investments	-	-
Yield on Investments	-	-
<b>Shareholder's Account</b>	Not Applicable being General Insurance Company	
Total Funds	-	-
Total Investments	-	-
Yield on Investments	-	-
Paid up Equity Capital	1,100,000,000	1,100,000,000
Net Worth	1,091,482,923	996,684,172
Total Assets	2,464,516,382	1,904,571,096
Yield on Total Investments	9.7%	13.6%
Earning per Share	0.88	(0.93)
Book value per Share	9.92	9.06
Total Dividend	-	-
Dividend per share	-	-

## ▶ Ratios

Annexure to schedule 13 - Notes to accounts and forming part of the financial statements for the year ended 31 March 2003 (Refer Note no. 17)

	2003	2002
1 Gross Premium growth rate		
Motor	79%	Not Applicable
Fire	128%	Not Applicable
Marine Cargo	446%	Not Applicable
Workmen Compensation	260%	Not Applicable
Public/Product liability	83%	Not Applicable
Engineering	326%	Not Applicable
Aviation	442%	Not Applicable
Personal Accident	59%	Not Applicable
Health	167%	Not Applicable
Others	657%	Not Applicable
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	75%	75%
Fire	28%	12%
Marine Cargo	46%	45%
Workmen Compensation	76%	75%
Public/Product liability	64%	57%
Engineering	23%	17%
Aviation	5%	2%
Personal Accident	77%	75%
Health	75%	75%
Others	68%	36%
5 Net Commission ratio		
Motor	2%	-6%
Fire	-74%	-193%
Marine Cargo	-25%	-36%
Workmen Compensation	-4%	-5%
Public/Product liability	-8%	-11%
Engineering	-71%	-116%
Aviation	-169%	-563%
Personal Accident	0%	-4%
Health	-3%	-5%
Others	0%	-29%
6 Expenses of Management to Gross Premium ratio	22%	7%
7 Combined ratio	53%	26%
8 Technical reserves to net Premium ratio	77%	97%
9 Underwriting Balance ratio		
Motor	-5%	-39%
Fire	67%	69%
Marine	22%	4%
Miscellaneous	8%	3%
10 Operating Profit ratio	10%	-15%
11 Liquid Assets to Liabilities ratio	Policyholders Liabilities not separately calculated	
12 Net earning ratio	5%	-11%
13 Return on Net worth	9%	-10%
14 Reinsurance ratio	40%	41%

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

### Cash Flow for the year ended 31st March

Particulars	Amount (Rs.)	2003	2002
		Amount (Rs.)	Amount (Rs.)
Receipts from Policyholders	3,051,945,402		1,431,126,352
Foreign Exchange Gain	5,644,060		1,465,397
Payment to Re-insurers	(761,399,999)		(177,678,439)
Payment of Claims	(996,144,577)		(57,704,028)
Payment of Commission	(132,027,139)		(5,061,953)
Payment of other Operating Expenses	(564,793,027)		(312,722,358)
Cash Deposit under Section 7 of the Insurance Act, 1938	3,900,000		(4,000,001)
Income Tax deducted at source or Paid	(81,003,004)		(5,912,776)
<b>Cash Flow From Operating Activities</b>		<b>526,121,716</b>	<b>869,512,194</b>
<b>Investment Activities</b>			
Purchase Fixed Assets and Margin Money Deposit	(93,443,002)		(128,795,902)
Purchase of Investments	(1,455,102,228)		(4,101,573,603)
Sale of Investments	947,523,967		2,419,367,344
Interest Income	183,385,128		55,194,422
Interest Expense and Other Investment Expenses	(443,500)		(185,093)
<b>Cash Flow from Investment Activities</b>		<b>-418,079,635</b>	<b>(1755,992,832)</b>
<b>Cash Flow from Financing Activities</b>			
Issue of Share Capital			1,099,993,000
<b>Increase in Cash and Cash Equivalents during the year</b>		<b>108,042,081</b>	<b>213,512,362</b>
Cash and Cash Equivalent at the year beginning		213,516,592	4,230
Cash and Cash Equivalent at the year end		321,558,673	213,516,592

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

**As per our report of even date  
For and on behalf of**

**Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner  
Mumbai

**For and on behalf of**

**Bharat S Raut & Co**  
Chartered Accountants

**Russell I Parera**  
Partner  
Mumbai

**Rahul Bajaj**  
Chairman

**Heinz Dollberg**  
Director

**Soumen Ghosh**  
Chief Executive Officer

Place : Pune  
Date : 7th May 2003

**Sanjiv Bajaj**  
Director

**Don Nguyen**  
Director

**G B Laddha**  
Chief Financial Officer

**Ranjit Gupta**  
Director

**S. Venkatesh**  
Company Secretary

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

<b>I. Registration Details</b>	
Registration No.	15329
State Code	11
Balance Sheet Date	31 March 2003
<b>II Capital raised during the year</b>	<b>Rs. in '000s</b>
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
<b>III Position of mobilisation and deployment of funds</b>	<b>Rs. in '000</b>
Total Liabilities	1,091,483
Total Assets	1,091,483
<b>IV Source of funds</b>	<b>Rs. in '000s</b>
Paid-up Capital	1,094,637
Reserves and Surplus	-
Secured Loans	-
Unsecured Loans	-
<b>V Application of funds</b>	<b>Rs. in '000s</b>
Net Fixed Assets	170,499
Investments	2,235,718
Net Current Assets	1,373,033
Miscellaneous Expenditure	0
Accumulated Loss	3,154
<b>VI Performance of Company</b>	<b>Rs. in '000s</b>
Turnover	2,997,518
Total Expenditure	2,826,226
Profit / (Loss) before Tax	171,292
Profit / (Loss) after Tax	96,286
Accumulated Profits	121
Earnings per Share	0.88
Dividend Rate (%)	0
<b>VII Generic Names of Principal Products / Services of Company</b>	
Item code no (ITC code)	-
Product description	General Insurance Business

**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.

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

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

Place : Pune  
Date : 7th May 2003

## Bajaj Allianz General Insurance Company Limited

IRDA Registration No. 113 dated 2nd May, 2001

### ► Related Party Discount under AS 18 of ICAI for the year ended 31 March 2003

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

Related party	Relationship	Amount Rs.	Nature of transaction	Balance Outstanding as on 31st March 2003
1 Bajaj Auto Ltd	Holding Company	3,250,000 4,903,740 18,534,522 6,266	Deputation for CFO Rent for premises hired Insurance Premia received Other transactions	- - - -
2 Allianz AG, Germany	Joint Venture Promoter	25,573,178 1,278,659 18,830 11,903,089 13,901,126	Reinsurance premium paid/payable Commission on reinsurance received/receivable Claims recovery on reinsurance Development & training fees for Opus Licence fees for Opus	(495,897) - - 7,866,383 7,917,782
3 Allianz Bajaj Life Insurance Co Ltd	Fellow Subsidiary	32,328,355 13,435,021 465,424 314,825	Revenue & Capital expenditure incurred by Allianz Bajaj Life Insurance Co. Ltd on behalf of Bajaj Allianz. Revenue & Capital expenditure incurred on behalf of Allianz Bajaj Life Insurance Co. Ltd. Insurance Premium paid to Allianz Bajaj Insurance Premium from Allianz Bajaj	- 371,582 - (56,217)
4 Allianz AG India Liaison Office	Representative office of Allianz AG (Promoter)	100,000 406,242	Amounts received from Allianz AG for payments Payment by us on behalf of Allianz AG ILO	- -
5 Allianz AG Reinsurance, branch Asia Pacific	Associate company	321,520,320 91,335,640 28,073,831	Reinsurance premium paid/payable Commission on reinsurance received/receivable Claims recovery on reinsurance	(32,202,179) - -
6 Allianz France	Associate company	3,754,797 938,699	Reinsurance premium paid/payable Commission on reinsurance received/receivable	(76, 335)
7 Euler Trade Indemnity	Associate company	16,444,483 1,012,044 3,946,634	Reinsurance premium paid/payable Commission on reinsurance received/receivable Claims recovery on reinsurance	(238,662)
8 Bajaj Hindustan Ltd	Group company	11,363	Insurance Premia received	-
9 Bajaj Electricals Ltd	Group company	3,723,856	Insurance Premia received	-
10 Mukand Engineers Ltd	Group company	427,728 510,246	Insurance Premia received Risk Inspection fees paid	- -
11 Mukand Ltd	Group company	8,339,788	Insurance Premia received	-
12 Bajaj Auto Finance Ltd	Associate Company	43,034,602 160,367	Service Charges for Insurance business Insurance Premia received	5,314,283 -
13 Sam Ghosh	CEO	4,796,514	Remuneration for the year 2002-03	3,369,463
14 Munich Re ( Misc Treaty)	Associate company	1,819,622 588,694	Reinsurance premium paid/payable Commission on reinsurance received/receivable	(1,230,925)