



Power Projects



Petrochemical Refineries



Health Insurance



Bridges



# Sixth Annual Report 2005 - 2006

Bajaj Allianz General Insurance

**BAJAJ | Allianz** 

## FINANCIAL HIGHLIGHTS

Rupees (Mn)

Particulars	2005-06	2004-05	2003-04	2002-03
<b>Gross Written Premium</b>	<b>12,846</b>	<b>8,561</b>	<b>4,798</b>	<b>2,998</b>
Net Written Premium	6,987	4,793	2,864	1,808
<b>Net Earned Premium</b>	<b>5,864</b>	<b>3,709</b>	<b>2,306</b>	<b>1,541</b>
Net Incurred Claims	(4,100)	(2,263)	(1,506)	(1,040)
Net Commission	622	419	231	155
Management Expenses and Provisions	(2,156)	(1,456)	(1,020)	(690)
<b>Underwriting Results</b>	<b>230</b>	<b>409</b>	<b>11</b>	<b>(33)</b>
Income from Investments	520	389	285	207
Others	68	(29)	22	(3)
<b>Profit before tax</b>	<b>818</b>	<b>770</b>	<b>318</b>	<b>171</b>
Provision for Tax	(302)	(299)	(101)	75
<b>Profit after Tax</b>	<b>516</b>	<b>471</b>	<b>217</b>	<b>96</b>
Claims Ratio	70%	61%	65%	67%
Commission Ratio	(11%)	(11%)	(10%)	(10%)
Management Expenses Ratio	37%	40%	43%	45%
Combined Ratio	96%	90%	99%	102%
Return on Equity	23%	34%	20%	10%
Shareholder's Equity	2,767	1,824	1,380	1,091
Assets Under Management	7,580	5,835	3,486	2,236
Number of Employees	1,992	924	480	306

## BOARD OF DIRECTORS

**RAHUL BAJAJ** Chairman  
Also Chairman, Bajaj Auto Ltd.

**NIRAJ BAJAJ**  
Also M. D., Mukand Ltd.

**SANJIV BAJAJ**  
Also Executive Director, Bajaj Auto Ltd.

**RANJIT GUPTA**  
Also VP(Insurance), Bajaj Auto Ltd.

**DR. WERNER ZEDELIUS**  
Also Member of the Board of Management,  
Growth Market, Allianz AG

**HEINZ DOLLBERG**  
Also Executive VP,  
Asia Pacific Division, Allianz AG

**DON NGUYEN**  
Also Sr VP, Head of Property and  
Casualty Division, Allianz Asia Pacific

**BRUCE BROWERS**  
Also CEO, Allianz Insurance Management  
Asia Pacific Pte. Ltd. Alternate Director

**DIPAK PODDAR**  
Also M. D., Bajaj Auto Finance Ltd.

**SANJAY K. ASHER**  
Also Partner, Crawford Bayley & Co.

**SURAJ L. MEHTA**  
Former CEO, Nabil Bank Ltd.

## MANAGEMENT

**KAMESH GOYAL**  
CEO

**SWARAJ KRISHNAN**  
General Manager

**ROOPA ABRAHAM**  
Head - HR

**DEEPAK SOOD**  
Head - Business Development

**S.SREENIVASAN**  
CFO

**K. G. KRISHNAMURTHY RAO**  
Head - Underwriting

**A. V. SINGH**  
National Co-ordinator -  
Corporate Marketing

**TAPAN SINGHEL**  
Zonal Manager - East & Delhi

**PRAVEEN GUPTA**  
General Manager

**V. PHILIP**  
CIO & Head - Direct Marketing

**ATANU SINGH MUKHERJEE**  
National Head - Retail &  
Institutional Relationship

**EASWARA NARAYANAN**  
Zonal Manager - South & Mumbai

## AUDITORS

BSR & Co.

S R BATLIBOI & Co.

## BANKERS

STANDARD CHARTERED BANK

CITIBANK

DEUTSCHE BANK

HDFC BANK

## MESSAGE FROM THE CEO



Dear friends,

The last five years of starting this greenfield venture was something that we will always cherish for the great learning experience that it offered. Initially the challenge was to put the infrastructure in place, recruit a team, develop systems and simultaneously generate business. After the initial two years, our emphasis has been on improving service levels, refining MIS, increasing our network of offices and also underwriting large infrastructure projects and risks.

The year 05-06 was in many ways a defining year. All the companies were aggressively looking at increasing market share leading to massive resource poaching and the floods caused the biggest economic catastrophe the country has ever faced. In addition to this, we had to manage the expectations of the shareholders and live up to our own high growth rate in revenue and profitability of the previous. In all probability, the year was the toughest year we faced but the end result is something that we are proud of.

Some of our key performance indicators are:

1. Our premium income grew by 50% to Rs.1285 crore and our profit after tax grew by 10% over the previous

year to Rs.52 crore.

2. The underwriting profit was Rs. 23 crore, which is the highest in the industry.
3. Our company was awarded the highest rating of 'iAAA' for our claims paying ability by ICRA Ltd. (an associate of Moody's Investor Service).
4. This year, we issued nearly 4 million policies and settled over 2 Lac claims, which in turn represents a significant proportion of the policies issued and claims settled.
5. Our company received the No.2 ranking among insurance companies in the Businessworld survey 2006 for India's Most Respected Companies.

I thank all our clients, business partners, reinsurers and employees for their support and look forward to offering our services to you.

Warm regards

Kamesh Goyal

## Ratios for the year ended 31st March

Particulars	2006	2005
Growth in Gross Written Premium	50%	78%
Growth in Net Earned Premium	58%	61%
PBT/Shareholders' Equity	30%	42%
Reserves/Share Capital	151%	66%
Return on Average Equity	24%	29%
Retention	55%	56%
Claims Ratio	70%	61%
Liquid Assets/Net Outstanding Claims	39%	142%
Insurance Reserves/NEP	108%	109%
Shareholders' Equity /NEP	47%	49%

IRDA Registration No 113. dated 2nd May, 2001

## OUR PRODUCTS AND SERVICES

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

## A RANGE OF CORPORATE AND RETAIL PRODUCTS

### Tarrif Products

- Fire (including Consequential Loss)
- Industrial All Risk
- Motor (includes private cars, two wheelers and commercial vehicles)
- Workmen's Compensation
- Engineering-Operational (includes Contractor's Plant and Machinery, Electronic Equipment, Loss of Profits, Boiler Explosion, Machinery Breakdown, Deterioration of Stocks)
- Engineering-Projects (includes EAR, CAR and ALOP)



- Burglary
- Cash
- Plate Glass
- Householders
- Shopkeepers
- Fidelity Guarantee
- Office Package
- Motor Dealer's Package
- Marine Cargo
- Marine Hull
- Public Liability Act
- Public Liability
- Product Liability
- Composite Public and Product Liability
- Professional Indemnity
- Farmer's Package
- Cattle Insurance
- Event Insurance
- Wedding Cancellation / Postponement
- Credit Insurance
- Film Insurance

### Non - Tarrif Products

- Health
  - Personal Guard
  - Hospital Cash
  - Health Guard
  - Critical Illness
  - Silver Health
  - E - opinion
- Overseas Travel
- Aviation
- Tea Crop Insurance





## DIRECTOR'S REPORT



The Directors have pleasure in presenting the Sixth Annual Report and Audited Statements of Accounts for the year 2005-06.

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

The general insurance industry has been maintaining its consistent growth rate of 15% - 16% over the last few years. In the year 2005-06 also, the industry grew by 16.24 percent and the Gross premium income has risen to Rs.210 Bn. from Rs.181 Bn in the previous year. The Private sector companies however registered a growth of 52.54% increasing their share to Rs.54 Bn compared to Rs.35 Bn in 2004-05. Bajaj Allianz General Insurance ('the Company') grew by 50 percent and maintained its second position among the private sector companies, with a market share of 23.7% among the private sector and an overall market share of 6.32%.

### 2. SUMMARY OF OPERATIONS FOR THE YEAR

#### VOLUME OF BUSINESS, MARKET POSITIONING ETC.

The Company was successful in writing a gross premium of Rs.12846 Mn. in the year compared to Rs.8561 Mn. in the previous year, an increase of 50%. The net premium income for the year was Rs.6987 Mn. compared to Rs.4793 Mn. in the previous year, an increase of 46%. The total incurred claims for the current year including the provisions for Incurred But Not Reported claims (IBNR) stood at Rs.4100 Mn. as against Rs.2263 Mn. in the previous year.

#### PRODUCTS

The Company underwrites all major tariff and conventional non-tariff products generally sold in the Indian market. An innovative product called 'e-opinion' has been launched in association with US based Worldcare Inc. This product aims at making available second medical opinion for critical cases from renowned US hospitals thus enhancing the medical advice available to the insuring population. Other health products like 'Silver Health' for senior citizens and the Critical illness cover for women were also introduced during the year. The Company also introduced a Credit Insurance product in association with Euler Hermes, Germany.

#### REGIONAL AND BRANCH OFFICE NETWORK

Geographical spread is crucial for increasing retail business, a segment that is absolutely necessary for maintaining our growth. In keeping with this objective, the Company is in the process of expanding its operations through Satellite offices in various towns. To deal with increase in business volumes and to accommodate new employees, some of the existing offices were shifted to more spacious premises. The total number of offices in the country now has gone up to over 50 comprising Regional offices, Branch offices and Satellite offices. All these

offices are operational and fully networked with the Head Office over a wide area network.

#### DISTRIBUTION CHANNELS

According to our strategy of having multi distribution channels, development of Bancassurance and Agency channels was a priority this year. The Company has built relationships with several cooperative banks at local levels to service their customers for their insurance needs. The existing relationships with leading banks like IDBI Bank, United Bank of India and UTI Bank was strengthened and further two major banks, Yes Bank and Deutsche Bank were introduced during the year.

Agency channel, an important arm of the distribution channel, also grew with over 5000 active multiline agents, operating across the country and contributing to about one third of the GWP.

The company has also been actively working with leading Brokers and the channel has started contributing to overall business with increasing activity from retail brokers.

To tap the emerging internet user population, the Company's "online selling" of many of its retail products has started yielding results. The potential of this medium is yet to be exploited fully and eventually this would help in reaching out to the growing customer base in this segment.

#### CUSTOMER SERVICE

The importance of customer service cannot be over emphasised in a service industry like ours. The Company has taken several initiatives to improve the quality of customer service.

To demonstrate transparency in business, our newsletter-Newstrack, which turned quarterly from September onwards, has two pages dedicated to revealing the overall status of claim settlement. The year witnessed catastrophic events in the form of the earthquake in Jammu and Kashmir and the floods in Mumbai and various other parts of the Country. The Company settled a large number of claims arising out of these events within a short span of time and the customers appreciated the service levels achieved.

#### CAPITAL

In order to chart our future growth in an increasingly competitive market, the Company increased its capital base by injecting a capital of Rs.367 Mn. With this increase, the total amount introduced by the promoters in the Company stands at Rs.1467 Mn.

#### CREDIT RATING

The Company has carried out credit rating of its claim paying ability through ICRA Ltd. and the Directors are happy to announce that the Agency has given a "iAAA" rating to the Company which indicates the highest claims paying ability and a fundamentally strong position.

#### IRDA REGISTRATION

The Certificate of Registration from the Insurance Regulatory and Development Authority dated 02 May 2001 was renewed for the year 2006-07.

#### REINSURANCE

The reinsurance treaty programme of the Company has been renewed for the period 01 April 2006 to 31 March 2007 for the proportional and non-proportional reinsurance. SOMPO Japan

IRDA Registration No 113. dated 2nd May, 2001

and SING RE were replaced with SWISS RE and SCOR. Allianz continues to lead the programme with a share of 30% on the proportional treaties.

Company has moved Marine business from a proportional treaty structure to a XOL treaty with a view to increasing capacity particularly for the Marine Hull business.

To cater to projected growth in business involving increased level of exposures, our Cat XL protection has been doubled. While rates for the current year have increased on account of the recovery made last year due to the floods and the hardening market situation, considering the increased capacity and additional reinstatements inbuilt into the cover, we have managed to contain the total outlay within reasonable limits.

### 3. FINANCIAL RESULTS

The Directors are pleased to inform that the Company has earned a net profit after tax of Rs.515.69 Mn. for the year ended 31 March 2006 against a net profit of Rs.470.92 Mn. for the year ended 31 March 2005, which is an increase of 10%. Since the Company is in its early years and has to consolidate its reserves, the Directors do not recommend any dividend to the shareholders.

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

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

### 5. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Earnings in foreign currency

Rs.825,927,832

Expenditure in foreign currency

Rs.130,010,746

### 6. PARTICULARS OF EMPLOYEES

The employee strength of the Company has gone up from 924 as on 31 March 2005 to 1992 as on 31st March 2006. With a view to continually upgrading staff skills through training, the Company introduced an Accelerated Development Program (ADP) for top performers among the middle management staff and a Junior Management Programme (JUMP) for the executive staff. A new Talent Management System, designed to track performance and potential of staff for development purposes, was launched during the course of performance appraisals for the year.

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

### 7. DIRECTORS

Mr. Suraj Mehta and Mr. Sanjay Asher, Directors, retire by rotation and being eligible, offer themselves for reappointment.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of sub-section 2AA of

Section 217 of the Companies Act, 1956, the Board of Directors wish to confirm the following:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures (if any);
- ii) That such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31 March 2006 and of the profit and loss of the Company for the year ended on that date;
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv) That the annual accounts have been prepared on a going concern basis.

### 9. AUDIT COMMITTEE

The Audit Committee of the Board of Directors constituted in accordance with the provisions of Section 292A of the Companies Act, 1956, held meetings on 6th May 2005 and 15th December 2005 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 & Co and M/s. Batliboi & Co, Chartered Accountants as joint statutory auditors of the Company in the last Annual General meeting. They hold office up to the conclusion of the sixth Annual General meeting of the Company.

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

### 11. APPRECIATION

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

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

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

For and on behalf of the Board of Directors of  
Bajaj Allianz General Insurance



RAHUL BAJAJ Chairman  
Pune (5 May 2006)

## AUDITOR'S REPORT

We have audited the attached Balance Sheet of Bajaj Allianz General Insurance ('the Company') as at 31 March 2006, the Revenue accounts of Motor, Fire, Marine and Miscellaneous Insurance (collectively known as the 'Revenue accounts'), the Profit and Loss account and the Receipts and Payments account, for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

We report that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
- In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;
- As the Company's accounting system is centralized, no returns for the purposes of our audit are prepared at the branches and other offices;
- The Balance Sheet, the Revenue accounts, Profit and Loss account and the Receipts and Payments account referred to in this report are in agreement with the books of account;
- The actuarial valuation of liabilities in respect of claims Incurred But Not Reported ('IBNR') and those Incurred But Not Enough Reported ('IBNER') at 31 March 2006 has been duly certified by the appointed actuary. The appointed actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDA and the Actuarial Society of India in concurrence with the IRDA. We have relied upon the appointed actuary's certificate in this regard; and
- On the basis of the written representations received from the directors, as at 31 March 2006 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2006 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

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

- Investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders / directions issued by IRDA in this behalf;

- The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders / directions issued by IRDA in this behalf;
- The Balance Sheet, the Revenue accounts, the Profit and Loss account and the Receipts and Payment account referred to in this report are in compliance with the accounting standards referred to under sub section 3C of section 211 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by IRDA;
- The Balance Sheet, Revenue accounts, Profit and Loss account and Receipts and Payments account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Act to the extent applicable, and in a manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
  - in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2006;
  - in the case of the Revenue Accounts, of the surplus/deficit, as the case maybe, for the year ended on that date;
  - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

- We have reviewed the management report and there are no apparent mistakes or material inconsistencies with the financial statements; and
- Based on the information and explanations received during the course of our audit, management representations by officers of the Company charged with compliance and compliance certificates noted by the audit committee, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration except that the Company has maintained solvency margin lower than that stipulated by Insurance Regulatory and Development Authority ('IRDA'), as detailed in Note number 14 of Schedule 16 of the financial statements.

**For BSR & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership Number: 46768

Place: Mumbai  
5 May 2006

**For S R Batliboi & Co.**  
Chartered Accountants

**Hemal Shah**  
Partner  
Membership Number: 42650

IRDA Registration No 113. dated 2nd May, 2001

## MANAGEMENT REPORT

With respect to the operations of the Bajaj Allianz General Insurance for the year ended 31 March, 2006 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 2006 - 2007.

2) We certify that all dues payable to the statutory authorities have been duly paid except where the company has preferred an appeal.

3) There was no transfer of shares during the year and the shareholding pattern is in accordance with the statutory and regulatory requirements.

4) The management has not invested any funds of holders of policies in India, directly or indirectly outside India.

5) The required solvency margins under the Insurance Act, 1938 have been maintained. However the solvency margin calculated as per revised IRDA circular dated 31st March 2006, as on that date is 1.10 times the required solvency margin under the Insurance Act, 1938, as against the working solvency margin of 1.50 times required to be maintained as per the condition stipulated by IRDA in their letter dated 26th February 2001 relating to the registration of the Company. During the year the Company was exposed to claims due to Catastrophes arising out of floods in Mumbai and other parts of the Country and the earthquake in Jammu & Kashmir. These claims are sufficiently covered and recovered under the Catastrophe Reinsurance programme, which is not considered for the solvency margin calculations.

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 shown in the aggregate at amounts not exceeding their realizable or market value under the headings "Loans", "Investments other than debt securities", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts".

Market value of fixed income investments made in debt securities which are valued at amortised cost as per IRDA regulations, is lower than their carrying amount by Rs 78075 thousands in aggregate as at March 31, 2006

7) The Company is exposed to a variety of risks associated with its insurance business and the investment portfolio. The Company maintains a diversified portfolio of business across various lines of business and between personal and commercial lines of business.

As a general insurer, the Company is exposed to catastrophe risk, which is mitigated by having a separate treaty for catastrophe risks, which limits the Company's risk to any single event. The limits of the treaty are set based on accumulation of risk by location and category and after considering the expected frequency of such events. The reinsurance treaties have been filed with IRDA.

The Company has an offsite disaster recovery centre for its data back ups.

The Company has a separate internal audit team which audits the operations at its offices.

The investment portfolio is also diversified within limits set under the IRDA regulations.

8) The Company does not have insurance operations in any other country with any exposure risk or country risk.

9) The Company has completed about 5 years of operations and from the experience this far it can be stated that the average time taken for settlement of claims is approximately 4 to 6 weeks from the date of receipt of intimation for all classes of business except Health business where the present time taken for settlement is about 7 days, travel related claims emanating out of USA again take approx 60 days to fructify due to a lag in receipt of bills from the hospitals or service providers.

Motor Third party claims which have to be settled through the MACT and other judicial bodies take a longer time and at times therefore stretch beyond one year

We also note that coinsurance inward claims settlement time is approx 90 days for almost all lines of business since we need await the final confirmations from the leaders

The floods in most parts of the country last year also adversely affected our claims settlement time, as on date we have 137 claims still pending finalization from the total of 4200 claims intimated. Essentially reinstatements of properties are not taking place as fast as expected leading to delays in finalization

10) We certify that the values, as shown in the Balance Sheet, of the investments which consists of fixed income securities, equity shares and mutual fund units that have been valued as per accounting policies prescribed by IRDA. Market values have been ascertained for equities on the basis of lower of the closing prices as on the balance sheet date on The National Stock Exchange of India Ltd. and the Bombay Stock Exchange. For fixed income securities the market value is based on procedure issued by Fixed Income and Money Market and Derivative Dealers Association (FIMMDA). The investments in the Mutual Funds are valued at the Net Asset Values (NAV) of these Mutual funds as on the Balance Sheet date.

11) The Company has invested mainly in approved Government securities and AAA or AA+ rated bonds. The primary aim while investing is to generate adequate return while minimizing risk. The emphasis is also on the liquidity of investments to ensure that the Company meets all outgoings related to Claims and other operations. While most of the investments are in fixed income securities in the form of Government of India securities or Corporate Bonds with strong credit rating, a small portion is also invested in Equity shares. None of the fixed income investments have had any delays in servicing of interest or principal amounts. Based on the past track record, the Management is confident of the quality and performance of the investments.



12) The Management of Bajaj Allianz General Insurance certifies that:

- a) The financial statements of Bajaj Allianz General Insurance 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the operating profit and of the profit of the Company for the year;
- c) The management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) and Companies Act, 1956 (1 of 1956), for safeguarding the assets of the Company and for preventing and detecting fraud and other

irregularities;

- d) The financial statements have been prepared on a going concern basis;
- e) The management has set up an internal audit system commensurate with the size and nature of the business and the same was operational throughout the year.

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

Rent & deposit for premises on lease from Bajaj Auto Ltd.	Rs. 12,023,760/-
Other services - Bajaj Auto Ltd.	Rs. 1,513,654/-
Hind Musafir Agency Ltd.	Rs. 143,796/-

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Sanjiv Bajaj**  
Director

**Ranjit Gupta**  
Director

**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director

**Don Nguyen**  
Director

**Kamesh Goyal**  
Chief Executive Officer

**S.Venkatesh**  
Company Secretary

Place: Pune  
Date : 5 May 2006

IRDA Registration No 113. dated 2nd May, 2001

## Revenue accounts for the year ended 31st March

Rupees ('000)

<b>Motor Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>2006</b>	<b>2005</b>
Premiums earned - (Net)	1	3,362,318	2,106,653
Profit on sale/redemption of Investments (Net)		16,096	21,896
Other income - miscellaneous income		—	—
Provisions no longer required written back		—	76
Amortisation of discount		25,820	22,606
Interest, dividend & Rent- Gross		122,024	72,453
<b>Sub Total</b>		<b>163,940</b>	<b>117,031</b>
<b>Total (A)</b>		<b>3,526,258</b>	<b>2,223,684</b>
Claims incurred (Net)	2	2,076,332	1,195,214
Contribution to Solatium Fund (Refer schedule 16 Note 1.18,12)		(69,938)	34,600
Commission	3	176,498	138,938
Operating expenses related to insurance business	4	889,891	633,515
<b>Total (B)</b>		<b>3,072,783</b>	<b>2,002,267</b>
<b>OPERATING PROFIT/(LOSS) from Motor Insurance Business(C)=(A)-(B)</b>		<b>453,475</b>	<b>221,417</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		453,475	221,417
Transfer to Catastrophe Reserve		—	—
Transfer to Other Reserves ( to be specified )		—	—
<b>Total (C)</b>		<b>453,475</b>	<b>221,417</b>
<b>Significant accounting policies and notes to financial statements</b>	<b>16</b>		

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

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

As per our report of even date attached

**For S R Batliboi & Co.**  
Chartered Accountants

**For BSR & Co.**  
Chartered Accountants

**Hemal Shah**  
Partner  
Membership No 42650

**Akeel Master**  
Partner  
Membership No 46768

## Revenue accounts for the year ended 31st March

Rupees ('000)

Fire Insurance Business			
Particulars	Schedule	2006	2005
Premiums earned (Net)	1	739,934	526,447
Profit on sale/redemption of Investments (Net)		10,541	13,761
Other income - miscellaneous income		4,412	3,476
Provisions no longer required written back		—	48
Amortisation of discount		16,907	14,207
Interest, dividend & Rent- Gross		79,909	45,534
<b>Sub Total</b>		<b>111,769</b>	<b>77,026</b>
<b>Total (A)</b>		<b>851,703</b>	<b>603,473</b>
Claims incurred (Net)	2	576,907	254,638
Commission	3	(669,027)	(478,883)
Change in premium deficiency		—	—
Operating expenses related to insurance business	4	474,698	355,328
<b>Total (B)</b>		<b>382,578</b>	<b>131,083</b>
<b>OPERATING PROFIT/(LOSS) from Fire Insurance Business(C)=(A)-(B)</b>		<b>469,125</b>	<b>472,390</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		469,125	472,390
Transfer to Catastrophe Reserve		—	—
Transfer to Other Reserves ( to be specified )		—	—
<b>Total (C)</b>		<b>469,125</b>	<b>472,390</b>
<b>Significant accounting policies and notes to financial statements</b>	<b>16</b>		

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

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

As per our report of even date attached

**For S R Batliboi & Co.**  
Chartered Accountants

**Hemal Shah**  
Partner  
Membership No 42650

**For BSR & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No 46768

IRDA Registration No 113. dated 2nd May, 2001

## Revenue accounts for the year ended 31st March

Rupees ('000)

Marine Business			
Particulars	Schedule	2006	2005
Premiums earned - (Net)	1	219,576	158,643
Profit on sale/redemption of Investments (Net)		1,630	2,820
Other income - miscellaneous income		3,053	3,127
Provisions no longer required written back		—	10
Amortisation of discount		2,614	2,911
Interest, dividend & Rent-Gross		12,354	9,329
<b>Sub Total</b>		<b>19,651</b>	<b>18,197</b>
<b>Total (A)</b>		<b>239,227</b>	<b>176,840</b>
Claims incurred (Net)	2	248,040	189,014
Commission	3	(25,891)	(16,592)
Change in Premium Deficiency		—	(4,350)
Operating expenses related to insurance business	4	75,633	64,292
<b>Total (B)</b>		<b>297,782</b>	<b>232,364</b>
<b>OPERATING PROFIT/(LOSS) from Marine Insurance Business(C)=(A)-(B)</b>		<b>(58,555)</b>	<b>(55,524)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(58,555)	(55,524)
Transfer to Catastrophe Reserve		—	—
Transfer to Other Reserves ( to be specified )		—	—
<b>Total (C)</b>		<b>(58,555)</b>	<b>(55,524)</b>
<b>Significant accounting policies and notes to financial statements</b>	<b>16</b>		

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

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

As per our report of even date attached

**For S R Batliboi & Co.**  
Chartered Accountants

**Hemal Shah**  
Partner  
Membership No 42650

**For BSR & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No 46768

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman  
**Sanjiv Bajaj**  
Director  
**Ranjit Gupta**  
Director  
**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director  
**Don Nguyen**  
Director  
**Kamesh Goyal**  
Chief Executive Officer  
**S.Venkatesh**  
Company Secretary

Place: Pune  
Date : 5 May 2006



## Revenue accounts for the year ended 31st March

Rupees ('000)

<b>Miscellaneous Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>2006</b>	<b>2005</b>
Premiums earned - (Net)	1	1,541,881	917,415
Profit on sale/redemption of Investments (Net)		9,897	14,933
Other income - miscellaneous income		1,768	1,107
Provisions no longer required written back		—	52
Amortisation of discount		15,876	15,037
Interest, dividend & Rent-Gross		75,030	49,792
<b>Sub Total</b>		<b>102,571</b>	<b>80,921</b>
<b>Total (A)</b>		<b>1,644,452</b>	<b>998,336</b>
Claims incurred (Net)	2	1,198,658	624,459
Commission	3	(103,733)	(62,896)
Change in Premium Deficiency		29,257	5,079
Operating expenses related to insurance business	4	716,076	403,552
<b>Total (B)</b>		<b>1,840,258</b>	<b>970,194</b>
<b>OPERATING PROFIT/(LOSS) from Miscellaneous Insurance Business(C)=(A)-(B)</b>		<b>(195,806)</b>	<b>28,142</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(195,806)	28,142
Transfer to Catastrophe Reserve		—	—
Transfer to Other Reserves ( to be specified )		—	—
<b>Total (C)</b>		<b>(195,806)</b>	<b>28,142</b>
<b>Significant accounting policies and notes to financial statements</b>	<b>16</b>		

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

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

As per our report of even date attached

**For S R Batliboi & Co.**  
Chartered Accountants

**Hemal Shah**  
Partner  
Membership No 42650

**For BSR & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No 46768

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman  
**Sanjiv Bajaj**  
Director  
**Ranjit Gupta**  
Director  
**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director  
**Don Nguyen**  
Director  
**Kamesh Goyal**  
Chief Executive Officer  
**S.Venkatesh**  
Company Secretary

Place: Pune  
Date : 5 May 2006

IRDA Registration No 113. dated 2nd May, 2001

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

Rupees ('000)

Particulars	2006	2005
Operating Profit/(Loss), as per Revenue Accounts of :-		
(a) Motor Insurance Business	453,475	221,417
(b) Fire Insurance Business	469,125	472,390
(c) Marine Insurance Business	(58,555)	(55,524)
(d) Miscellaneous Insurance Business	(195,806)	28,142
	<b>668,239</b>	<b>666,425</b>
(a) Interest, Dividends and Rent -Gross	98,061	67,225
(b) Amortisation of Discount/(Premium)	20,749	16,905
(c) Profit on sale/redemption of investments	16,557	25,458
Less:- (Loss on sale/redemption of investments)	(3,622)	(6,079)
	<b>131,745</b>	<b>103,509</b>
<b>Other Income - Miscellaneous Income</b>	<b>37,675</b>	<b>5,631</b>
<b>Total (A)</b>	<b>837,659</b>	<b>775,565</b>
<b>Provisions (Other than taxation)</b>		
(a) For diminution in the value of investments	—	—
(b) For doubtful debts	—	—
(c) Others (to be specified)	—	—
<b>Other Expenses</b>		
(a) Expenses other than those directly related to the insurance business	17,545	4,206
(b) Bad debts written off	—	—
(c) Preliminary Expenses written off	1,788	1,788
<b>Total (B)</b>	<b>19,333</b>	<b>5,994</b>
<b>Profit before tax</b>	<b>818,326</b>	<b>769,571</b>
<b>Provision for Taxation (Refer schedule 16 Note 1.19,19)</b>		
Current Tax	257,798	335,125
Fringe Benefit Tax	14,201	—
Deferred Tax expense/(income)	<u>30,638</u>	(36,470)
	302,637	298,655
<b>Profit after tax</b>	<b>515,689</b>	<b>470,916</b>
<b>Profit available for appropriation</b>	<b>515,689</b>	<b>470,916</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)	—	—
<b>Balance of Profit brought forward last year</b>	<b>687,931</b>	<b>217,015</b>
Balance carried to Balance Sheet	<b>1,203,620</b>	<b>687,931</b>
<b>Significant accounting policies and notes to financial statements</b>	<b>16</b>	
<b>Earning per Share: Basic (Refer Schedule 16 Note 1.22,18)</b>	<b>4.69</b>	<b>4.28</b>

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

### As per our report of even date attached

**For S R Batliboi & Co.**  
Chartered Accountants  
**Hemal Shah**  
Partner  
Membership No 42650

**For BSR & Co.**  
Chartered Accountants  
**Akeel Master**  
Partner  
Membership No 46768

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

**Rahul Bajaj**  
Chairman  
**Sanjiv Bajaj**  
Director  
**Ranjit Gupta**  
Director  
**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director  
**Don Nguyen**  
Director  
**Kamesh Goyal**  
Chief Executive Officer  
**S.Venkatesh**  
Company Secretary

Place: Pune  
Date : 5 May 2006

## Balance Sheet as at 31st March

Rupees ('000)

Particulars	Schedule	2006	2005
<b>Sources of funds</b>			
Share capital	5	1,100,500	1,098,212
Reserves and surplus	6	1,570,220	687,931
Fair value change account		96,651	38,024
Borrowings	7	—	—
<b>Total</b>		<b>2,767,371</b>	<b>1,824,167</b>
<b>APPLICATION OF FUNDS</b>			
Investments	8	7,580,193	5,835,527
Loans	9	—	—
<b>Fixed Assets</b>	10		
Gross block		707,409	539,308
Less:- Accumulated depreciation		363,389	235,587
Net block		344,020	303,721
Capital work in progress		8,948	3,157
		<b>352,968</b>	<b>306,878</b>
<b>Deferred Tax Asset (Refer schedule 16 Note 19)</b>		53,579	84,218
<b>Current Assets</b>			
Cash and bank balances	11	981,005	731,334
Advances and other assets	12	1,665,092	417,689
	Sub-Total (A)	2,646,097	1,149,023
<b>Current Liabilities</b>			
Provisions	13	4,081,074	2,821,292
	14	3,784,392	2,730,187
	Sub-Total (B)	7,865,466	5,551,479
<b>Net Current Assets (C) = (A - B)</b>		<b>(5,219,369)</b>	<b>(4,402,456)</b>
<b>Miscellaneous Expenditure ( to the extent not written off or adjusted )</b>	15	—	—
<b>Debit Balance in Profit and Loss Account</b>		—	—
<b>Total</b>		<b>2,767,371</b>	<b>1,824,167</b>
<b>Significant accounting policies and notes to financial statements</b>	<b>16</b>		

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

As per our report of even date attached

**For S R Batliboi & Co.**  
Chartered Accountants

**Hemal Shah**  
Partner  
Membership No 42650

**For BSR & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No 46768

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman  
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**Ranjit Gupta**  
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**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director  
**Don Nguyen**  
Director  
**Kamesh Goyal**  
Chief Executive Officer  
**S.Venkatesh**  
Company Secretary

Place: Pune  
Date : 5 May 2006

IRDA Registration No 113. dated 2nd May, 2001

Schedules 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, 2006

**SCHEDULE - 1 Premium Earned (Net) For the Year Ended 31st March**

Rupees ('000)

Particulars	2006						2005					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
<b>Premium from Direct Business written:</b>	<b>5,366,070</b>	<b>3,514,044</b>	<b>401,198</b>	<b>142,086</b>	<b>3,299,510</b>	<b>12,722,908</b>	<b>3,491,348</b>	<b>2,194,180</b>	<b>339,550</b>	<b>110,009</b>	<b>2,381,078</b>	<b>8,516,165</b>
Add: Premium on Reinsurance accepted	—	93,904	13,010	993	14,865	122,772	—	29,392	—	—	15,187	44,579
Less: Premium on reinsurance ceded	1,325,453	2,696,359	196,314	125,079	1,515,588	5,858,793	843,384	1,534,409	133,543	102,384	1,154,160	3,767,880
<b>Net Premium</b>	<b>4,040,617</b>	<b>911,589</b>	<b>217,894</b>	<b>18,000</b>	<b>1,798,787</b>	<b>6,986,887</b>	<b>2,647,964</b>	<b>689,163</b>	<b>206,007</b>	<b>7,625</b>	<b>1,242,105</b>	<b>4,792,864</b>
Adjustment for Change in Unexpired Risk Reserve												
Reserve created during the year	2,171,962	567,796	108,947	18,000	906,918	3,773,623	1,493,663	396,141	103,003	7,626	650,012	2,650,445
Less: Reserve created during the previous year	1,493,663	396,141	103,003	7,626	650,012	2,650,445	952,352	233,425	52,733	2,907	325,322	1,566,739
Change in the Unexpired Risk Reserve	678,299	171,655	5,944	10,374	256,906	1,123,178	541,311	162,716	50,270	4,719	324,690	1,083,706
<b>Total Premium Earned (Net)</b>	<b>3,362,318</b>	<b>739,934</b>	<b>211,950</b>	<b>7,626</b>	<b>1,541,881</b>	<b>5,863,709</b>	<b>2,106,653</b>	<b>526,447</b>	<b>155,737</b>	<b>2,906</b>	<b>917,415</b>	<b>3,709,158</b>
<b>Note :</b>												
<b>Premium Income earned from business concluded:</b>												
In India	3,362,318	739,934	211,950	7,626	1,541,881	5,863,709	2,106,653	526,447	155,737	2,906	917,415	3,709,158
Outside India	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Premium Earned (Net)</b>	<b>3,362,318</b>	<b>739,934</b>	<b>211,950</b>	<b>7,626</b>	<b>1,541,881</b>	<b>5,863,709</b>	<b>2,106,653</b>	<b>526,447</b>	<b>155,737</b>	<b>2,906</b>	<b>917,415</b>	<b>3,709,158</b>

\* Refer Schedule 1(a)

**SCHEDULE - 1(a) Premium Earned (Net) For the Year Ended 31st March**

Particulars	2006								2005							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
<b>Premium from Direct Business:</b>	<b>80,866</b>	<b>115,600</b>	<b>984,832</b>	<b>47,489</b>	<b>155,038</b>	<b>612,027</b>	<b>1,303,658</b>	<b>3,299,510</b>	<b>47,654</b>	<b>63,836</b>	<b>871,153</b>	<b>9,057</b>	<b>100,880</b>	<b>427,052</b>	<b>861,446</b>	<b>2,381,078</b>
Add: Premium on Reinsurance accepted	—	—	14,011	—	—	—	854	14,865	—	—	3,164	—	2,607	—	9,416	15,187
Less: Premium on reinsurance ceded	17,899	74,701	7,95,098	42,571	53,835	135,318	396,166	1,515,588	10,027	25,824	732,836	8,256	22,962	92,217	262,038	1,154,160
<b>Net Premium</b>	<b>62,967</b>	<b>40,899</b>	<b>203,745</b>	<b>4,918</b>	<b>101,203</b>	<b>476,709</b>	<b>908,346</b>	<b>1,798,787</b>	<b>37,627</b>	<b>38,012</b>	<b>141,481</b>	<b>801</b>	<b>80,525</b>	<b>334,835</b>	<b>608,824</b>	<b>1,242,105</b>
Adjustment for Change in Unexpired Risk Reserve																
Reserve created during the year	31,483	20,450	101,872	7,294	53,292	238,354	454,173	906,918	18,813	19,006	83,931	734	41,016	182,101	304,411	650,012
Less: Reserve created during the previous year	18,813	19,006	83,931	734	41,016	182,101	304,411	650,012	11,216	11,785	39,513	1,318	29,319	79,568	152,603	325,322
Change in the Unexpired Risk Reserve	12,670	1,444	17,941	6,560	12,276	56,253	149,762	256,906	7,597	7,221	44,418	(584)	11,697	102,533	151,808	324,690
<b>Total Premium Earned (Net)</b>	<b>50,297</b>	<b>39,455</b>	<b>185,804</b>	<b>(1,642)</b>	<b>88,927</b>	<b>420,456</b>	<b>758,584</b>	<b>1,541,881</b>	<b>30,030</b>	<b>30,791</b>	<b>97,063</b>	<b>1,385</b>	<b>68,828</b>	<b>232,302</b>	<b>457,016</b>	<b>917,415</b>
<b>Note :</b>																
<b>Premium Income earned from business concluded:</b>																
In India	50,297	39,455	185,804	(1,642)	88,927	420,456	758,584	1,541,881	30,030	30,791	97,063	1,385	68,828	232,302	457,016	917,415
Outside India	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Premium Earned (Net)</b>	<b>50,297</b>	<b>39,455</b>	<b>185,804</b>	<b>(1,642)</b>	<b>88,927</b>	<b>420,456</b>	<b>758,584</b>	<b>1,541,881</b>	<b>30,030</b>	<b>30,791</b>	<b>97,063</b>	<b>1,385</b>	<b>68,828</b>	<b>232,302</b>	<b>457,016</b>	<b>917,415</b>



IRDA Registration No 113. dated 2nd May, 2001

Schedules 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, 2006

**SCHEDULE - 2 Claims incurred (Net) For the Year Ended 31st March**

Rupees ('000)

Particulars	2006						2005					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Claims Paid												
Direct	2,148,604	3,094,723	885,872	25,479	1,341,361	7,496,039	1,314,197	487,806	216,397	23,084	642,489	2,683,973
Add: Reinsurance accepted	—	184	—	—	14	198	—	1,130	—	—	9	1,139
Less: reinsurance Ceded	614,281	2,761,510	673,442	16,935	480,389	4,546,557	357,692	288,026	82,521	19,945	189,352	937,536
Net Claims paid	1,534,323	333,397	212,430	8,544	860,986	2,949,680	956,505	200,910	133,876	3,139	453,146	1,747,576
Claims Outstanding (including IBNR)												
Add: Claims Outstanding at the close of the year (net of Re-insurance)	1,368,867	335,769	104,461	27,905	697,477	2,534,479	826,858	92,259	93,548	11,752	359,805	1,384,222
Less: Claims Outstanding at the beginning of the year (net of Re-insurance)	826,858	92,259	93,548	11,752	359,805	1,384,222	588,149	38,531	51,510	1,791	188,492	868,473
Change in Claims Outstanding	542,009	243,510	10,913	16,153	337,672	1,150,257	238,709	53,728	42,038	9,961	171,313	515,749
<b>Total Claims Incurred (Net)</b>	<b>2,076,332</b>	<b>576,907</b>	<b>223,343</b>	<b>24,697</b>	<b>1,198,658</b>	<b>4,099,937</b>	<b>1,195,214</b>	<b>254,638</b>	<b>175,914</b>	<b>13,100</b>	<b>624,459</b>	<b>2,263,325</b>
Claims incurred												
In India	2,076,332	576,907	223,343	24,697	1,198,658	4,099,937	1,195,214	254,638	175,914	13,100	624,459	2,263,325
Outside India	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Claims Incurred (Net)</b>	<b>2,076,332</b>	<b>576,907</b>	<b>223,343</b>	<b>24,697</b>	<b>1,198,658</b>	<b>4,099,937</b>	<b>1,195,214</b>	<b>254,638</b>	<b>175,914</b>	<b>13,100</b>	<b>624,459</b>	<b>2,263,325</b>

\* Refer Schedule 2(a)

**SCHEDULE - 2(a) Claims incurred (Net) For the Year Ended 31st March**

Particulars	2006								2005							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Claims Paid																
Direct	15,050	164	206,013	38	72,270	621,038	426,788	1,341,361	12,746	450	86,785	245	59,254	267,838	215,171	642,489
Add: Re-insurance accepted	—	—	14	—	—	—	—	14	—	—	9	—	—	—	—	9
Less: Re-insurance Ceded	3,010	33	157,479	8	21,992	124,474	173,393	480,389	2,544	90	51,538	209	12,372	53,851	68,748	189,352
Net Claims paid	12,040	131	48,548	30	50,278	496,564	253,395	860,986	10,202	360	35,256	36	46,882	213,987	146,423	453,146
Claims Outstanding (including IBNR)																
Add: Claims Outstanding at the close of the year (net of Re-insurance)	49,083	122,931	68,200	3,072	30,356	115,573	308,262	697,477	22,151	34,504	37,392	11,512	23,509	70,034	160,703	359,805
Less: Claims Outstanding at the beginning of the year (net of Re-insurance)	22,151	34,504	37,392	11,512	23,509	70,034	160,703	359,805	14,757	—	14,854	11,350	18,681	60,317	68,534	188,492
Change in Claims Outstanding	26,932	88,427	30,808	(8,440)	6,847	45,539	147,559	337,672	7,394	34,504	22,538	162	4,828	9,717	92,169	171,313
<b>Total Claims Incurred (Net)</b>	<b>38,972</b>	<b>88,558</b>	<b>79,356</b>	<b>(8,410)</b>	<b>57,125</b>	<b>542,103</b>	<b>400,954</b>	<b>1,198,658</b>	<b>17,596</b>	<b>34,864</b>	<b>57,794</b>	<b>198</b>	<b>51,710</b>	<b>223,704</b>	<b>238,592</b>	<b>624,459</b>
Claims incurred																
In India	38,972	88,558	79,356	(8,410)	57,125	542,103	400,954	1,198,658	17,596	34,864	57,794	198	51,710	223,704	238,592	624,459
Outside India	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Claims Incurred (Net)</b>	<b>38,972</b>	<b>88,558</b>	<b>79,356</b>	<b>(8,410)</b>	<b>57,125</b>	<b>542,103</b>	<b>400,954</b>	<b>1,198,658</b>	<b>17,596</b>	<b>34,864</b>	<b>57,794</b>	<b>198</b>	<b>51,710</b>	<b>223,704</b>	<b>238,592</b>	<b>624,459</b>

IRDA Registration No 113. dated 2nd May, 2001

Schedules 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, 2006

**SCHEDULE - 3 Commission expenses for the year ended 31st March**

Rupees ('000)

Particulars	2006						2005					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Commission paid direct	433,218	139,735	36,727	8,360	251,957	869,997	300,043	71,905	31,543	2,402	150,542	556,435
Total (A)	433,218	139,735	36,727	8,360	251,957	869,997	300,043	71,905	31,543	2,402	150,542	556,435
Add: Re-insurance accepted	—	6,086	59	95	1,405	7,645	—	3,046	—	—	495	3,541
Less: Commission on Re-insurance ceded	256,720	814,848	46,978	24,154	357,095	1,499,795	161,105	553,834	31,085	19,452	213,933	979,409
<b>Net Commission</b>	<b>176,498</b>	<b>(669,027)</b>	<b>(10,192)</b>	<b>(15,699)</b>	<b>(103,733)</b>	<b>(622,153)</b>	<b>138,938</b>	<b>(478,883)</b>	<b>458</b>	<b>(17,050)</b>	<b>(62,896)</b>	<b>(419,433)</b>
@ Break-up of the expenses ( gross ) incurred to procure business furnished as per details below												
Agents	244,199	50,252	14,498	238	140,830	450,017						284,168
Brokers	25,683	60,583	14,698	7,506	76,948	185,418						100,419
Corporate Agency	163,336	28,900	7,531	616	34,179	234,562						171,848
Referral	—	—	—	—	—	—						—
Others	—	—	—	—	—	—						—
<b>Total (B)</b>	<b>433,218</b>	<b>139,735</b>	<b>36,727</b>	<b>8,360</b>	<b>251,957</b>	<b>869,997</b>						<b>556,435</b>
Commission paid												
In India	176,498	(669,027)	(10,192)	(15,699)	(103,733)	(622,153)	138,938	(478,883)	458	(17,050)	(62,896)	(419,433)
Outside India	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Commission</b>	<b>176,498</b>	<b>(669,027)</b>	<b>(10,192)</b>	<b>(15,699)</b>	<b>(103,733)</b>	<b>(622,153)</b>	<b>138,938</b>	<b>(478,883)</b>	<b>458</b>	<b>(17,050)</b>	<b>(62,896)</b>	<b>(419,433)</b>

\* Refer Schedule 3(a)

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

Particulars	2006								2005							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Commission Paid direct	6,091	5,351	34,931	239	14,714	66,054	124,577	251,957	3,477	4,613	19,953	88	8,663	38,153	75,595	150,542
Total (A)	6,091	5,351	34,931	239	14,714	66,054	124,577	251,957	3,477	4,613	19,953	88	8,663	38,153	75,595	150,542
Add: Re-insurance accepted	—	—	1,405	—	—	—	—	1,405	—	—	219	—	183	—	93	495
Less: Commission on Re-insurance Ceded	3,390	7,853	225,328	1,045	13,601	30,655	75,223	357,095	1,945	5,315	121,487	806	5,535	22,208	56,637	213,933
<b>Net Commission</b>	<b>2,701</b>	<b>(2,502)</b>	<b>(188,992)</b>	<b>(806)</b>	<b>1,113</b>	<b>35,399</b>	<b>49,354</b>	<b>(103,733)</b>	<b>1,532</b>	<b>(702)</b>	<b>(101,315)</b>	<b>(718)</b>	<b>3,311</b>	<b>15,945</b>	<b>19,051</b>	<b>(62,896)</b>
@ Break-up of the expenses ( gross ) incurred to procure business furnished as per details below																
Agents	4,239	968	11,170	2	7,474	32,932	84,045	140,830								
Brokers	1,134	3,800	20,691	237	5,685	26,815	18,586	76,948								
Corporate Agency	718	583	3,070	—	1,555	6,307	21,946	34,179								
Referral	—	—	—	—	—	—	—	—								
Others	—	—	—	—	—	—	—	—								
<b>Total</b>	<b>6,091</b>	<b>5,351</b>	<b>34,931</b>	<b>239</b>	<b>14,714</b>	<b>66,054</b>	<b>1,24,577</b>	<b>251,957</b>								
Commission paid																
In India	2,701	(2,502)	(188,992)	(806)	1,113	35,399	49,354	(103,733)	1,532	(702)	(101,315)	(718)	3,311	15,945	19,051	(62,896)
Outside India	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Commission</b>	<b>2,701</b>	<b>(2,502)</b>	<b>(188,992)</b>	<b>(806)</b>	<b>1,113</b>	<b>35,399</b>	<b>49,354</b>	<b>(103,733)</b>	<b>1,532</b>	<b>(702)</b>	<b>(101,315)</b>	<b>(718)</b>	<b>3,311</b>	<b>15,945</b>	<b>19,051</b>	<b>(62,896)</b>

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

IRDA Registration No 113. dated 2nd May, 2001

Schedules 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, 2006

**SCHEDULE - 4 Operating Expenses related to Insurance Business for the year ended 31st March**

Rupees ('000)

Particulars	2006						2005					
	Motor	Fire	Marine		Misc*	Total	Motor	Fire	Marine		Misc*	Total
			Cargo	Others					Cargo	Others		
Employees' remuneration and Welfare benefits												
Salary allowances etc.	171,656	112,411	12,834	4,545	105,547	406,993	126,343	79,401	12,287	3,981	86,165	308,177
Contribution to Funds	10,568	6,921	790	280	6,498	25,057	7,538	4,737	733	238	5,142	18,388
Welfare Expenses	9,834	6,440	735	260	6,047	23,316	5,227	3,285	508	165	3,564	12,749
	<b>192,058</b>	<b>125,772</b>	<b>14,359</b>	<b>5,085</b>	<b>118,092</b>	<b>455,366</b>	<b>139,108</b>	<b>87,423</b>	<b>13,528</b>	<b>4,384</b>	<b>94,871</b>	<b>339,314</b>
Travel, Conveyance and Vehicle running expenses	22,891	14,991	1,712	606	14,074	54,274	17,339	10,897	1,686	546	11,825	42,293
Agent Training Expense	4,099	2,684	306	109	2,520	9,718	3,531	2,219	343	111	2,409	8,613
Rents, Rates and Taxes	32,752	21,448	2,449	867	20,140	77,656	19,816	12,453	1,927	625	13,514	48,335
Maintenance & Repairs	4,034	2,642	302	107	2,481	9,566	2,389	1,501	232	75	1,629	5,826
Printing and Stationery	26,084	2,538	1,553	9	21,692	51,876	22,676	2,410	1,618	18	11,393	38,115
Communication expenses	20,023	13,112	1,497	530	12,313	47,475	16,233	10,202	1,579	512	11,070	39,596
Information Technology expenses	36,801	3,582	2,190	13	30,606	73,192	35,991	3,825	2,568	29	18,083	60,496
Legal and Professional charges	4,438	2,907	332	117	2,728	10,522	3,800	2,388	370	120	2,592	9,270
Auditor's fees, expenses, etc.	—	—	—	—	—	—	—	—	—	—	—	—
(a) as auditors	633	413	47	17	390	1,500	615	386	60	19	420	1,500
(b) as advisor or in any other capacity in respect of:	—	—	—	—	—	—	—	—	—	—	—	—
(i) Taxation matters	116	76	9	3	70	274	—	—	—	—	—	—
(ii) Tax Audit	84	55	6	2	51	198	82	51	8	3	56	200
(iii) Management services	—	—	—	—	—	—	—	—	—	—	—	—
(c) In any other capacity	—	—	—	—	—	—	61	39	6	2	42	150
(d) Out of Pocket Expenses	474	310	35	13	291	1,123	526	332	51	17	358	1,284
	<b>152,429</b>	<b>64,758</b>	<b>10,438</b>	<b>2,393</b>	<b>107,356</b>	<b>337,374</b>	<b>123,059</b>	<b>46,703</b>	<b>10,448</b>	<b>2,077</b>	<b>73,391</b>	<b>255,678</b>
Advertisement and publicity	43,666	4,250	2,600	15	36,313	86,844	48,110	5,113	3,433	39	24,172	80,867
Interest and Bank Charges	8,533	5,588	638	226	5,249	20,234	3,238	2,035	315	102	2,208	7,898
Business Development and Promotion Expenses	33,537	170,046	5,958	1,822	84,586	295,949	20,585	136,059	2,775	1,910	39,065	200,394
Marketing and Support Services Expenses	361,964	35,228	21,552	123	301,010	719,877	217,750	23,140	15,536	178	109,403	366,007
Service Charges	101	—	1	—	171	273	2,456	77	—	—	13	2,546
Other Acquisition Costs	7,826	10,264	551	782	8,099	27,522	6,541	8,722	(58)	190	10,451	25,846
Others	—	—	—	—	—	—	—	—	—	—	—	—
Exchange (gain) /loss	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous Expenses	1,406	921	105	37	863	3,332	—	352	54	18	382	806
Loss on disposal of Assets	32,149	21,053	2,404	851	19,767	76,224	24,964	15,723	2,433	788	17,061	60,969
	79	52	6	2	47	186	1,019	641	99	32	695	2,486
	<b>489,261</b>	<b>247,402</b>	<b>33,815</b>	<b>3,858</b>	<b>456,105</b>	<b>1,230,441</b>	<b>324,663</b>	<b>191,862</b>	<b>24,587</b>	<b>3,257</b>	<b>203,450</b>	<b>747,819</b>
Depreciation	54,537	35,714	4,078	1,444	33,535	129,308	46,685	29,340	4,540	1,471	31,840	113,876
Provision for Doubtful Debts	1,606	1,052	120	43	988	3,809	—	—	—	—	—	—
<b>Total</b>	<b>889,891</b>	<b>474,698</b>	<b>62,810</b>	<b>12,823</b>	<b>716,076</b>	<b>2,156,298</b>	<b>633,515</b>	<b>355,328</b>	<b>53,103</b>	<b>11,189</b>	<b>403,552</b>	<b>1,456,687</b>

\* Refer Schedule 4(a)

IRDA Registration No 113. dated 2nd May, 2001

Schedules 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, 2006

**SCHEDULE - 4(a) Operating Expenses related to Insurance Business for the year ended 31st March**

Rupees ('000)

Particulars	2006								2005							
	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens Compensation Employers Liability	Public Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Employees' remuneration and Welfare benefits																
Salary allowances etc.	2,587	3,698	31,503	1,519	4,960	19,578	41,702	105,547	1,724	2,310	31,525	328	3,651	15,454	31,173	86,165
Contribution to Funds	159	228	1,940	93	305	1,205	2,568	6,498	103	138	1,881	20	218	922	1,860	5,142
Welfare Expenses	148	212	1,805	87	284	1,122	2,389	6,047	71	96	1,304	13	151	639	1,290	3,564
	<b>2,894</b>	<b>4,138</b>	<b>35,248</b>	<b>1,699</b>	<b>5,549</b>	<b>21,905</b>	<b>46,659</b>	<b>118,092</b>	<b>1,898</b>	<b>2,544</b>	<b>34,710</b>	<b>361</b>	<b>4,020</b>	<b>17,015</b>	<b>34,323</b>	<b>94,871</b>
Travel, Conveyance and Vehicle running expenses	344	493	4,201	203	661	2,611	5,561	14,074	237	317	4,326	45	501	2,121	4,278	11,825
Agent Training Expense	62	88	752	36	118	468	996	2,520	48	65	881	9	102	432	872	2,409
Rents, Rates and Taxes	494	706	6,011	290	946	3,736	7,957	20,140	270	362	4,944	52	573	2,424	4,889	13,514
Maintenance & Repairs	61	87	740	36	117	460	980	2,481	33	44	596	6	69	292	589	1,629
Printing and Stationery	81	12	93	1	546	1,049	19,910	21,692	74	15	139	1	565	988	9,611	11,393
Communication expenses	302	431	3,675	177	579	2,284	4,865	12,313	222	297	4,050	42	469	1,985	4,005	11,070
Information Technology expenses	114	17	131	1	770	1,481	28,092	30,606	118	23	220	2	897	1,568	15,255	18,083
Legal and Professional charges	67	96	814	39	128	506	1,078	2,728	52	69	948	10	110	465	938	2,592
Auditor's fees, expenses, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(a) as auditor	10	14	116	6	18	72	154	390	8	11	154	2	18	75	152	420
(b) as advisor or in any other capacity in respect of:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(i) Taxation matters	2	2	21	1	3	13	28	70	—	—	—	—	—	—	—	—
(ii) Tax Audit	1	2	15	1	2	10	20	51	1	1	21	—	2	10	21	56
(iii) Management services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(c) In any other capacity	—	—	—	—	—	—	—	—	1	1	15	—	2	8	15	42
(d) Out of Pocket Expenses	7	10	87	4	14	54	115	291	7	10	131	1	15	64	130	358
	<b>1,545</b>	<b>1,958</b>	<b>16,656</b>	<b>795</b>	<b>3,902</b>	<b>12,744</b>	<b>69,756</b>	<b>107,356</b>	<b>1,071</b>	<b>1,215</b>	<b>16,425</b>	<b>170</b>	<b>3,323</b>	<b>10,432</b>	<b>40,755</b>	<b>73,391</b>
Advertisement and publicity	136	20	155	1	913	1,757	33,331	36,313	157	31	294	3	1,199	2,096	20,392	24,172
Interest and Bank Charges	129	184	1,566	76	247	973	2,074	5,249	44	59	808	8	94	396	799	2,208
Business Development and Promotion Expenses	999	2,275	65,134	300	6,177	5,478	4,223	84,586	114	2,200	22,601	—	478	3,202	10,470	39,065
Marketing and Support Services Expenses	1,123	164	1,287	8	7,571	14,562	276,295	301,010	711	142	1,333	12	5,427	9,485	92,293	1,09,403
Service Charges	—	—	169	—	—	2	—	171	—	—	—	—	1	8	4	13
Other Acquisition Costs	26	261	2,979	342	38	352	4,101	8,099	33	183	2,632	—	56	516	7,031	10,451
Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exchange (gain) /loss	21	30	258	12	41	160	341	863	8	10	140	1	16	69	138	382
Miscellaneous Expenses	483	693	5,900	285	929	3,667	7,810	19,767	341	457	6,242	65	723	3,060	6,173	17,061
Loss on disposal of Assets	—	2	14	1	2	9	19	47	14	19	254	3	29	125	251	695
	<b>2,917</b>	<b>3,629</b>	<b>77,462</b>	<b>1,025</b>	<b>15,918</b>	<b>26,960</b>	<b>328,194</b>	<b>456,105</b>	<b>1,422</b>	<b>3,101</b>	<b>34,304</b>	<b>92</b>	<b>8,023</b>	<b>18,957</b>	<b>137,551</b>	<b>203,450</b>
Depreciation	822	1,175	10,009	483	1,576	6,220	13,250	33,535	637	854	11,649	121	1,349	5,710	11,520	31,840
Provision for Doubtful Debts	24	35	295	14	46	183	391	988	—	—	—	—	—	—	—	—
<b>Total</b>	<b>8,202</b>	<b>10,935</b>	<b>139,670</b>	<b>4,016</b>	<b>26,991</b>	<b>68,012</b>	<b>458,250</b>	<b>716,076</b>	<b>5,028</b>	<b>7,714</b>	<b>97,088</b>	<b>744</b>	<b>16,715</b>	<b>52,114</b>	<b>224,149</b>	<b>403,552</b>



IRDA Registration No 113. dated 2nd May, 2001

Schedules 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,2006

**SCHEDULE - 5 Share Capital as at 31st March**

Rupees ('000)

Particulars	2006	2005
<b>Authorised Capital</b>		
125,000,000 Equity Shares of Rs 10 each (Previous year 110,000,000 Equity Shares)	1,250,000	1,100,000
<b>Issued Capital</b>		
110,050,000 Equity Shares of Rs 10 each fully paid up (Previous year 110,000,000 Equity shares)	1,100,500	1,100,000
<b>Subscribed Capital</b>		
110,050,000 Equity Shares of Rs 10 each fully paid up (Previous year 110,000,000 Equity shares)	1,100,500	1,100,000
<b>Called-up Capital</b>		
110,050,000 Equity Shares of Rs 10 each fully paid up (Previous year 110,000,000 Equity shares)	1,100,500	1,100,000
Less: Calls unpaid	—	—
Add : Shares forfeited (Amount originally paidup)	—	—
Less : Par value of Equity Shares bought back	—	—
<b>Less: Preliminary Expenses to the extent not written off Expenses including commission or brokerage on underwriting or subscription of shares</b>	—	1,788
	—	—
	—	—
<b>Total</b>	<b>1,100,500</b>	<b>1,098,212</b>

**Notes: Of the above;**

- 1] 8,14,37,000 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 8,14,00,000 Equity Shares) of which 37,000 shares (Previous year Nil) each of Rs 10/- were issued and allotted at par during the year
- 2] 2,86,13,000 Equity Shares of Rs. 10/- each, constiuting 26% of the total Share Capital are held by Allianz AG (Previous Year 2,86,00,000 Equity Shares) of which 13,000 shares (Previous year Nil) of Rs 10/- each were issued and allotted at a premium of Rs 28,200/- per share during the year

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

Shareholder	2006		2005	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian ( Bajaj Auto Limited)	81,437,000	74%	81,400,000	74%
Foreign (Allianz AG)	28,613,000	26%	28,600,000	26%
Others	—	0%	—	0%
<b>Total</b>	<b>110,050,000</b>	<b>100%</b>	<b>110,000,000</b>	<b>100%</b>

Schedules 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, 2006

## SCHEDULE - 6 Reserves and Surplus

Rupees ('000)

Particulars	2006	2005
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	—	—
Opening balance	—	—
Share premium received during the year	366,600	—
General Reserves	—	—
Less: Debit balance in Profit and Loss Account, if any	—	—
Less: Amount utilised for Buy-back	—	—
Catastrophe Reserve	—	—
Other Reserves (to be specified)	—	—
Balance in Profit and Loss Account	1,203,620	687,931
<b>Total</b>	<b>1,570,220</b>	<b>687,931</b>

## SCHEDULE - 7 Borrowings as at 31st March

Rupees ('000)

Particulars	2006	2005
1. Debentures/Bonds	—	—
2. Banks	—	—
3. Financial Institutions	—	—
4. Others (to be specified)	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

Schedules 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,2006

## SCHEDULE -8 Investments as at 31st March

Rupees ('000)

Particulars	2006	2005
<b>Long Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	2,618,541	1,772,243
2 Other Approved Securities	—	—
3 Other Investments		
(a) Shares	—	—
(aa) Equity Shares	53,886	179,516
Fair Value Change Accretion/(Diminution)	76,097	32,220
	129,983	211,736
(bb) Preference Shares	—	—
(b) Mutual Funds	—	—
(c) Derivative Instruments	—	—
(d) Debenture/Bonds	1,456,071	967,652
(e) Other securities (to be specified)	—	—
(f) Subsidiaries	—	—
(g) Investment Properties-Real Estate	—	—
4 Investments in Infrastructure and Social Sector -bonds/debentures	1,107,170	1,069,126
5 Other than Approved Securities		
(a) Shares	4,696	7,085
Fair Value Change Accretion/(Diminution)	13,115	5,505
	17,811	12,590
(b) Debenture/Bonds	151,332	354,895
<b>Short Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	325,021	796,693
2 Other Approved Securities	—	—
3 Other Investments		
(a) Shares		
(aa) Equity Shares	82,039	—
Fair Value Change Accretion/(Diminution)	7,153	—
	89,192	—
(bb) Preference Shares	—	—
(b) Mutual Funds	—	—
(c) Derivative Instruments	—	—
(d) Debenture/Bonds	1,146,114	402,211
(e) Other securities (to be specified)	—	—
(f) Subsidiaries	—	—
(g) Investment Properties-Real Estate	—	—
4 Investments in Infrastructure and Social Sector bonds/debentures	503,631	187,840
5 Other than Approved Securities		
(a) Shares	—	—
(b) Mutual Funds	35,041	60,243
Fair Value Change Accretion/(Diminution)	286	298
	35,327	60,541
(c) Debenture/Bonds	—	—
<b>Total</b>	<b>7,580,193</b>	<b>5,835,527</b>
<b>Investments</b>		
In India	7,580,193	5,835,527
Outside India	—	—
<b>Total</b>	<b>7,580,193</b>	<b>5,835,527</b>

### NOTES:

- All the Investments are free of any Encumbrances other than investments under Section 7 of the Insurance Act.
- All the above investments are performing assets.
- Investments maturing within next 12 months are Rs . 1,974,765 thousand (Previous year Rs 1,386,744 thousand)
- Government of India Bonds aggregating Rs 121,332 thousand (Previous year Rs. 122,580 thousand ) have been deposited with The Reserve Bank of India under section 7 of the Insurance Act, 1938. (Also refer Schedule 16 Note No 13)
- Investment other than Equities and Derivative instruments  
Aggregate value of Investments as at March 31, 2006 Rs 7,343,207 thousand (Previous year Rs. 5,611,201 thousand)  
Market value as at March 31, 2006 Rs 7,265,132 thousand (Previous year Rs 5,665,823 thousand)
- Investment property Rs Nil (Previous year Rs Nil)
- Value of contracts in relation to investments where deliveries are pending Rs NIL (Previous year Rs Nil) and in respect of sale of investments where payments are overdue Rs Nil (Previous year Rs Nil).

Schedules 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, 2006

## SCHEDULE - 9 Loans as at 31st March

Rupees ('000)

Particulars	2006	2005
<b>1 SECURITY-WISE CLASSIFICATION</b>		
<b>Secured</b>		
a) On Mortgage of Property	—	—
(aa) In India		
(bb) Outside India		
b) On Shares, Bonds, Govt. Securities		
c) Others (to be specified)		
<b>Unsecured</b>	—	—
<b>Total</b>	—	—
<b>2 BORROWER-WISE CLASSIFICATION</b>		
a) Central and State Government		
b) Bank and Financial Institutions		
c) Subsidiaries		
d) Industrial Undertakings		
e) Others (to be specified)		
<b>Total</b>	—	—
<b>3 PERFORMANCE-WISE CLASSIFICATION</b>		
a) Loans classified as standard		
(aa) In India		
(bb) Outside India		
b) Non-performing loans less provisions		
(aa) In India		
(bb) Outside India		
<b>Total</b>	—	—
<b>4 MATURITY-WISE CLASSIFICATION</b>		
a) Short- Term		
b) Long- Term		
<b>Total</b>	—	—

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Schedules 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, 2006

**SCHEDULE - 10 Fixed Assets**

Rupees ('000)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1st April 2005	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March, 2006	As at 1st April, 2005	For the Year	Adjust/ Recoup On sale etc.	As at 31st March, 2006	As at 31st March, 2006	As at 31st March, 2005
Goodwill	—	—	—	—	—	—	—	—	—	—
Intangibles -Computer Softwares	47,398	17,428	—	64,826	27,088	11,351	—	38,439	26,387	20,309
Land-Freehold	—	—	—	—	—	—	—	—	—	—
Leasehold Improvements	100,039	30,732	—	130,771	48,730	18,209	—	66,939	63,832	51,309
Building	81,975	—	—	81,975	4,329	1,639	—	5,969	76,006	77,646
Furniture & fixtures	59,863	35,433	393	94,903	27,722	18,893	237	46,378	48,525	32,141
Information Technology Equipment	196,047	62,510	369	258,188	105,510	64,004	350	169,163	89,025	90,538
Vehicles	14,411	3,545	1,684	16,272	6,555	3,270	903	8,922	7,350	7,855
Office Equipment	39,575	20,915	16	60,474	15,653	11,942	16	27,579	32,895	23,923
Others (specify nature)	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>539,308</b>	<b>170,563</b>	<b>2,462</b>	<b>707,409</b>	<b>235,587</b>	<b>129,308</b>	<b>1,506</b>	<b>363,389</b>	<b>344,020</b>	<b>303,721</b>
Work-in-progress									8,948	3,157
<b>Grand Total</b>	<b>539,308</b>	<b>170,563</b>	<b>2,462</b>	<b>707,409</b>	<b>235,587</b>	<b>129,308</b>	<b>1,506</b>	<b>363,389</b>	<b>352,968</b>	<b>306,878</b>
PREVIOUS YEAR	414,325	142,297	17,313	539,308	128,732	113,876	7,020	235,587	303,721	—

**SCHEDULE - 11 Cash and Bank Balances as at 31st March, 2006**

Rupees ('000)

Particulars	2006	2005
<b>1a. Cash and Stamps on Hand</b>	<b>3,479</b>	<b>1,627</b>
<b>1b. Cheques on Hand</b>	<b>302,579</b>	<b>271,189</b>
<b>2. Bank Balances</b>		
(a) Deposit Accounts		
(aa) Short Term (due within 12 months)	392,439	291,937
(bb) Others		
(b) Current Accounts	269,995	164,581
(c) Others :- Margin Money Account	12,513	2,000
<b>3. Money at Call and Short Notice</b>		
(a) With Banks	—	—
(b) With other Institutions	—	—
<b>4. Others ( to be specified)</b>		
<b>Total</b>	<b>981,005</b>	<b>731,334</b>
<b>Balance with non-scheduled Banks included in (1b) and (2) above</b>	<b>203</b>	<b>20,116</b>
<b>Cash and Bank Balances</b>		
In India	980,802	711,218
Outside India	203	20,116
<b>Total</b>	<b>981,005</b>	<b>731,334</b>

Schedules 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, 2006

## SCHEDULE - 12 Advances and Other Assets as at 31st March, 2006

Rupees ('000)

Particulars		2006	2005
<b>Advances</b>			
Deposits with Ceding Companies		—	—
Application money for Investments		—	—
Prepayments		32,284	9,403
Advances to Directors / Officers		—	—
Advance Tax Paid and Taxes Deducted at Source (Net of provision for taxation)		14,459	—
<b>Others</b>			
Advance to employees		4,691	1,595
Advances recoverable in cash or in kind	45,656		16,269
less: Provision for doubtful advances	(1,107)		—
		44,549	17,864
Unutilised service tax Carried forward		35,760	20,300
<b>Total (A)</b>		<b>131,743</b>	<b>47,567</b>
<b>Other Assets</b>			
Income accrued on investments		1,83,071	150,521
Outstanding Premium		21,892	26,760
Agent's Balances	19,404		16,988
Less: Provision For Doubtful debts	(4,239)		(3,000)
		15,165	13,988
Foreign Agencies Balances		—	—
Due from other entities carrying on insurance business, including reinsurers (net)	1,258,814		138,337
Less: Provision for doubtful recoveries	(1,463)		—
		1,257,351	138,337
Due from Subsidiary/Holding Company		—	—
Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938 - Refer foot note 4 in Schedule 8]		100	100
Others			
Deposits		55,770	40,416
<b>Total (B)</b>		<b>1,533,349</b>	<b>370,122</b>
<b>Total (A + B)</b>		<b>1,665,092</b>	<b>417,689</b>



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Schedules 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, 2006

**SCHEDULE - 13 Current Liabilities as at 31st March**

Rupees ('000)

Particulars	2006	2005
Agent's Balances	72,509	42,030
Balances due to other insurance companies	239,532	415,493
Deposit held on re-insurance ceded	—	—
Premium Received in Advance	89,537	82,418
Unallocated Premium	462,191	259,923
Sundry creditors	490,971	340,178
Due to subsidiaries/holding company	—	—
Claims outstanding for		
i) More than Six Months	2,656,955	897,557
ii) Less than Six Months (including IBNR and IBNER)	3,445,513	1,543,764
(Refer Schedule 16 Note No 1.8 and Note No 5)		
	6,102,468	2,441,321
Claims recoverable from reinsurer (including IBNR and IBNER)	(3,567,989)	(1,057,098)
Net claims outstanding	2,534,479	1,384,223
Solatium Fund	5,365	83,704
Premium Deficiency (Refer Schedule 16 Note No 1.7)	48,695	19,439
Due to Officers/Directors	—	—
Others		
Temporary Overdraft as per the books of accounts only	137,795	193,884
<b>Total</b>	<b>4,081,074</b>	<b>2,821,292</b>

**SCHEDULE - 14 Provisions as at 31st March**

Particulars	2006	2005
Reserve for Unexpired Risk	3,773,623	2,650,445
For taxation (Refer Schedule 16 Note 1.19)	—	71,064
(Net of Advance Tax Paid)	—	—
For proposed dividends	—	—
For dividend distribution tax	—	—
Others - provision for Leave encashment	10,769	8,678
<b>Total</b>	<b>3,784,392</b>	<b>2,730,187</b>

**SCHEDULE - 15 Miscellaneous Expenditure (to the extent not written off or adjusted) as at 31st March**

Particulars	2006	2005
Discount allowed in issue of shares/debentures	—	—
Others (to be specified)	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

Schedules 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, 2006

## SCHEDULE 16 Significant accounting policies & notes to and forming part of the financial statements for the year ended 31 March 2006.

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

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

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

#### 1.2 Revenue recognition

##### Premium

Premium, including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk whichever is appropriate on gross basis. Any subsequent revisions to or cancellations of premiums are recognised for in the year in which they occur.

##### Interest / dividend income

Interest income is recognized on accrual basis and dividend is recognized when right to receive dividend is established.

##### Premium / discount on purchase of investments

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

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

Profit or loss on sale/redemption of securities is recognized on trade date basis and includes effects of accumulated fair value changes, previously recognised, for specific investments sold/redeemed during the year.

##### Commission on Reinsurance Ceded

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

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

#### 1.3 Reinsurance ceded

Reinsurance cost, in respect of proportional reinsurance, is accrued at policy inception. Non-proportional reinsurance cost is recognized when incurred and due. Any subsequent revision to, refunds or cancellations of premiums are recognized in the year in which they occur.

#### 1.4 Acquisition costs

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

#### 1.5 Premium received in advance

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

#### 1.6 Reserve for unexpired risk

Represents that part of the net premium (i.e., premium, net of reinsurance ceded) in respect of each line of business which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of Marine Hull business and 50% in case of other businesses based on net premium earned for the year as required by Section 64V(1)(ii)(b) of the Insurance Act, 1938. (Also refer 1.17).

#### 1.7 Premium Deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business. The Company considers maintenance costs as relevant costs incurred for ensuring claim handling operations.

#### 1.8 Claims incurred

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

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

#### 1.9 IBNR and IBNER (Claims Incurred but not reported and claims incurred but not enough reported):

IBNR represents that amount of claims that may have been incurred prior to the end of the current accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported (IBNER). The said liability has been determined on actuarial principles and confirmed by the Appointed Actuary. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the actuary to be appropriate, in accordance with guidelines and norms issued by the Actuarial Society of India in concurrence with the IRDA and accordingly liability determined and certified as adequate

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### 1.10 Operating expenses related to the insurance business

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

- Expenses which are directly identifiable to the business segments are allocated on actual basis;
- Other expenses, which are not directly identifiable, are apportioned on either of the following basis, as may be appropriate:
  - Number of policies; and
  - Gross written premium.
- Depreciation is apportioned on the basis of Gross Written Premium.

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

### 1.11 Income from investments and other income

Income earned from investments and deposits and other incomes is allocated to the revenue accounts and the profit and loss account on the basis of funds available from insurance operations and shareholders funds and are further allocated to the lines of business in proportion of their respective Gross written Premium.

### 1.12 Fixed assets and depreciation/amortisation

Fixed assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation. Assets costing up to Rs. 20,000 are charged fully to expense as depreciation in the year of acquisition.

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

**Depreciation / Amortisation is provided at the following rates:**

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

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

### Impairment of assets

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

### 1.13 Investments

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

### Classification:

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

### Valuation:

#### Debt Securities

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortization of premium or accretion of discount on constant yield to maturity basis in the revenue accounts and profit & loss account over the period held to maturity/holding.

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

#### Equities (Listed & Actively Traded):

Listed and actively traded securities are stated at the lower of the last quoted closing prices on The National Stock Exchange of India Limited or The Bombay Stock Exchange Limited. Unrealised gains or losses are credited / debited to the fair value change account.

The realised gain or loss on the listed & actively traded equities is the difference between the sale consideration and the cost as on the date of sale determined on first in first out cost basis and included the accumulated changes in the fair value previously recognized in the fair value change account in respect of the particular security which is transferred to the Profit and Loss account on the trade date

#### Mutual Fund Units

Mutual Funds Units are stated at their Net Asset Value (NAV) at the balance sheet date. Unrealised gains or losses are credited / debited to the fair value change account.

The realised gain or loss on Mutual Funds Units is the difference between the sale consideration and the cost as on the date of sale determined on a first in first out cost basis and includes the accumulated changes in the fair value previously recognized in the fair value change account in respect of the particular security which is transferred to the Profit and Loss account on the trade date.

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

### 1.14 Retirement benefits recognised in Revenue Accounts

#### Provident Fund

Contributions to Provident Fund, a defined contribution scheme, are made to the Regional Provident Fund Authority at prescribed rates and are expensed when due. For the purpose of determining contribution to provident fund, the amount of leave encashment is included in computing the basic wage.

#### Super Annuation

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

#### Gratuity

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

cum Life Assurance (Cash Accumulation) scheme of LIC. The difference between the actuarial liability and the funded amount as at year end is recognised either as a liability or a prepayment as the case may be.

#### Employees' Pension Scheme

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

#### Leave Encashment

Provision for Leave Encashment is accrued and provided for on the basis of Actuarial Valuation made at the end of each accounting year.

During the year, the Company has changed its accounting policy for accruing leave encashment from actual basis to actuarial basis. Such change has no material impact on the Revenue accounts, the Profit and Loss account and Reserves and Surplus during the current year.

#### 1.15 Foreign Currency Transactions

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

Exchange difference either on settlement or on translation is recognised in the Revenue Accounts or Profit and Loss Account, as applicable.

#### 1.16 Preliminary Expenses

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

#### 1.17 Contributions to Terrorism Pool

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

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only upto 31 December 2005 as per the last provisional statement. Entire amount of reinsurance accepted on this account, net of claims and expenses, upto the above date, has been carried forward to the subsequent accounting period as 'Unexpired Risk Reserve' for subsequent risks, if any, to be borne by the Company.

#### 1.18 Contributions to Funds

The Company provides for contribution to Solatium and Environment Relief funds as per requirement of regulations/circulars.

#### 1.19 Provision for Taxation

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

The Company accrues taxes on income in the same period as the revenue and expenses to which they relate. As the taxable income is different from the reported income due to timing differences, there arises a necessity to create a deferred tax asset or deferred tax liability, as the case may be. Deferred tax asset is recognized and carried forward to the extent that there is reasonable certainty that

the same will be reversed in the subsequent periods. Where there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of deferred tax liability, liability is accrued and carried forward when it arises.

#### 1.20 Service Tax

Service tax collected is considered liability against which service tax paid/payable for eligible services is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Advances and other Assets" for adjustments in subsequent periods.

#### 1.21 Provisions and Contingent liabilities

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

#### 1.22 Earnings per Share

The basic earnings per share is computed by dividing the net profit in the Profit and Loss account attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

#### Notes to accounts

#### 2. Contingent liabilities

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

Rupees ('000)

	31st March 06	31st March 05
Partly paid up Investments	360	Nil
Underwriting commitments outstanding	Nil	Nil
Claims other than those under policies not acknowledged as debts	Nil	Nil
Guarantees given by the Company	Nil	Nil
Statutory demands/liabilities in dispute, not provided for, in respect of		
-Service Tax	Nil	46,049
-Income Tax	33,914	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

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

#### 4. Commitments

- Commitments made and outstanding for acquisition of Fixed Assets amount to Rs.16,694 thousand (Previous year Rs. 7,409 thousand).

- Commitments made and outstanding for Loans and Investments Rs. 360 thousand (Previous year Rs. Nil).



IRDA Registration No 113. dated 2nd May, 2001

5. The appointed actuary has certified to the Company that actuarial estimates for IBNR (including IBNER) are in compliance with the guidelines prescribed by the Actuarial Society of India and in conformity with the IRDA regulations.

Where sufficient data is available, the actuary has chosen to adopt the chain ladder method. The chain ladder method has accordingly been applied to such lines of business, which constitute over 90% (Previous year - 93%) of the Company's total business. For other lines of business the percentage of premium method has been used to arrive at the estimate of IBNR.

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

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

6. Claims settled and outstanding for more than six months Rs. Nil (Previous year Rs. Nil)

7. Extent of premium income recognized based on varying risk pattern Rs. Nil (Previous year Rs. Nil)

8. Computation of managerial remuneration

	Rupees ('000)	
	For the year ended 31st March 06	For the year ended 31st March 05
Salary (Including & contributions to funds)	6,296	6,345
Perquisites	658	26

**Note:** The Company had obtained approval from IRDA for managerial remuneration under Section 34A of the Insurance Act, 1938. The managerial remuneration for the year is in excess of the remuneration of Rs. 6,600 thousands approved by IRDA. The Company has since written to IRDA seeking approval for the incremental amount.

9. Fair value of investment property Rs Nil (Previous year Rs. Nil)

10. Percentage of business sector wise (Based on Gross Written Premium)

(Amount : Rs. 000, Count numbers)

Business Sector	For the year ended 31 March 2006			For the year ended 31 March 2005		
	GWP	No of Lives	% of GWP	GWP	No of Lives	% of GWP
Rural	1,286	—	10	805	—	9
Social	2	20,000	—	1	16,724	—
Urban	11,571	—	90	7,755	—	91
Total	12,859	20,000	100	8,561	16,724	100

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

	For the year ended 31 March 2006	For the year ended 31 March 2005
	% age of business written	% age of business written
Risk retained	56.19%	56.70%
Risk Reinsured	43.81%	43.30%
Total	100.00%	100.00%

## 12. Contribution to funds

### Solatium Fund

The Company is required to contribute at the rate of 0.1% of the gross written premium from the Motor Business towards the

Solatium Fund established by the Government of India in accordance with the circular dated 18 March 2003 and the recommendations of the General Insurance Council in its meeting in May 2005. Until the previous year, the Company had provided, at the rate of 1% of such premium. Consequently, the excess provision made in earlier years amounting to Rs. 75,304 thousand has been written back to the revenue account.

### Environment Fund

An amount of Rs 7,031 thousand (Previous year Rs.6,977 thousand) collected towards Environment Fund from public liability policies has been disclosed under the head current liabilities and the same has been invested as per IRDA regulations.

13. Deposit under Section 7 of the Insurance Act, 1938 are maintained at the specified percentage of the highest total gross premium written in any financial year subject to accumulated deposit being maximum of Rs 100,000 thousand.

14. **Solvency margin:** The required solvency margins under the Insurance Act, 1938 have been maintained. However, the solvency margin calculated as per revised IRDA circular dated 31st March 2006, as on that date is 1.10 times the required solvency margin under the Insurance Act, 1938, as against the working solvency margin of 1.50 times required to be maintained as per the condition stipulated by IRDA in their letter dated 26th February 2001 relating to the registration of the Company. During the year the Company was exposed to claims due to Catastrophes arising out of floods in Mumbai and other parts of the Country and the earthquake in Jammu & Kashmir. These claims are sufficiently covered and recovered under the Catastrophe Reinsurance program, which is not considered for the solvency margin calculations.

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

16. Related party disclosures have been set out in a separate statement annexed to this schedule. The related parties, as defined in Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India ('ICAI'), 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.

17. The Company's significant leasing arrangements includes agreements for office and residential premises. The future minimum lease payments relating to these leases are disclosed below:

	Rupees ('000)	
	As at 31 March 2006	As at 31 March 2005
Payable not later than one year	64,070	46,093
Payable later than one year but not later than five years	57,192	58,174
Payable later than five year	NIL	4,844

-Amount charged to revenue accounts for lease is Rs. 82,237 thousand (Previous year Rs 53,265 thousand).

- There are no transactions in the nature of sub leases.

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

### 18. Earning per Share ('EPS')

The following table reconciles the numerator and denominator used to calculate basic/diluted EPS:

(Amount : Rs. 000, Count numbers)

	As at 31 March 2006	As at 31 March 2005
Profit after Tax before extra-ordinary items [A]	515,689	470,916
Profit after Tax after extra-ordinary items [B]	515,689	470,916
Weighted average no. of equity shares (par value of Rs. 10 each) [C]	110,006,027	110,000,000
Basic and diluted earnings per share [A/C]	4.69	4.28
Basic and diluted earnings per share excluding extraordinary items [B/C]	4.69	4.28

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

### 19. Taxation

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

Rupees ('000)

	As at 31 March 2006		As at 31 March 2005	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Timing differences on account of Reserve for Unexpired Risks	159,178	—	250,201	—
Total	159,178	—	250,201	—
Net deferred tax asset/(liability)	53,579	—	84,218	—
Deferred Tax expense/(income) recognised in the Profit and loss account	30,638	—	(36,469)	—

20. The summary of the financial statements for the last 5 years and the ratios required to be furnished have been set out in the statement annexed hereto.

21. Previous year figures have been regrouped where possible and wherever necessary to make them comparable with those of the current year.

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Sanjiv Bajaj**  
Director

**Ranjit Gupta**  
Director

**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director

**Don Nguyen**  
Director

**Kamesh Goyal**  
Chief Executive Officer

**S.Venkatesh**  
Company Secretary

Place: Pune

Date : 5 May 2006



IRDA Registration No 113. dated 2nd May, 2001

Annexure to Schedule 16 - Notes to accounts and forming part of the financial statements for the year ended 31 March 2006  
(Refer Note no. 8)

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

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

Rupees ('000)

	Motor	Fire	Marine		Misc	Total
			Cargo	Others		
Premium Received in Advance	48,865 (29,045)	16,201 (5,960)	322 (200)	241 (245)	23,908 (46,967)	89,537 (82,417)
Net Claims Outstanding	1,368,867 (826,858)	335,769 (92,259)	104,461 (93,548)	27,905 (11,752)	697,477 (359,805)	2,534,479 (1,384,222)
Reserve for Unexpired Risk	2,171,962 (1,493,663)	567,796 (396,141)	108,947 (103,003)	18,000 (7,626)	906,918 (650,012)	3,773,623 (2,650,445)
Premium Deficiency	(—) (—)	(—) (—)	(—) (—)	(—) (—)	59,051 (19,439)	59,051 (19,439)
Solatium Fund	5,365 (83,705)	(—) (—)	(—) (—)	(—) (—)	(—) (—)	5,365 (83,705)

Previous Year figures are in Brackets

## Summary of Financial Statements For the Year Ended 31st March

Particulars	2006	2005	2004	2003	2002
<b>OPERATING RESULTS</b>					
Gross Written Premium	12,845,680	8,560,742	4,797,967	2,997,528	1,419,637
Net Premium Income (net of Reinsurance)	6,986,887	4,792,862	2,864,123	1,807,645	840,705
Income from Investments (net of losses)	388,696	285,296	187,734	114,128	16,971
Miscellaneous Income	9,589	7,089	24,043	9,359	1,470
<b>Total Income</b>	<b>7,385,172</b>	<b>5,085,247</b>	<b>3,075,900</b>	<b>1,931,132</b>	<b>859,146</b>
Commissions	(622,153)	(419,433)	(230,722)	(154,945)	(128,066)
Operating Expenses	2,156,298	1,455,879	984,409	666,902	371,364
Claims, increase in URR and other outgoes	5,182,434	3,382,359	2,099,321	1,338,658	869,828
<b>Operating Profit/Loss</b>	<b>668,593</b>	<b>666,442</b>	<b>222,892</b>	<b>80,517</b>	<b>(253,980)</b>
<b>NON OPERATING RESULTS</b>					
Total income under Shareholder's Account	149,733	103,129	94,792	93,458	126,035
<b>Profit before Tax</b>	<b>818,326</b>	<b>7,69,571</b>	<b>317,685</b>	<b>171,292</b>	<b>(132,667)</b>
<b>Provision for Tax</b>	<b>(302,637)</b>	<b>(298,655)</b>	<b>(100,790)</b>	<b>(75,006)</b>	<b>36,502</b>
<b>Profit after Tax</b>	<b>515,689</b>	<b>470,916</b>	<b>216,895</b>	<b>96,286</b>	<b>(96,165)</b>
<b>MISCELLANEOUS</b>					
Policyholder's Account	—	—	—	—	—
Total Funds	—	—	—	—	—
Total Investments	—	—	—	—	—
Yield on Investments	—	—	—	—	—
Shareholder's Account	—	—	—	—	—
Total Funds	—	—	—	—	—
Total Investments	—	—	—	—	—
Yield on Investments	—	—	—	—	—
Paid up Equity Capital	1,100,500	1,100,000	1,100,000	1,100,000	1,100,000
Net Worth	2,767,371	1,824,167	1,380,430	1,091,483	996,684
<b>Total Assets</b>	<b>10,632,837</b>	<b>7,375,647</b>	<b>4,593,932</b>	<b>2,948,145</b>	<b>1,904,571</b>
(Gross of current liabilities and provisions)					
Yield on Total Investments	6.87%	8.34%	9.95%	9.70%	13.60%
Earning Per Share	4.69	4.28	1.97	0.88	(0.93)
Book value per Share	25.15	16.58	12.55	9.92	9.06
Total Dividend	—	—	—	—	—
Dividend per share	—	—	—	—	—

## Ratios for the year ended 31st March

Particulars	2006	2005
<b>1 Gross Premium growth rate</b>		
Motor	54%	57%
Fire	62%	80%
Marine Cargo	22%	83%
Marine Hull	30%	396%
Workmen Compensation	70%	68%
Public/Product Liability	81%	90%
Engineering	14%	177%
Aviation	424%	-24%
Personal Accident	50%	38%
Health	43%	108%
Others	50%	86%
<b>2 Gross Premium to Shareholder's Fund Ratio</b>	464%	469%
<b>3 Growth Rate of Shareholder's Fund</b>	52%	32%
<b>4 Net Retention Ratio (net premium/ gross written premium)</b>		
Motor	75%	76%
Fire	25%	31%
Marine Cargo	53%	61%
Marine Hull	13%	7%
Workmen Compensation	78%	79%
Public/Product Liability	35%	60%
Engineering	20%	16%
Aviation	10%	9%
Personal Accident	65%	78%
Health	78%	78%
Others	70%	70%
<b>5 Net Commission Ratio</b>		
Motor	4%	5%
Fire	-73%	-69%
Marine Cargo	-5%	0%
Marine Hull	-87%	-224%
Workmen Compensation	4%	4%
Public/Product Liability	-6%	-2%
Engineering	-93%	-72%
Aviation	-16%	-90%
Personal Accident	1%	4%
Health	7%	5%
Others	5%	3%
<b>6 Expenses of Management to Gross Premium Ratio</b>	17%	17%
<b>7 Combined Ratio</b>	75%	48%
<b>8 Technical Reserves to Net Premium Ratio</b>	91%	84%
<b>9 Underwriting Balance Ratio</b>		
Motor	11%	8%
Fire	51%	69%
Marine	-25%	-26%
Miscellaneous	-11%	2%
<b>10 Operating Profit Ratio</b>	11%	16%
<b>11 Liquid Assets to liabilities ratio</b>	75%	79%
<b>12 Net Earning Ratio</b>	7%	10%
<b>13 Return on Net worth</b>	28%	26%
<b>14 Reinsurance Ratio(reinsurance ceded/ total premium)</b>	46%	44%

IRDA Registration No 113. dated 2nd May, 2001

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

Rupees ('000)

Particulars	2006	2005
<b>Cash flow from operating activities</b>		
Premium received from Policyholders, including advance receipts and service tax	13,861,916	9,378,107
Other receipts	—	—
Payment to Re-insurers, net of commissions and claims	(817,534)	(1,656,659)
Payment to Co-insurers, net of claims recovery	755,655	28,617
Payment of Claims	(8,272,827)	(2,741,558)
Payment of Commission	(849,533)	(537,633)
Payment of other Operating Expenses Net of Misc Income	(1,897,866)	(1,232,813)
Preliminary and preoperative expenses	—	—
Income tax paid (Net)	(359,484)	(259,990)
Service Tax Paid	(1,101,956)	(667,824)
Other Payments	—	—
Cash Deposit under Section 7 of the Insurance Act, 1938	—	—
Cash Flow before extraordinary items	—	—
Cash Flow from extraordinary operations	—	—
<b>Net Cash Flow From Operating Activities</b>	<b>1,318,371</b>	<b>2,310,248</b>
<b>Cash Flow from Investment Activities</b>		
<b>Investment Activities</b>		
Purchase Fixed Assets	(176,354)	(141,838)
Proceeds from Sale of Fixed Assets	769	7,806
Purchase of Investments	(7,210,423)	(3,151,004)
Loan Disbursed	—	—
Sale of Investments	5,492,120	1,272,498
Repayments received	—	—
Rent/Interests/Dividends Received	488,000	305,614
Investments in money market instruments and in liquid mutual funds (Net)*	32,156	(476,517)
Interest Expense and Other Investment Expenses	(2,646)	(2,090)
<b>Net Cash Flow from Investment Activities</b>	<b>(1,376,379)</b>	<b>(2,185,531)</b>
<b>Cash Flow from financing Activities</b>		
<b>Proceeds from issuance of share capital</b>	367,100	—
Proceeds from borrowing	—	—
Repayments of borrowing	—	—
Interest/dividends paid	—	—
<b>Net cash flow financing activities</b>	367,100	—
Effect of foreign exchange rates on cash and cash equivalents, net	(3,333)	(806)
Increase/(Decrease) in Cash and Cash Equivalents during the year	305,759	123,911
<b>Cash and Cash Equivalent at the year beginning</b>	<b>537,450</b>	<b>413,539</b>
<b>Cash and Cash Equivalent at the year end**</b>	<b>843,209</b>	<b>537,450</b>

\* Total sales and purchases in money market instruments and in liquid mutual funds are Rs. 3,615,732 thousand and Rs. 3,583,576 thousand respectively (Previous year Rs. 2030083 thousand and Rs. 2506600 thousand respectively)

** Cash and cash Equivalent ('000)	2006	2005
Cash & Bank balance as per schedule 11	981,005	731,334
Less: Temporary over draft as per schedule 13	137,796	193,884
<b>Cash and Cash Equivalent at the year end</b>	<b>843,209</b>	<b>537,450</b>

An integral part of the Financial statement

As per our report of even date attached

**For S R Batliboi & Co.**

Chartered Accountants

**Hemal Shah**

Partner

Membership No 42650

**For BSR & Co.**

Chartered Accountants

**Akeel Master**

Partner

Membership No 46768

For and on behalf of the Board of Directors

**Rahul Bajaj**

Chairman

**Sanjiv Bajaj**

Director

**Ranjit Gupta**

Director

**S.Sreenivasan**

Chief Financial Officer

**Bruce Bowers**

Alternate Director

**Don Nguyen**

Director

**Kamesh Goyal**

Chief Executive Officer

**S.Venkatesh**

Company Secretary

Place: Pune

Date : 5 May 2006

Year Ended 31st March 2006

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

<b>I</b>	<b>Registration No.</b>	<b>15329</b>
	State code	11
	Balance Sheet Date	31st March 2006
<b>II</b>	<b>Capital raised during the year</b>	<b>Rs in '000s</b>
	Public issue	—
	Private issue	500
	Bonus Issue	—
	Private placement	—
<b>III</b>	<b>Position of mobilisation and deployment of funds</b>	<b>Rs in '000s</b>
	Total Liabilities (Sources of funds)	2,767,371
	Total Assets (Application of funds)	2,767,371
<b>IV</b>	<b>Source of funds</b>	<b>Rs in '000s</b>
	Paid up capital	1,100,500
	Reserves and surplus	1,666,871
	Secured loans	—
	Unsecured loans	—
<b>V</b>	<b>Application of funds</b>	<b>Rs in '000s</b>
	Net Fixed assets	352,968
	Investments	7,580,193
	Net Current Assets	(5,219,369)
	Miscellaneous expenditure	—
	Accumulated loss	—
<b>VI</b>	<b>Performance of the company</b>	<b>Rs in '000s</b>
	Turnover	12,845,680
	Total expenditure	12,027,354
	Profit / (Loss) before tax	818,326
	Profit / (Loss) after tax	515,689
	Accumulated profits	1,203,620
	Earnings per share	4.69
	Dividend rate%	—
<b>VII</b>	<b>Generic names of principal products / services of the company</b>	
	Item code number (ITC code)	—
	Product Description	General Insurance

Note: The Company being an insurance Company, the accounts of the company are not required to be made in accordance with Schedule VI of the Companies Act, 1956. Further the Insurance Act, 1938 requires the financial statement of the Company to be split in revenue accounts and Profit and Loss Account. In view of this it is not possible to give all the information as required by part IV of this Schedule

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Sanjiv Bajaj**  
Director

**Ranjit Gupta**  
Director

**S.Sreenivasan**  
Chief Financial Officer

**Bruce Bowers**  
Alternate Director

**Don Nguyen**  
Director

**Kamesh Goyal**  
Chief Executive Officer

**S.Venkatesh**  
Company Secretary

Place: Pune

Date : 5 May 2006

IRDA Registration No 113. dated 2nd May, 2001

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2006 (Refer Note no XX)

## Related Party Disclosure under AS 18 of ICAI For the Year Ended 31st March

Rupees ('000)

Related party	Relationship	Nature of transaction	2006		2005	
			Amount	Outstanding amounts carried to balance sheet. payable (receivable)	Amount	Outstanding amounts carried to balance sheet. payable (receivable)
Bajaj Auto Ltd	Holding Company	Deputaion for CFO	—	—	882	—
		Purchase of Investments	—	—	53,079	—
		Rent for premises hired	12,024	—	11,949	—
		Deposits for Rent Premises	—	(11,772)	540	(11,772)
		Insurance Premia received	36,353	—	36,502	—
		Insurance Claims paid	21,703	—	17,923	—
		Unallocated Premium	—	3,704	—	1,523
		Other transactions	1,514	—	586	—
Allianz Versicherungs-AG-Germany	Subsidiary Of Allianz AG	Reinsurance premium paid/payable	9,204	383	16,051	1,384
		Commission on reinsurance received/receivable	2,088	—	3,556	—
		Claims recovery on reinsurance	259	—	3,470	—
Allianz AG-Germany	Joint Venture Promoter	Development & training fees for Opus	—	—	—	—
		Licence fees for Opus	14,944	—	14,518	—
		Pre-Paid Licence fees for Opus	14,944	—	—	—
		Billable expenses incurred on behalf of Allianz AG	3,091	(10,996)	1,321	(1,418)
		Software Consultancy Fees	19,113	—	—	—
Bajaj Allianz Life Insurance Co Ltd	Fellow Subsidiary	Expenditure incurred by Bajaj Allianz Life Insurance Co. Ltd. On behalf of Bajaj Allianz	5,141	—	14,121	—
		Expenditure incurred on behalf of Bajaj Allianz Life Insurance Co. Ltd.	18,795	—	21,245	—
		Insurance Premium paid to Bajaj Allianz Life	1,209	—	962	—
		Insurance Premium from Bajaj Allianz Life	4,143	—	2,081	—
		Insurance Claims paid	297	—	2,607	—
		Unallocated Premium	—	123	—	139
		Purchase of Investments	308,495	—	—	—
		Sale of Investments	447,312	—	—	—
Allianz CP General Ins Co. Ltd	Associate company	Reinsurance premium received/receivable	20,501	(15,727)	159	—
		Commission on reinsurance paid/payable	1,021	—	12	—
		Software Consultancy Fees	1,187	(1,550)	2,037	(408)
Allianz AG Reinsurance, Branch Asia Pacific	Associate company	Reinsurance premium paid/payable	693,179	(209,866)	599,084	(42,939)
		Commission on reinsurance received/receivable	233,644	—	240,571	—
		Claims recovery on reinsurance	1,044,254	—	138,537	—
		No claim Bonus on XOL premium	—	—	9,969	—
		Portfolio Premium withdrawal	163,055	—	125,806	—

IRDA Registration No 113. dated 2nd May, 2001

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2006 (Refer Note no XX)

## Related Party Disclosure under AS 18 of ICAI For the Year Ended 31st March

Rupees ('000)

Related party	Relationship	Nature of transaction	2006		2005	
			Amount	Outstanding amounts carried to balance sheet. payable (receivable)	Amount	Outstanding amounts carried to balance sheet. payable (receivable)
Allianz AG Reinsurance, Branch Asia Pacific	Associate company	Portfolio Claims withdrawal	52,872	—	29,928	—
		Portfolio Premium Entry	108,703	—	99,846	—
		Portfolio Claims Entry	35,248	—	23,942	—
Assurances Generales de France (M/s AGF)	Associate company	Reinsurance premium paid/payable	20,349	13,917	10,024	(164)
		Commission on reinsurance received/receivable	5,087	—	2,506	—
		Claims recovery on reinsurance	6	—	—	—
Euler Hermes UK Plc	Associate company	Reinsurance premium paid/payable	18,511	130	20,014	130
		Commission on reinsurance received/receivable	1,693	—	1,532	—
		Claims recovery on reinsurance	1,833	—	11,346	—
Euler Hermes Cr Uwr (Hongkong)	Associate company	Reinsurance premium paid/payable	1,640	—	—	—
		Commission on reinsurance received/receivable	139	—	—	—
		Claims recovery on reinsurance	577	—	551	—
Allianz Marine and Aviation Versicherungs AG	Associate company	Reinsurance premium paid/payable	8,123	533	10,366	3,449
		Commission on reinsurance received/receivable	1,613	—	2,095	—
		Claims recovery on reinsurance	44	—	1,067	—
Bajaj Hindustan Ltd	Group company	Insurance Premia received	—	—	50	—
		Insurance Claims paid	9	—	—	—
Bajaj Electricals Ltd	Group company	Insurance Premia received	11,047	—	6,616	—
		Insurance Claims paid	45,431	—	1,791	—
		Unallocated Premium	—	102	—	2,221
Mukand Engineers Ltd	Group company	Insurance Premia received	185	—	266	—
		Unallocated Premium	—	5	—	—
Mukand Ltd	Group company	Insurance Premia received	246	—	11,762	—
		Insurance Claims paid	1,452	—	5,731	—
		Unallocated Premium	—	2	—	—
		Risk Inspection Fees Paid	—	—	700	—
Bajaj Auto Finance Ltd	Associate Company	Support Charges for Insurance business	16,469	—	8,720	1,039
		Insurance Premia received	639	—	376	—
		Insurance Claims paid	172	—	129	—
		Unallocated Premium	—	4,318	—	(6,466)



IRDA Registration No 113. dated 2nd May, 2001

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2006 (Refer Note no XX)

## Related Party Disclosure under AS 18 of ICAI For the Year Ended 31st March

Rupees ('000)

Related party	Relationship	Nature of transaction	2006		2005	
			Amount	Outstanding amounts carried to balance sheet. payable (receivable)	Amount	Outstanding amounts carried to balance sheet. payable (receivable)
Kamesh Goyal	CEO	Remuneration for the year 2005-06	6,955	—	6,371	—
Allianz AG, Branch Asia Pacific	Associate Company	Billable expenses incurred on behalf of AZAP	4,682	(2,979)	1,632	(2,254)
Allianz Insurance Company-Guangzhou Branch, China	Associate Company	Software Consultancy Fees	—	1,852	257	1,852
		Billable expenses incurred on behalf of Allianz China	—	(289)	148	(289)
Allianz Sri Lanka	Associate Company	Income from Management Consultancy	—	—	1,415	(1,415)
Allianz Ost-West Allianz, Moscow	Associate Company	Income from Software Consultancy	18,708	(3,379)	412	(412)
Hind Musafir Agency Private Ltd.	Group Company	Support Charges for Insurance business	143	—	41	—
		Service Chares on Ticket	—	—	34	—
		Insurance Premia received	2	—	—	—
Mr. Shekhar Bajaj	Relative of Key Management Personal	Insurance Premium Received	—	—	38	—
Allianz - Rosno- Moscow	Associate Company	Software Consultancy Fees	2,604	—	—	—
Allianz Ins Co of Singapore - PTE	Associate Company	Reinsurance premium paid/payable	52	—	—	—
		Commission on reinsurance received/receivable	4	—	—	—
Allianz Cornhill Ins - PLC	Associate Company	Reinsurance premium paid/payable	426	79	—	—
		Commission on reinsurance received/receivable	32	—	—	—
Allianz Elementar Versicherungs	Associate Company	Reinsurance premium paid/payable	138	—	—	—
		Commission on reinsurance received/receivable	56	—	—	—
AGF IART - Franch	Associate Company	Reinsurance premium paid/payable	135	—	—	—
		Commission on reinsurance received/receivable	77	—	—	—
		Insurance Claims paid	—	—	—	—
Euler Hermes Cr Insurance (S) Ltd.	Associate Company	Reinsurance premium paid/payable	17,261	14,494	—	—
		Commission on reinsurance received/receivable	2,767	—	—	—
		Billable expenses incurred on behalf of Euler Hermes	6,700	(6,700)	—	—

## Notes:

Premium Figures from related parties are net of Service Tax, since the company accounts for premium at net of Service Tax  
Reinsurance balances are net of Commission and claims wherever applicable.