



Seventh Annual Report 2006 - 2007

Bajaj Allianz General Insurance

BAJAJ | Allianz 

Financial Highlights

Rupees (Mn)

Particulars	2006-07	2005-06	2004-05	2003-04
Gross Written Premium	18033	12846	8560	4798
Net Written Premium	10398	6987	4792	2864
Net Earned Premium	8385	5864	3709	2306
Net Incurred Claims	-5556	-4100	-2263	-1542
Net Commissions	786	622	419	231
Management Expenses	-3454	-2156	-1455	-984
Underwriting Results	254	230	409	11
Income from Investments	895	520	388	285
Others	21	68	28	22
Profit Before Tax	1170	818	769	318
Provision for Tax	-417	-303	-298	-101
Profit After Tax	754	516	470	217
Claim's Ratio	66%	70%	61%	67%
Commission Ratio	-9%	-11%	-11%	-10%
Management Expenses Ratio	41%	37%	40%	42%
Combined Ratio	98%	96%	90%	99%
Return on Equity	22%	23%	34%	20%
Shareholder's Equity	4116	2767	1824	1380
Assets Under Management	13004	7580	5835	3486
Number of Employees	2540	1371	924	480

BOARD OF DIRECTORS

RAHUL BAJAJ Chairman
Also Chairman, Bajaj Auto Ltd.

NIRAJ BAJAJ
Also MD, 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 SE

HEINZ DOLLBERG
Also Executive Vice President
Head of Asia Pacific, Allianz SE

DON NGUYEN
Also Senior Vice President
Head of Property & Casualty Division
Asia Pacific

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

DIPAK PODDAR
Also MD, Bajaj Auto Finance Ltd.

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

SURAJ L. MEHTA
Former CEO, Nabil Bank Ltd.

APPOINTED ACTUARY

MRS. ASHA JOSHI

AUDITORS

S R BATLIBOI & CO.

KIRTANE & PANDIT

BANKERS

STANDARD CHARTERED BANK

CITIBANK

DEUTSCHE BANK

HDFC BANK

MESSAGE FROM THE CEO



Dear friends,

The year 2006-07 has been a combination of challenges and identifying opportunities in them. This year also saw detariffing which will impact the industry a lot. On one side this offers an opportunity for us to be able to price the premiums based on the risk profile of the customers, on the other hand we are already witnessing a sharp fall in rates.

The highlights of the performance of last year are:

- We became the first private insurance company to cross the Rs. 1 billion mark in profit before tax by generating Rs.117 crores
- We emerged as the only company to generate underwriting profits consistently for the last three years
- The net profits rose by 46% to Rs.75 crores
- The gross written premium grew to Rs.1803 crore which is a growth of 40% over the previous year

- Our market share grew to 7.2% in 2006-07 compared to 6.3% in 05-06
- Issued over 4.9 million policies as against 3.9 million policies, which bears testimony to our strong infrastructure and deep penetration

We have also been able to expand geographically & also added a few new banks as our partners. This year we have to protect market share while maintaining profitability, this will be a big challenge. I thank our intermediaries, employees & customers for their support.

Warm regards

Kamesh Goyal

Ratios for the year ended 31st March

Particulars	2007	2006
Growth in Gross Written Premium	40%	50%
Growth in Net Earned Premium	43%	58%
PBT/Shareholders' Equity	28%	30%
Reserves/Share Capital	274%	151%
Return on Average Equity	24%	24%
Retention	58%	55%
Claims Ratio	66%	70%
Liquid Assets/Net Outstanding Claims	57%	39%
Insurance Reserves/NEP	116%	108%
Shareholders' Equity /NEP	49%	47%

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

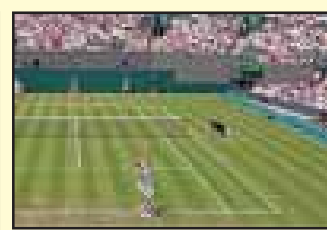
DE-TARRIFIED PRODUCTS SINCE JANUARY 07

- Industrial All Risk
- 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)
- Fire (including Consequential Loss)
- Motor (includes private cars, two wheelers and commercial vehicles)

OTHER PRODUCTS

- Health
 - Personal Guard
 - Hospital Cash
 - Health Guard
 - Critical Illness
 - Silver Health
 - E - opinion
 - Star Package
- Overseas Travel
- Swades Yatra
- Aviation
- Tea Crop Insurance
- 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
- Credit Insurance

In addition several customised & co-branded products for Banks are available



MANAGEMENT TEAM



STANDING (Left to Right) : **T. A. Ramalingam**, Head (Underwriting); **Easwara Narayanan**, ZM (Mumbai & South); **Vijay Kumar**, VP (Motor Insurance); **V. Philip**, CIO & Head (Direct Marketing); **Atanu Singh Mukharjee**, National Head (Retail & Institutional Relationships); **Hiren Vora**, State Head (Gujarat); **Capt. Sanjay Moholkar**, VP (Claims); **Dr. Shreeraj Deshpande**, VP (Health & Travel Insurance)

SEATED (Left to Right) : **Swaraj Krishnan**, GM (Reinsurance & Claim); **Ms. Asha Joshi**, Appointed Actuary; **S. Sreenivasan**, CFO; **Kamesh Goyal**, CEO; **Praveen Gupta**, GM; **Tapan Singhel**, ZM (Delhi & East); **Roopa Abraham**, Head (HR)

DIRECTORS' REPORT



Heinz Dollberg
Director



Sanjiv Bajaj
Director

The Directors have pleasure in presenting the Seventh Annual Report and Audited Statements of Accounts for the year 2006-07.

1. MARKET SCENARIO IN THE GENERAL INSURANCE INDUSTRY

During the year under review general insurance industry registered a growth of 24% by writing gross premium of Rs. 227 Bn during April 2006 to February 2007 from Rs. 183 Bn in the corresponding period of the previous year. The private sector companies grew by 48% increasing their share to Rs. 80 Bn compared to Rs. 54 Bn in 2005-06. Your company grew by 40% and maintained its second position among the private sector companies with a market share of 20%

The general insurance industry, until December 2006 was regulated by tariffs for three major lines of business viz. Motor, Fire and Engineering, which accounted for nearly two third of the market premiums. The last quarter of the current financial year was eventful for the general insurance industry in that it moved from a regulated tariff regime to a regime where tariffs were relaxed partially. In order to ensure a smooth transition, the regulator has, however, advocated the transition to the new regime in two phases. In the first phase, only the premium rates can be changed with a floor on the premium rates but without any changes in the coverage or contract wordings. In the second phase, which is expected to be effective from April 2008, insurers will have the freedom to offer flexible products in

terms of coverage, packaging and pricing across all segments except Motor Third Party insurance. Effectively the tariff remains in force albeit with a change in premium rates.

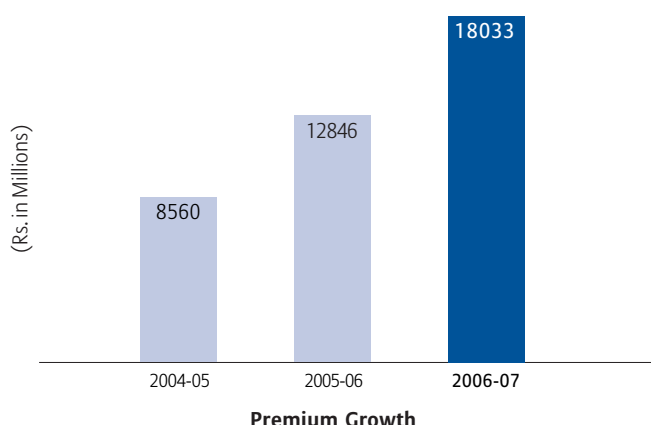
This change, which is a necessary step in the process of letting market and economic forces drive the way insurance is sold and bought, provides opportunities as well as challenges. Once the second phase of de-tariffication is complete, insurers will have the opportunity to charge premiums according to coverage and the risk profile of the customers, differentiate products and compete on service. In the first three months, the industry has seen severe price competition in the market as some companies jostled for market share. As the industry traverses into a de-regulated environment, the focus of performance measurement of insurers is likely to move away from gross premium to a more balanced measurement system including retention, net earned premium and combined ratio. In the long term it is companies which combine prudent underwriting skills with sound financial management will emerge stronger.

The second major development was the formation of the third party motor reinsurance pool for commercial vehicles to which all re-insurers cede such business. This pool has come into effect from 01 April 2007. Although the third party motor insurance rates have been increased by up to 75%, the increase is substantially lower than what is required for companies to earn a reasonable economic profit.

2. SUMMARY OF OPERATIONS FOR THE YEAR

BUSINESS WRITTEN

Your company clocked a gross premium of Rs.18033 Mn. compared to Rs.12846 Mn. in the previous year, reflecting a growth of 40%. The net premium for the year rose to Rs 10398 Mn., an increase of 49% over the previous year of Rs. 6987 Mn., reflecting your company's strong retention policy. The number of policies sold grew significantly to 4.90 Mn. policies as against 3.90 Mn. policies. Your company's market presence as measured by the number of policies reflects its strong brand equity and the satisfaction of its customers. The total incurred claims for the current year including actuarial provisions was Rs. 5556 Mn. as against Rs. 4100 Mn. in the previous year. The number of claims reported during the year was 309160 as compared to 233104 in the previous year.



PRODUCTS

Your company underwrites all business with suitable underwriting guidelines, which are changed and reviewed in tune with the market requirements. While no new products were launched during the year, several existing products were bundled together and offered as exclusive co-branded products for the Bancassurance channel. Your company has bancassurance tie-ups with several regional as well as national banks.

REGIONAL AND BRANCH OFFICE NETWORK

Geographical reach and further enhancement of efficient customer service were the twin areas of focus for the year. The

total number of offices of your company exceeded 150. In addition, existing offices have been re-furbished where required. Almost all these offices are fully networked with the Head Office enabling them to issue policies from their location. The geographical reach has helped in penetration of retail and rural business across the country.

DISTRIBUTION CHANNELS

To tap the retail business, an efficient distribution channel is a prerequisite. Right from inception, your company has been pursuing a strategy of having a multi-channel distribution. In line with this strategy, your company broadened its Bancassurance channel with more bank tie-ups like HDFC Bank Limited and Lakshmi Vilas Bank besides several tie-ups with local urban and rural co-operative banks. Besides this, your company also tied up with BMW Financial Services and Hyundai Motors to offer motor insurance to BMW and Hyundai vehicles in India respectively. This is in addition to the existing tie-up with Maruti Insurance Distribution Services and Ford Motors.

Your company has been in the forefront of developing multi-line agents, including the offering of agency as a career to thousands of people. The agents of your company are the backbone of the distribution channel and your company has over 5229 active agents contributing over 33 % of the gross written premium. Brokers as a channel have started contributing to overall business with niche brokers becoming increasingly active. With de-tariffing, brokers may need to look at greater value addition, independence and service levels to survive in a more competitive environment.

The "online selling" channel initiated a year ago to tap the growing internet user populations was consolidated, thus offering the convenience to our customers. It has also helped in enhancing services to our customers through direct contact as well as to acquire new customers.

CUSTOMER SERVICE

Efficient customer service is a sine qua non of any service industry, particularly general insurance. Your company had undertaken a customer satisfaction survey for motor insurance, which is the most visible line of retail business. The survey was done to measure Net Promoter Score (NPS), which can be a benchmark of customer satisfaction. The feedback from the survey has enabled your company to launch several initiatives which will further enhance its leadership position in customer service.

Bajaj Allianz is still the only company to ensure transparency by publishing the status of claims settlement on a quarterly basis in its newsletter – Newstrack. As a service focused organization, the turnaround times in claims settlement are monitored regularly.

Your company is a pioneer in providing SMS alerts to customers on the status of their motor claim settlement, right from the registration of the claim to allotment of surveyor till the claim cheque is despatched.

The high standard of customer service and further initiatives will help your company in maintaining its brand image in the market.

INVESTMENTS

Equity markets continued their buoyant run seen in the last 3 years with the major market benchmarks touching all time highs. A strong economy supported by broad-based growth across the manufacturing, and service sectors has supported this performance. The Nifty index of 50 leading stocks recorded a return of 12% during the year. Interest rates, however, rose during the year as concerns of inflation on the back of growth, surfaced. While short term rates increased by over 100 basis points, long term rates, as measured by the 10 year bond yield increased by over 50 basis points.

Your company's fund portfolio is invested with prudence while seeking a reasonable yield. As at 31 March 2007, your company's invested surplus, as measured by cash and investments, was Rs 15244 Mn as against Rs 8561 Mn as at the end of the previous year. The growth in the invested portfolio indicates strong cash flow generation as well as prudent investment management. Your company places special emphasis in generating a significant portion of its investment income from sustainable sources such as interest and dividends.

CAPITAL

In order to meet the solvency requirements of its expansion plans, Your company increased its shareholders' equity with a capital infusion of Rs 610 mn during the year. The shareholders' equity of your company stands at Rs 4116 Mn.

CREDIT RATING

Your company maintained its credit rating of "iAAA", awarded by ICRA Limited a year ago. This is the highest rating for Claim Paying Ability.

REGISTRATION

The Certificate of registration of your company has been renewed by the Insurance Regulatory and Development Authority for 2007-08.

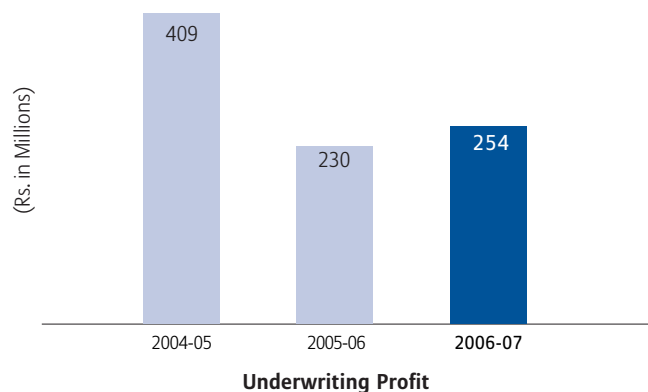
REINSURANCE

The reinsurance treaty programme of your company for 2007-08 has been placed successfully; the capacities for all lines of business have been increased and this will enable your company to write more business and retain higher amounts to its net account. Apart from significantly enhanced capacities for each line of business under proportional treaties, your company's capacity under the catastrophe excess of loss treaty has also been enhanced to Rs 500 crores.

In line with the circular from the IRDA, the obligatory cessions to the General Insurance Corporation have been reduced to 15% from the existing 20%.

3. FINANCIAL RESULTS

The Directors are pleased to inform that your company has earned a net profit after tax of Rs. 754 Mn. for the year ended 31 March 2007, an increase of 46% over the previous year of Rs.516 Mn. The last quarter of the fiscal when the industry was partially



freed to tariff controls, had a marginal impact on the gross premium income and the net profits. It is a matter of pride for us that Bajaj Allianz is the only insurance company to have generated underwriting profits in a competitive and difficult market.

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 1,937 Mn.
Expenditure in foreign currency	Rs 1,812 Mn.

6. PARTICULARS OF EMPLOYEES

Employee attrition has been at one of the highest levels ever across all industries. Your company continues to have an excellent brand image amongst prospective employees due to its reputation for fairness and in providing a transparent and performance-driven culture. Several initiatives of your company for development of the employees have been well accepted by existing as well as potential employees. The Young Leaders programme has supplemented the Accelerated Development Programme for middle management and the Junior Management programme for executive staff. The Talent management system launched last year has been well received and is now an integral part of the performance and potential appraisal of the employees.

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, as amended, the names and other particulars of the employees are set out in the annexure to this 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 annexure. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the registered office of the company.

7. DIRECTORS

Mr. Rahul Bajaj and Mr. Dipak Poddar 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 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 judgements and estimates that are reasonable and prudent so as to give true & fair view of the state of affairs of the Company as on 31st March, 2007 and of the profit and loss of the Company for the year ended on that date;
- iii) 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 prevention and early detection of 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 5th May 2006 and 27th November 2006 and reviewed operations and accounts of your company.

10. AUDITORS

In accordance with the IRDA Regulations / Guidelines, the company appointed M/s S.R. Batliboi & Co. and M/s Kirtane & Pandit, Chartered Accountants as joint statutory auditors of the company in the last Annual General Meeting. They hold office up to the conclusion of seventh Annual General Meeting of the Company.

The shareholders are requested to appoint the auditors for the period from the conclusion of ensuing Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration.

11. APPRECIATION AND ACKNOWLEDGMENT

Your Company acknowledges the continued support of the Insurance Regulatory and Development Authority of India, the support from our policyholders, intermediaries and reinsurers, which has been the bedrock of our success.

On behalf of the Board of Directors we wish to extend our sincere appreciation to the employees of the Company for

their hard work and commitment and thank them for the excellent results.

For and on behalf of the Board of Directors of

Bajaj Allianz General Insurance Company Limited



Heinz Dollberg

Director

11 May 2007

Pune



Sanjiv Bajaj

Director

AUDITORS' REPORT

We have audited the attached Balance Sheet of Bajaj Allianz General Insurance Company Limited ('the Company') as at March 31, 2007, 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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 March 31, 2007 has been duly certified by the appointed actuary. The appointed actuary has also certified that the assumptions considered by her 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 March 31, 2007 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2007 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 non 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 March 31, 2007;
- 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.

For S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership Number: 42650
Pune
May 11, 2007

For Kirtane & Pandit
Chartered Accountants

Suhas Deshpande
Partner
Membership Number: 31787
Pune
May 11, 2007

AUDITORS' CERTIFICATE

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of accounts and records maintained by Bajaj Allianz General Insurance Company Limited ('the Company') for the year ended March 31, 2007, we certify that:

- We have verified the cash balances, to the extent considered necessary, securities relating to the Company's investments by actual inspection or on the basis of certificates/ confirmations received from custodians and / or Depository Participants appointed by the Company, as the case may be;
- The Company is not the trustee of any trust; and
- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investment of the policyholders' funds.

This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

For S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership Number: 42650
Pune
May 11, 2007

For Kirtane & Pandit
Chartered Accountants

Suhas Deshpande
Partner
Membership Number: 31787
Pune
May 11, 2007

MANAGEMENT REPORT

With respect to the operations of the Bajaj Allianz General Insurance Company Ltd. for the year ended 31st March, 2007 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 2007 - 2008.
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.
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", "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.

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. Operational risks are sought to be managed by a system of internal controls, limit systems and segregation of duties where practical.

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 the IRDA. The Company is working with some leading providers of Catastrophe Risk Models with a view to optimizing the risk-return of its catastrophe reinsurance cover although available market data in some cases limits the effectiveness of these models.

The Company has an offsite disaster recovery centre for its data back ups, which is in a separate seismic zone from the main data centre.

The Company has a separate internal audit team which audits the operations at its offices. Key operational risks and compliances are audited according to an audit plan approved by the Audit Committee of the Board of Directors.

The investment portfolio is also diversified within limits set under the IRDA regulations. The Board of Directors has approved the Anti Money Laundering Policy of the Company. The Company has also initiated a whistle blower system during the year.

8. The Company does not have insurance operations in any other country.
9. The Company has completed about 6 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 Motor Accident Claim Tribunal (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 to await the final confirmations from the leaders.

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. Investment property is measured at historical cost less accumulated depreciation and impairment loss if any.

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. The Company monitors the cash position daily and seasonal liquidity needs are considered while planning maturities of investments. 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 and Real Estate. The total exposure to equity securities is well within the guidelines of the IRDA. None of the fixed income investments have had any delays in servicing of interest or principal amounts. Based on the past track record, the Management is confident of the quality and performance of the investments.

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

- a) The financial statements of Bajaj Allianz General Insurance Co. Limited 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 for premises on lease from

Bajaj Auto Limited.	Rs. 12,029,760
Other services - Bajaj Auto Limited.	Rs. 1,121,414
Hind Musafir Agency Limited.	Rs. 191,703

For and on behalf of the Board of Directors

Heinz Dollberg
Director

Sanjiv Bajaj
Director

Don Nguyen
Director

Ranjit Gupta
Director

Dipak Poddar
Director

Kamesh Goyal
Chief Executive Officer

S.Sreenivasan
Chief Financial Officer

Amit Gupta
Company Secretary

Place: Pune
Date : 11th May 2007

Revenue accounts for the year ended 31st March

Rupees ('000)

Motor Insurance Business			
Particulars	Schedule	2007	2006
Premiums earned - (Net)	1	4,925,367	3,362,318
Profit/(Loss) on sale/redemption of Investments (Net)		42,879	16,096
Other Income - Miscellaneous Income		-	-
Provisions no Longer required Written Back (Refer Schedule 16 Note 18)		26,344	-
Amortisation of Discount/(Premium)		(35,878)	25,820
Interest, Dividend & Rent-Gross		313,878	122,024
Sub Total		347,223	163,940
Total (A)		5,272,590	3,526,258
Claims incurred (Net)	2	3,300,967	2,076,332
Contribution to Solatium Fund		8,440	(69,938)
Commission	3	112,398	176,498
Operating Expenses related to Insurance Business	4	1,848,448	889,891
Total (B)		5,270,253	3,072,783
OPERATING PROFIT/(LOSS) from Motor Insurance Business(C)=(A)-(B)		2,337	453,475
Appropriations			
Transfer to Shareholders' Account		2,337	453,475
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		2,337	453,475
Significant accounting policies & Notes to Financial Statements	16		

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 recognised in the revenue account as expenses.

As per our report of even date attached

S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership No 42650
Pune

Pune
11th May 2007

For Kirtane & Pandit
Chartered Accountants

Suhas Deshpande
Partner
Membership No 31787
Pune

For and on behalf of the Board of Directors

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Director

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Director

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Sanjiv Bajaj
Director

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Director

Amit Gupta
Company Secretary

Don Nguyen
Director

Kamesh Goyal
Chief Executive Officer

Revenue accounts for the year ended 31st March

Rupees ('000)

Fire Insurance Business			
Particulars	Schedule	2007	2006
Premiums earned - (Net)	1	938,215	739,934
Profit/(Loss) on sale/redemption of Investments (Net)		18,816	10,541
Other Income - Miscellaneous Income		5,010	4,412
Provisions no Longer required Written Back (Refer Schedule 16 Note 18)		2,308	-
Amortisation of Discount/(Premium)		(15,744)	16,907
Interest, Dividend & Rent-Gross		137,736	79,909
Sub Total		148,126	111,769
Total (A)		1,086,341	851,703
Claims incurred (Net)	2	500,871	576,907
Commission	3	(696,842)	(669,027)
Change in Premium Deficiency		-	-
Operating Expenses related to Insurance Business	4	490,255	474,698
Total (B)		294,284	382,578
OPERATING PROFIT/(LOSS) from Fire Insurance Business (C)=(A)-(B)		792,057	469,125
Appropriations			
Transfer to Shareholders' Account		792,057	469,125
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		792,057	469,125
Significant accounting policies & Notes to Financial Statements	16		

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 recognised in the revenue account as expenses.

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Kamesh Goyal
Chief Executive Officer

Revenue accounts for the year ended 31st March

		Rupees ('000)	
Marine Business			
Particulars	Schedule	2007	2006
Premiums earned - (Net)	1	267,387	219,576
Profit/(Loss) on sale/redemption of Investments (Net)		3,621	1,630
Other Income - Miscellaneous Income		1,129	3,053
Provisions no Longer required Written Back (Refer Schedule 16 Note 18)		1,437	-
Amortisation of Discount/(Premium)		(3,029)	2,614
Interest, Dividend & Rent-Gross		26,501	12,354
Sub Total		29,659	19,651
Total (A)		297,046	239,227
Claims incurred (Net)	2	372,660	248,040
Commission	3	(12,368)	(25,891)
Change in Premium Deficiency		38,683	-
Operating Expenses related to Insurance Business	4	127,010	75,633
Total (B)		525,985	297,782
OPERATING PROFIT/(LOSS) from Marine Insurance Business (C)=(A)-(B)		(228,939)	(58,555)
Appropriations			
Transfer to Shareholders' Account		(228,939)	(58,555)
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		(228,939)	(58,555)
Significant accounting policies & Notes to Financial Statements	16		

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 recognised in the revenue account as expenses.

As per our report of even date attached

S R Batliboi & Co.
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per Hemal Shah
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Membership No 42650
Pune

Pune
11th May 2007

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Chief Executive Officer

Revenue accounts for the year ended 31st March

Rupees ('000)

Miscellaneous Insurance Business			
Particulars	Schedule	2007	2006
Premiums earned - (Net)	1	2,254,374	1,541,881
Profit/(Loss) on sale/redemption of Investments (Net)		25,453	9,897
Other Income - Miscellaneous Income		38,037	1,768
Provisions no Longer required Written Back (Refer Schedule 16 Note 18)		12,849	-
Amortisation of Discount/(Premium)		(21,297)	15,876
Interest, Dividend & Rent-Gross		186,316	75,030
Sub Total		241,358	102,571
Total (A)		2,495,732	1,644,452
Claims incurred (Net)	2	1,381,793	1,198,658
Commission	3	(189,606)	(103,733)
Change in Premium Deficiency		(48,695)	29,257
Operating Expenses related to Insurance Business	4	988,306	716,076
Total (B)		2,131,798	1,840,258
OPERATING PROFIT/(LOSS) from Miscellaneous Insurance Business (C)=(A)-(B)		363,934	(195,806)
Appropriations			
Transfer to Shareholders' Account		363,934	(195,806)
Transfer to catastrophe Reserve		-	-
Transfer to Other Reserves (to be specified)		-	-
Total(C)		363,934	(195,806)
Significant accounting policies & Notes to Financial Statements	16		

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 recognised in the revenue account as expenses.

As per our report of even date attached

S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership No 42650
Pune

Pune
11th May 2007

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Don Nguyen
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Kamesh Goyal
Chief Executive Officer

Profit and Loss Account for the year ended 31st March

Rupees ('000)

Particulars		2007	2006
Operating Profit/(Loss), as per Revenue Accounts of :-			
(a) Motor Insurance Business		2,337	453,475
(b) Fire Insurance Business		792,057	469,125
(c) Marine Insurance Business		(228,939)	(58,555)
(d) Miscellaneous Insurance Business		363,934	(195,806)
		929,389	668,239
Income From Investments			
(a) Interest, Dividends and Rent -Gross		205,122	98,061
(b) Amortisation of Discount/(Premium)		(23,447)	20,749
(c) Profit on sale/redemption of investments		32,632	16,557
Less:- (Loss) on sale/redemption of investments		(4,609)	(3,622)
		209,698	131,745
Other Income -Miscellaneous Income		52,944	37,675
	Total (A)	1,192,031	837,659
Provisions (Other than taxation)			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		-	-
(c) Others (to be specified)		-	-
Other Expenses			
(a) Expenses other than those directly related to the insurance business		21,746	17,545
(b) Bad debts written off		-	-
(c) Preliminary Expenses written off		-	1,788
		21,746	19,333
	Total (B)	21,746	19,333
Profit/(Loss) before tax		1,170,285	818,326
Provision for Taxation (Refer Schedule 16 Note 17)			
Current Tax		442,820	257,798
Fringe Benefit Tax		20,245	14,201
Deferred Tax expense/(income)		(46,471)	30,638
		416,594	302,637
Profit/(Loss) after tax		753,691	515,689
Profit Available for appropriation		-	-
Appropriations			
(a) Interim dividends paid during the year		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution on tax		-	-
(d) Transfer to reserve/other accounts (to be specified)		-	-
Balance of Profit / (Loss) brought forward last year		1,203,620	687,931
Balance carried to Balance Sheet		1,957,311	1,203,620
Significant accounting policies & Notes to Financial Statements	16		
Earning per Share: Basic (Refer Schedule 16 Note 16)		6.85	4.69

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

As per our report of even date attached

S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership No 42650
Pune

Pune
11th May 2007

For Kirtane & Pandit
Chartered Accountants

Suhas Deshpande
Partner
Membership No 31787
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For and on behalf of the Board of Directors

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Company Secretary

Don Nguyen
Director

Kamesh Goyal
Chief Executive Officer

Balance Sheet as at 31st March

Rupees ('000)

Particulars	Schedule	2007	2006
SOURCES OF FUNDS			
Shareholders' funds :			
Share Capital	5	1,101,331	1,100,500
Reserves and Surplus	6	2,932,834	1,570,220
Fair Value Change Account		81,570	96,651
Borrowings	7	-	-
Total		4,115,735	2,767,371
APPLICATION OF FUNDS			
Investments	8	13,004,052	7,580,193
Loans	9	-	-
Fixed Assets	10		
Gross Block		918,458	707,409
Less:- Accumulated Depreciation		533,424	363,389
Net Block		385,034	344,020
Capital Work In Progress		112,812	8,948
		497,846	352,968
Deferred Tax Asset (Refer Schedule 16 Note 17)		100,050	53,579
Current Assets			
Cash and Bank Balances	11	2,240,408	981,005
Advances and Other Assets	12	1,118,303	1,665,092
Sub-Total (A)		3,358,711	2,646,097
Current Liabilities	13	7,016,903	4,081,074
Provisions	14	5,828,021	3,784,392
Sub-Total (B)		12,844,924	7,865,466
Net Current Assets (C) = (A - B)		(9,486,213)	(5,219,369)
Miscellaneous Expenditure	15	-	-
(to the extent not written off or adjusted)			
Debit Balance in Profit and Loss Account		-	-
Total		4,115,735	2,767,371
Significant accounting policies & Notes to Financial Statements	16		

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

As per our report of even date attached

S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership No 42650
Pune

Pune
11th May 2007

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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

SCHEDULE - 1 Premium Earned (Net)

Rupees ('000)

Particulars	2007						2006					
	Motor	Fire	Marine		Miscellaneous*	Total	Motor	Fire	Marine		Miscellaneous*	Total
			Cargo	Others					Cargo	Others		
Premium from Direct Business written:	8,438,665	3,703,061	591,094	121,383	5,009,151	17,863,354	5,366,070	3,514,044	401,198	142,086	3,299,510	12,722,908
Add: Premium on Reinsurance Accepted	-	108,827	13,245	4,183	43,788	170,043	-	93,904	13,010	993	14,865	122,772
Less: Premium on reinsurance ceded	2,042,146	2,804,181	323,203	115,252	2,350,976	7,635,758	1,325,453	2,696,359	196,314	125,079	1,515,588	5,858,793
Net Premium	6,396,519	1,007,707	281,136	10,314	2,701,963	10,397,639	4,040,617	911,589	217,894	18,000	1,798,787	6,986,887
Adjustment for Change in Unexpired Risk Reserve												
Reserve created during the year	3,643,114	637,288	140,697	10,313	1,354,507	5,785,919	2,171,962	567,796	108,947	18,000	906,918	3,773,623
Less: Reserve created during the previous year Written Back	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
Change in the Unexpired Risk Reserve	1,471,152	69,492	31,750	(7,687)	447,589	2,012,296	678,299	171,655	5,944	10,374	256,906	1,123,178
Total Premium Earned (Net)	4,925,367	938,215	249,386	18,001	2,254,374	8,385,343	3,362,318	739,934	211,950	7,626	1,541,881	5,863,709
Note :												
Premium Income earned from business concluded:												
In India	4,925,367	938,215	249,386	18,001	2,254,374	8,385,343	3,362,318	739,934	211,950	7,626	1,541,881	5,863,709
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	4,925,367	938,215	249,386	18,001	2,254,374	8,385,343	3,362,318	739,934	211,950	7,626	1,541,881	5,863,709

* Refer Schedule 1(a)

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

SCHEDULE - 1(a) Premium Earned (Net)

Rupees ('000)

Particulars	2007								2006							
	Workmens ' Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmens ' Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Premium from Direct Business:	122,196	117,382	1,505,585	94,429	241,971	1,582,555	1,345,033	5,009,151	80,866	115,600	984,832	47,489	155,038	976,932	938,753	3,299,510
Add: Premium on Reinsurance Accepted	-	-	40,418	-	-	-	3,370	43,788	-	-	14,011	-	-	-	854	14,865
Less: Premium on reinsurance ceded	27,834	82,052	1,258,973	93,548	75,126	353,352	460,091	2,350,976	17,899	74,701	795,098	42,571	53,835	216,010	315,474	1,515,588
Net Premium	94,362	35,330	287,030	881	166,845	1,229,203	888,312	2,701,963	62,967	40,899	203,745	4,918	101,203	760,922	624,133	1,798,787
Adjustment for Change in Unexpired Risk Reserve																
Reserve created during the year	39,695	16,056	112,564	2,848	82,829	485,304	615,211	1,354,507	31,483	21,445	101,872	7,294	53,292	320,037	371,495	906,918
Less: Reserve created during the previous year Written Back	31,483	21,445	101,872	7,294	53,292	320,037	371,495	906,918	18,813	20,001	83,931	734	41,016	268,008	217,509	650,012
Change in the Unexpired Risk Reserve	8,212	(5,389)	10,692	(4,446)	29,537	165,267	243,716	447,589	12,670	1,444	17,941	6,560	12,276	52,029	153,986	256,906
Total Premium Earned (Net)	86,150	40,719	276,338	5,327	137,308	1,063,936	644,596	2,254,374	50,297	39,455	185,804	(1,642)	88,927	708,893	470,147	1,541,881
Note :																
Premium Income earned from business concluded:																
In India	86,150	40,719	276,338	5,327	137,308	1,063,936	644,596	2,254,374	50,297	39,455	185,804	(1,642)	88,927	708,893	470,147	1,541,881
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	86,150	40,719	276,338	5,327	137,308	1,063,936	644,596	2,254,374	50,297	39,455	185,804	(1,642)	88,927	708,893	470,147	1,541,881

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

SCHEDULE - 2 Claims incurred (Net)

Rupees ('000)

Particulars	2007					2006						
	Motor	Fire	Marine		Miscellaneous*	Total	Motor	Fire	Marine		Miscellaneous*	Total
			Cargo	Others					Cargo	Others		
Claims Paid												
Direct	2,913,314	1,682,049	494,636	39,825	2,085,706	7,215,530	2,148,604	3,094,723	885,872	25,479	1,341,361	7,496,039
Add: Re-insurance accepted	-	591	18,126	-	2	18,719	-	184	-	-	14	198
Less: Re-insurance Ceded	692,223	1,265,297	264,158	25,248	822,518	3,069,444	614,281	2,761,510	673,442	16,935	480,389	4,546,557
Net Claims paid	2,221,091	417,343	248,604	14,577	1,263,190	4,164,805	1,534,323	333,397	212,430	8,544	860,986	2,949,680
Claims Outstanding (including IBNR & IBNER)												
Add : Claims Outstanding at the close of the year (net of Re-insurance)	2,448,743	419,297	215,851	25,994	816,080	3,925,965	1,368,867	335,769	104,461	27,905	697,477	2,534,479
Less: Claims Outstanding at the beginning 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
Change in Claims Outstanding	1,079,876	83,528	111,390	(1,911)	118,603	1,391,486	542,009	243,510	10,913	16,153	337,672	1,150,257
Total Claims Incurred (Net)	3,300,967	500,871	359,994	12,666	1,381,793	5,556,291	2,076,332	576,907	223,343	24,697	1,198,658	4,099,937
Claims incurred												
In India	3,300,967	500,871	359,994	12,666	1,381,793	5,556,291	2,076,332	576,907	223,343	24,697	1,198,658	4,099,937
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred (Net)	3,300,967	500,871	359,994	12,666	1,381,793	5,556,291	2,076,332	576,907	223,343	24,697	1,198,658	4,099,937

* Refer Schedule 2(a)

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

SCHEDULE - 2(a) Claims incurred (Net)

Rupees ('000)

Particulars	2007							2006						
	Workmen's Compensation /Employers' Liability	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Workmen's Compensation /Employers' Liability	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others
Claims Paid							Total							Total
Direct	24,700	9,095	499,762	-	115,199	1,021,880	2,085,706	15,050	164	206,013	38	72,270	739,583	308,243
Add: Re-insurance accepted	-	-	2	-	-	-	2	-	-	14	-	-	-	14
Less: Re-insurance Ceded	4,945	3,505	425,690	-	39,882	204,466	822,518	3,010	33	157,479	8	21,992	148,319	149,548
Net Claims paid	19,755	5,590	74,074	-	75,317	817,414	1,263,190	12,040	131	48,548	30	50,278	591,264	158,695
Claims Outstanding (including IBNR)														
Add:Claims Outstanding at the close of the year (net of Re-insurance)	49,764	40,698	80,606	1,929	49,220	182,854	411,009	49,083	122,931	68,200	3,072	29,582	163,586	261,023
Less: Claims Outstanding at the beginning of the year (net of Re-insurance)	49,083	122,931	68,200	3,072	29,582	163,586	261,023	22,151	34,504	37,392	11,512	22,735	104,394	127,117
Change in Claims Outstanding	681	(82,233)	12,406	(1,143)	19,638	19,268	149,986	26,932	88,427	30,808	(8,440)	6,847	59,192	133,906
Total Claims Incurred (Net)	20,436	(76,643)	86,480	(1,143)	94,955	836,682	421,026	38,972	88,558	79,356	(8,410)	57,125	650,456	292,601
Claims incurred														
In India	20,436	(76,643)	86,480	(1,143)	94,955	836,682	421,026	38,972	88,558	79,356	(8,410)	57,125	650,456	292,601
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred (Net)	20,436	(76,643)	86,480	(1,143)	94,955	836,682	421,026	38,972	88,558	79,356	(8,410)	57,125	650,456	292,601

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

SCHEDULE - 3 Commission expenses

Rupees ('000)

Particulars	2007					2006						
	Motor	Fire	Marine		Miscellaneous*	Total	Motor	Fire	Marine		Miscellaneous*	Total
			Cargo	Others					Cargo	Others		
Commission Paid direct	529,371	172,159	45,889	2,498	362,043	1,111,960	433,218	139,735	36,727	8,360	251,957	869,997
Total (A)	529,371	172,159	45,889	2,498	362,043	1,111,960	433,218	139,735	36,727	8,360	251,957	869,997
Add: Re-insurance Accepted	-	10,850	186	5	2,133	13,174	-	6,086	59	95	1,405	7,645
Less: Commission on Re-insurance Ceded	416,973	879,851	48,956	11,990	553,782	1,911,552	256,720	814,848	46,978	24,154	357,095	1,499,795
Net Commission	112,398	(696,842)	(2,881)	(9,487)	(189,606)	(786,418)	176,498	(669,027)	(10,192)	(15,699)	(103,733)	(622,153)
Break-up of the commission (Gross) incurred to procure business furnished as per details below												
Agents	302,620	43,307	17,116	800	136,506	500,349	244,199	50,252	14,498	238	140,830	450,017
Brokers	38,788	72,729	19,137	1,166	139,415	271,235	25,683	60,583	14,698	7,506	76,948	185,418
Corporate Agency	187,963	56,123	9,636	532	86,122	340,376	163,336	28,900	7,531	616	34,179	234,562
Referral	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	529,371	172,159	45,889	2,498	362,043	1,111,960	433,218	139,735	36,727	8,360	251,957	869,997
Commission Paid												
In India	112,398	(696,842)	(2,881)	(9,487)	(189,606)	(786,418)	176,498	(669,027)	(10,192)	(15,699)	(103,733)	(622,153)
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Net Commission	112,398	(696,842)	(2,881)	(9,487)	(189,606)	(786,418)	176,498	(669,027)	(10,192)	(15,699)	(103,733)	(622,153)

* Refer Schedule 3(a)

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

SCHEDULE - 3 (a) Commission expenses

Rupees ('000)

Particulars	2007							2006								
	Workmen's Compensation /Employers' Liability	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmen's Compensation /Employers' Liability	Public / Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Commission Paid direct	9,069	8,441	59,769	756	18,033	136,391	129,584	362,043	6,091	5,351	34,931	239	14,714	90,370	100,261	251,957
Total (A)	9,069	8,441	59,769	756	18,033	136,391	129,584	362,043	6,091	5,351	34,931	239	14,714	90,370	100,261	251,957
Add: Re-insurance Accepted	-	-	2,131	-	-	-	2	2,133	-	-	1,405	-	-	-	-	1,405
Less: Commission on Re-insurance Ceded	5,285	13,296	346,637	2,104	18,575	79,183	88,702	553,782	3,390	7,853	225,328	1,045	13,601	48,892	56,986	357,095
Net Commission	3,784	(4,855)	(284,737)	(1,348)	(542)	57,208	40,884	(189,606)	2,701	(2,502)	(188,992)	(806)	1,113	41,478	43,275	(103,733)
Break-up of the commissions (Gross) incurred to procure business furnished as per details below																
Agents	5,355	1,142	12,789	265	8,014	65,297	43,644	136,506	4,239	968	11,170	2	7,474	32,932	84,045	140,830
Brokers	2,594	5,542	40,130	491	7,480	58,398	24,780	139,415	1,134	3,800	20,691	237	5,685	26,815	18,586	76,948
Corporate Agency	1,120	1,757	6,850	-	2,539	12,696	61,160	86,122	718	583	3,070	-	1,555	6,307	21,946	34,179
Referral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9,069	8,441	59,769	756	18,033	136,391	129,584	362,043	6,091	5,351	34,931	239	14,714	66,054	124,577	251,957
Commission Paid																
In India	3,784	(4,855)	(284,737)	(1,348)	(542)	57,208	40,884	(189,606)	2,701	(2,502)	(188,992)	(806)	1,113	41,478	43,275	(103,733)
Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Commission	3,784	(4,855)	(284,737)	(1,348)	(542)	57,208	40,884	(189,606)	2,701	(2,502)	(188,992)	(806)	1,113	41,478	43,275	(103,733)

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

SCHEDULE - 4 Operating expenses

Rupees ('000)

Particulars	2007					2006						
	Motor	Fire	Marine		Miscellaneous*	Total	Motor	Fire	Marine		Miscellaneous*	Total
			Cargo	Others					Cargo	Others		
Employees' remuneration, benefits & other manpower costs	432,742	189,897	30,312	6,225	256,873	916,049	230,777	129,540	16,664	5,098	150,292	532,371
Travel, conveyance and vehicle running	40,805	17,906	2,858	587	24,221	86,377	22,891	14,991	1,712	606	14,074	54,274
Agent training	6,342	2,783	444	91	3,764	13,424	4,099	2,684	306	109	2,520	9,718
Rents, rates and taxes	56,545	24,813	3,961	813	33,566	119,698	32,752	21,448	2,449	867	20,140	77,656
Maintenance & repairs	6,069	2,663	425	87	3,609	12,853	4,034	2,642	302	107	2,481	9,566
Printing and stationery	46,099	4,039	2,496	19	22,484	75,137	26,084	2,538	1,553	9	21,692	51,876
Communication	44,113	19,358	3,090	635	26,187	93,383	20,023	13,112	1,497	530	12,313	47,475
Information technology	69,441	6,084	3,759	28	33,868	113,180	36,801	3,582	2,190	13	30,606	73,192
Legal and professional charges	166,033	72,859	11,630	2,388	98,557	351,467	10,765	171,797	6,273	1,938	85,508	276,281
Auditor's fees, expenses, etc.												
(a) as auditors	945	415	66	14	560	2,000	633	413	47	17	390	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	118	52	8	2	69	249	84	55	6	2	51	198
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	338	148	24	5	200	715	-	-	-	-	-	-
(d) Out of Pocket Expenses	306	134	21	4	181	646	474	310	35	13	291	1,123
	869,896	341,151	59,094	10,898	504,139	1,785,178	389,533	363,188	33,043	9,312	340,428	1,135,504
Advertisement and publicity	108,781	9,530	5,889	44	53,056	177,300	43,666	4,250	2,600	15	36,313	86,844
Interest and Bank Charges	11,520	5,055	807	166	6,838	24,386	8,533	5,588	638	226	5,249	20,234
Business Development and Promotion	35,075	957	43	3	3,625	39,703	27,210	1,156	17	1	1,806	30,190
Marketing and Support Services	658,629	57,702	35,654	268	321,229	1,073,482	323,245	31,460	19,247	110	268,810	642,872
Service Charges	408	-	-	-	5	413	101	-	1	-	171	273
Other Acquisition Costs	16,547	11,093	853	830	11,803	41,126	7,826	10,264	551	782	8,099	27,522
Others												
Exchange (gain) /loss	598	262	42	9	356	1,267	1,406	921	105	37	863	3,332
Miscellaneous Expenses	61,865	27,148	4,333	890	36,724	130,960	32,149	21,053	2,404	851	19,767	76,224
Loss/(Profit) on disposal of Assets	(897)	(393)	(63)	(13)	(532)	(1,898)	79	52	6	2	47	186
	892,526	111,354	47,558	2,197	433,104	1,486,739	444,215	74,744	25,569	2,024	341,125	887,677
Depreciation	84,491	37,076	5,918	1,215	50,152	178,852	54,537	35,714	4,078	1,444	33,535	129,308
Provision for Doubtful Debts	1,535	674	108	22	911	3,250	1,606	1,052	120	43	988	3,809
Total	1,848,448	490,255	112,678	14,332	988,306	3,454,019	889,891	474,698	62,810	12,823	716,076	2,156,298

* Refer Schedule 4(a)

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

SCHEDULE - 4 (a) Operating expenses

Rupees ('000)

Particulars	2007															
	Workmen's Compensation /Employers' Liability	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total	Workmen's Compensation /Employers' Liability	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Employees' remuneration, benefits & other manpower costs	6,266	6,020	77,207	4,842	12,409	81,155	68,974	256,873	3,014	4,156	35,386	1,700	6,359	36,399	63,278	150,292
Travel, Conveyance and Vehicle running	591	568	7,280	457	1,170	7,652	6,503	24,221	344	493	4,201	203	661	4,153	4,019	14,074
Agent Training	92	88	1,131	71	182	1,189	1,011	3,764	62	88	752	36	118	744	720	2,520
Rents, Rates and Taxes	819	787	10,089	633	1,621	10,604	9,013	33,566	494	706	6,011	290	946	5,942	5,751	20,140
Maintenance & Repairs	88	84	1,083	68	174	1,138	974	3,609	61	87	740	36	117	732	708	2,481
Printing and Stationery	150	21	174	2	1,058	7,140	13,939	22,484	81	12	93	1	546	4,881	16,078	21,692
Communication	639	614	7,870	494	1,265	8,273	7,032	26,187	302	431	3,675	177	579	3,633	3,516	12,313
Information Technology	226	32	262	3	1,594	10,755	20,996	33,868	114	17	131	1	770	6,887	22,686	30,606
Legal and Professional charges	2,404	2,310	29,623	1,858	4,761	31,137	26,464	98,557	1,066	2,371	65,766	339	6,204	5,255	4,507	85,508
Auditor's fees, expenses, etc.																
(a) as auditor	14	13	169	11	27	177	149	560	10	14	116	6	18	115	111	390
(b) as advisor or in any other capacity in respect of:																
(i) Taxation matters	-	-	-	-	-	-	-	-	2	2	21	1	3	21	20	70
(ii) Tax Audit	2	2	21	1	3	22	18	69	1	2	15	1	2	16	14	51
(iii) Management services	-	-	-	-	-	-	-	-	0	0	0	0	0	0	0	0
(c) In any other capacity	5	5	60	4	10	63	53	200	0	0	0	0	0	0	0	0
(d) Out of Pocket Expenses	4	4	55	3	9	57	49	181	7	10	87	4	14	86	83	291
	11,300	10,548	135,024	8,447	24,283	159,362	155,175	504,139	5,558	8,389	116,994	2,795	16,337	68,864	121,491	340,428
Advertisement and publicity	354	51	411	5	2,497	16,847	32,891	53,056	136	20	155	1	913	8,171	26,917	36,313
Interest and Bank Charges	167	160	2,055	129	330	2,160	1,837	6,838	129	184	1,566	76	247	1,548	1,499	5,249
Business Development and Promotion	26	27	241	-	87	1,466	1,778	3,625	0	0	182	0	101	729	794	1,806
Marketing and Support Services	2,143	307	2,490	30	15,116	102,004	199,139	321,229	1,003	146	1,149	7	6,761	66,174	193,570	268,810
Service Charges	-	-	-	-	-	5	-	5	0	0	169	0	0	2	0	171
Other Acquisition Costs	9	191	3,512	549	54	6,964	524	11,803	26	261	2,979	342	38	1,134	3,319	8,099
Others																
Exchange (gain) /loss	9	8	107	7	17	112	96	356	21	30	258	12	41	255	246	863
Miscellaneous Expenses	896	861	11,038	692	1,774	11,602	9,861	36,724	483	693	5,900	285	929	5,832	5,645	19,767
Loss/(Profit) on disposal of Assets	(13)	(12)	(160)	(10)	(26)	(168)	(143)	(532)	0	2	14	1	2	14	14	47
	3,591	1,593	19,694	1,402	19,849	140,992	245,983	433,104	1,798	1,336	12,372	724	9,032	83,859	232,004	341,125
Depreciation	1,223	1,175	15,074	945	2,423	15,845	13,467	50,152	822	1,175	10,009	483	1,576	9,893	9,577	33,535
Provision for Doubtful Debts	22	21	274	17	44	288	245	911	24	35	295	14	46	291	283	988
Total	16,136	13,337	170,066	10,811	46,599	316,487	414,870	988,306	8,202	10,935	139,670	4,016	26,991	162,907	363,355	716,076

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

SCHEDULE - 5 Share Capital

Rupees ('000)

Particulars	2007	2006
Authorised Capital		
125,000,000 Equity shares of Rs 10 each (previous year 125,000,000 Equity shares)	1,250,000	1,250,000
Issued Capital		
110,133,050 Equity Shares of Rs 10 each fully paid up (previous year 110,050,000 Equity shares)	1,101,331	1,100,500
Subscribed Capital		
110,133,050 Equity Shares of Rs 10 each fully paid up (previous year 110,050,000 Equity shares)	1,101,331	1,100,500
Called-up Capital		
110,133,050 Equity Shares of Rs 10 each fully paid up (previous year 110,050,000 Equity shares)	1,101,331	1,100,500
Less: Calls unpaid	-	-
Add: Shares forfeited (Amount originally paidup)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses to the extent not written off	-	-
Expenses including commission or brokerage on underwriting or subscription of shares	-	-
Total	1,101,331	1,100,500

Notes: Of the above;

81,498,457 Equity Shares of Rs. 10/- each, constituting 74% of the total Share Capital are held by the Holding Company, Bajaj Auto Limited. (Previous year 81,437,000 Equity Shares)

SCHEDULE - 5A Share Capital / Pattern of Shareholding

(As certified by the Management)

Rupees ('000)

Shareholder	2007		2006	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian (Bajaj Auto Limited)	81,498,457	74%	81,437,000	74%
Foreign (Allianz SE)	28,634,593	26%	28,613,000	26%
Others	-	0%	-	0%
Total	110,133,050	100%	110,050,000	100%

SCHEDULE - 6 Reserves and Surplus

Rupees ('000)

Particulars	2007	2006
Capital Reserve	-	-
Capital Redemption Reserve	-	-
Share Premium	-	-
Opening balance	366,600	-
Share premium received during the year	608,923	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	1,957,311	1,203,620
Total	2,932,834	1,570,220

SCHEDULE - 7 Borrowings

Rupees ('000)

Particulars	2007	2006
Debentures/Bonds	-	-
Banks	-	-
Financial Institutions	-	-
Total	-	-

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

SCHEDULE - 8 Investments

Rupees ('000)

Particulars	2007	2006
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	2,962,282	2,618,541
2 Other Approved Securities		-
3 Other Investments		
(a) Shares		-
(aa) Equity Shares	236,968	53,886
Fair Value Change Accretion/(Diminution)	71,278	76,097
	308,246	129,983
(bb) Preference Shares		-
(b) Mutual Funds		
(c) Derivative Instruments		
(d) Debenture/Bonds	2,306,453	1,456,071
(e) Other securities (to be specified)		-
(f) Subsidiaries		-
(g) Investment Properties-Real Estate	31,057	
4 Investments in Infrastructure and Social Sector (Debentures)	664,746	1,107,170
5 Other than Approved Securities		
(a) Shares	67,274	4,696
Fair Value Change Accretion/(Diminution)	15,040	13,115
	82,314	17,811
(b) Debenture/Bonds	210,231	151,332
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	1,425,450	325,021
2 Other Approved Securities		-
3 Other Investments		
(a) Shares		
(aa) Equity Shares	164,123	82,039
Fair Value Change Accretion/(Diminution)	(4,819)	7,153
	159,304	89,192
(bb) Preference Shares		
(b) Mutual Funds		
(c) Derivative Instruments		
(d) Debenture/Bonds	3,855,369	1,146,114
(e) Other securities (to be specified)		
(f) Subsidiaries		
(g) Investment Properties-Real Estate		
4 Investments in Infrastructure and Social Sector (Debentures)	892,334	503,631
5 Other than Approved Securities		
(a) Shares	6,115	
(b) Mutual Funds	-	35,041
Fair Value Change Accretion/(Diminution)	71	286
	6,186	35,327
(c) Debenture/Bonds	100,080	-
Total	13,004,052	7,580,193
Investments		
In India	13,004,052	7,580,193
Outside India	-	-
Total	13,004,052	7,580,193

Notes:

- 1) All the Investments are free of any Encumbrances other than investments under Section 7 of the Insurance Act, 1938, which are held in Government of India Bonds aggregating Rs.119,997 thousand (Previous year Rs. 121,332 thousand) deposited with CITI Bank (Custodian)
- 2) All the above investments are performing assets.
- 3) Investments maturing within next 12 months are Rs. 6,273,233 thousand (Previous year Rs 1,974,765 thousand)
- 4) Investment other than Equities and Derivative instruments
Aggregate value of Investments as at March 31, 2007 Rs.12,416,945 thousand (Previous year Rs. 7,343,207 thousand)
Market value as at March 31, 2007 Rs.12,213,372 thousand (Previous year Rs 7,265,132 thousand)
- 5) Investment property Rs. 31,057 thousand (Previous year Rs Nil)
- 6) 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**

SCHEDULE - 9 Loans

Rupees ('000)

Particulars	2007	2006
1 SECURITY-WISE CLASSIFICATION		
Secured	-	-
a) On Mortgage of Property		
(aa) In India		
(bb) Outside India		
b) On Shares, Bonds, Govt. Securities		
c) Others (to be specified)		
Unsecured	-	-
Total	-	-
2 BORROWER-WISE CLASSIFICATION		
a) Central and State Government		
b) Bank and Financial Institutions		
c) Subsidiaries		
d) Industrial Undertakings		
e) Others (to be specified)		
Total	-	-
3 PERFORMANCE-WISE CLASSIFICATION		
a) Loans classified as standard		
(aa) In India		
(bb) Outside India		
b) Non-performing loans less provisions		
(aa) In India		
(bb) Outside India	-	-
Total		
4 MATURITY-WISE CLASSIFICATION		
a) Short- Term		
b) Long- Term		
Total	-	-
Total	-	-

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

SCHEDULE 10 - Fixed Assets

Rupees ('000)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1st April 2006	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2007	As at 1st April, 2006	For the Year	Adjust/ Recoup On sale etc.	As at 31st March 2007	As at 31st March 2007	As at 31st March 2006
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles-Computer Softwares	64,826	1,649	-	66,475	38,439	14,730	-	53,169	13,306	26,387
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	119,245	29,488	1,099	147,634	66,939	24,455	1,099	90,295	57,339	52,306
Building	81,975	-	-	81,975	5,969	1,639	-	7,608	74,367	76,006
Furniture & fixtures	106,428	40,734	-	147,162	50,180	39,198	-	89,378	57,784	56,248
Information Technology Equipment	258,189	91,164	2,107	347,246	169,163	73,480	2,072	240,571	106,675	89,026
Vehicles	16,272	4,775	6,414	14,633	8,922	3,002	5,520	6,404	8,229	7,350
Office Equipment	60,474	52,977	118	113,333	23,777	22,326	104	45,999	67,334	36,697
Others (specify nature)	-	-	-	-	-	-	-	-	-	-
Total	707,409	220,787	9,738	918,458	363,389	178,830	8,795	533,424	385,034	344,020
Capital work-in-progress & advances									112,812	8,948
Grand Total	707,409	220,787	9,738	918,458	363,389	178,830	8,795	533,424	497,846	352,968
PREVIOUS YEAR	539,308	170,563	2,462	707,409	235,587	129,308	1,506	363,389	352,968	303,721

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

SCHEDULE 11 - Cash and Bank Balances

Rupees ('000)

Particulars	2007	2006
1. Cash and Stamps on Hand	9,161	3,479
2. Cheques on Hand	396,251	302,579
3. Bank Balances		
(a) Deposit Accounts		
(aa) Short Term (due within 12 months)	1,140,676	392,439
(bb) Others	160,000	-
(b) Current Accounts	532,736	269,995
(c) Others :- Margin Money Account	1,584	12,513
4. Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
5. Others (to be specified)	-	-
Total	2,240,408	981,005
Balance with non-scheduled Banks included in (2) and (3) above	645	203
Cash and Bank Balances		
In India	2,239,763	980,802
Outside India	645	203
Total	2,240,408	981,005

**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**

SCHEDULE - 12 Advances and Other Assets

Rupees ('000)

Particulars	2007	2006
Advances		
Deposits with Ceding Companies	9,685	-
Application money for Investments	-	-
Prepayments	19,447	32,284
Advances to Directors / Officers	-	-
Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Tax)	16,780	14,459
Others		
Advance to employees	6,306	4,691
Advances recoverable in cash or in kind	68,895	45,656
less : Provision for doubtful advances	(1,107)	(1,107)
	67,788	44,549
Unutilised service tax Carried forward	147,809	35,760
Total (A)	267,815	131,743
Other Assets		
Income accrued on investments	316,827	183,071
Outstanding Premium	23,322	21,892
Agents' Balances	125,024	19,404
Less: Provision For Doubtful Recoveries	(7,444)	(4,239)
	117,580	15,165
Foreign Agencies Balances	-	-
Due from other entities carrying on insurance business, including reinsurers (net)	324,279	1,258,814
Less : Provision for doubtful amounts	(1,463)	(1,463)
	322,816	1,257,351
Due from Subsidiary/Holding Companies	-	-
Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938 -	-	100
Others		
Deposits	69,943	55,770
Total (B)	850,488	1,533,349
Total (A + B)	1,118,303	1,665,092

**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**

SCHEDULE - 13 Current Liabilities

Rupees ('000)

Particulars	2007	2006
Agents' Balances	105,011	72,509
Balances due to other insurance companies	991,278	239,532
Deposit held on re-insurance ceded	-	-
Premium Received in Advance	288,031	89,537
Unallocated Premium	365,204	462,191
Sundry creditors	766,533	490,971
Due to subsidiaries/holding company	-	-
Claims outstanding for		
i) More than Six Months	5,468,163	2,656,955
ii) Less than Six Months (Including IBNR & IBNER) (Refer Schedule 16 Note No 1.10 and Note No 5)	2,774,286	3,445,513
	8,242,449	6,102,468
Claims Recoverable from Reinsurer (Including IBNR)	(4,316,484)	(3,567,989)
Net Claims Outstanding	3,925,965	2,534,479
Solatium Fund	13,805	5,365
Premium Deficiency (Refer Schedule 16 Note 1.8)	38,683	48,695
Due to Officers/Directors	-	-
Others- Service Tax Payable	32,258	-
Temporary Overdraft as per the books of accounts only	490,135	137,795
Total	7,016,903	4,081,074

SCHEDULE - 14 Provisions

Rupees ('000)

Particulars	2007	2006
Reserve for Unexpired Risk	5,785,919	3,773,623
For taxation (Refer Schedule 16 Note 17) (Net of Advance Tax Paid)	-	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Employee Benefits	42,102	10,769
Total	5,828,021	3,784,392

SCHEDULE - 15 Miscellaneous Expenditure (to the extent not written off or adjusted)

Rupees ('000)

Particulars	2007	2006
Discount allowed in issue of shares/debentures	-	-
Others (to be specified)	-	-
Total	-	-

SCHEDULE – 16

Significant accounting policies & notes to and forming a part of the financial statements for the year ended 31st March 2007

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, the Companies Act, 1956 ('The Act') 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 (net of service tax), 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 a 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 the right to receive the 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 recognized and credited to Fair Value Reserve, 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) 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 written during the year as required by Section 64 V(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 by the Actuary.

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 actuals;
- Other expenses, which are not directly identifiable, are apportioned on either of the following, 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 depreciated fully 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, as follows:

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 office equipments)	33.33%
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 carrying amounts of asset are reviewed by the Company at each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the management. After impairment depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.13 Investments

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

Classification:

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

Valuation:

Debt Securities

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

The realised 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 a first in first out basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Mutual Fund Units

Mutual fund 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 the mutual fund units is the difference between the sale consideration and the cost as on the date of sale, determined on a first in first out basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Fair Value Change Account

Fair value change account represents unrealised gains or losses in respect of investments in equity securities, derivative instruments and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Real Estate – Investment Property

Investment Property is measured at historical cost less accumulated depreciation and impairment loss, if any.

1.14 Retirement and Other Employee Benefits

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.

Superannuation

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

Gratuity

The Company provides for Gratuity based on actuarial valuation done by the Life Insurance Corporation of India ('LIC'). The Company makes a contribution towards Employees' Group Gratuity cum Life Assurance (Cash Accumulation) scheme of LIC. The difference between the actuarial liability and the funded amount 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.

Long Term Incentive Plan

During the year, Company introduced a Long Term Incentive Plan (LTIP) for selected management personnel. The plan is discretionary deferred compensation plan with a vesting period of three years from the period of first entitlement of an employee. Provision for Long Term Incentive Plan for employees is accrued and provided for on the basis of Actuarial Valuation made at the end of each accounting 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. 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 per risk.

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company 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 30th September, 2006. The entire amount of reinsurance accepted for the current year 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 the requirement of regulations/ circulars.

1.19 Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

1.20 Service Tax

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

1.21 Provisions and Contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates

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 07	31st March 06
Partly paid up investments	240	360
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 and Education Cess	58,954	Nil
● Income Tax	Nil	33,914
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 Rupees.29,647 thousand (Previous year Rupees. 16,694 thousand).

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 motor, fire, marine, engineering, personal accident and health. These constitute over 93 % (Previous year 90 %) of the Company's total business. For other lines such as aviation, workman compensation, liability and miscellaneous others, the expected ultimate loss ratio method has been used to arrive at the estimate of IBNR.

Net IBNR reserves have been arrived at on the basis of respective retention ratios thereby making allowances for reinsurance recoveries by the Company.

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

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

8. Computation of managerial remuneration

(Rupees '000)

	For the year ended 31st March 2007	For the year ended 31st March 2006
Salary (Including & contributions to funds)	6,300	6,296
Perquisites	298	658

The managerial remuneration is in accordance with the approval accorded by a resolution of the Board of Directors, a copy of which has been filed with the IRDA as required under Section 34A of the Insurance Act, 1938

9. Fair value of investment property Rupees 31,057 thousand. (Previous year Rupees. Nil)

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

(Amount Rupees '000, Count – numbers)

Business sector	For the year ended 31st March 2007			For the year ended 31st March 2006		
	GWP	No of Lives	% of GWP	GWP	No of Lives	% of GWP
Rural	1,691,433	-	9.38	1,286,000	-	10.01
Social	23,547	36,833	0.13	2,000	20,000	0.02
Urban	16,318,417	-	90.49	11,557,680	-	89.97
Total	18,033,397	36,833	100	12,845,680	20,000	100

11. Extent of risk written and reinsured based on premium (excluding excess of loss and catastrophe reinsurance).

	For the year ended 31st March 2007	For the year ended 31st March 2006
	% age of business written	% age of business written
Risk retained	60.25%	56.19%
Risk Reinsured	39.75%	43.81%
	100.00%	100.00%

12. Contribution to Environment Fund

An amount of Rupees 9,407 thousand (Previous year Rupees 7,031 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. 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. 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.

14. 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.

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

(Rupees '000)

	As at 31st March 07	As at 31st March 06
Payable not later than one year	92,248	64,070
Payable later than one year but not later than five years	56,496	57,192
Payable later than five years	1,010	NIL

- Amount charged to revenue accounts for lease is Rupees.102,112 thousand (Previous year Rupees 82,237 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

16. Earning per Share ('EPS')

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

	As at 31st March 07	As at 31st March 06
Profit after Tax		
Basic earnings before extra-ordinary items [A]	Rs. 753,691	Rs. 515,689
Basic earnings after extra-ordinary items [B]	Rs. 753,691	Rs. 515,689
Weighted average number of equity shares (par value of Rs. 10 each) [C]	110,050,910	110,006,027
Basic and diluted earnings per share [A/C]	Rs. 6.85	Rs. 4.69
Basic and diluted earnings per share excluding extraordinary items [B/C]	Rs. 6.85	Rs. 4.69

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.

17. Taxation

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

(Rupees '000)

	Asat 31st March 2007		Asat 31st March 2006	
Timing difference on account of	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Reserve for unexpired risks	265,887	-	159,178	-
Leave encashment	6,495	-	-	-
Long term incentive plan	18,713	-	-	-
Provision for doubtful debts	3,250	-	-	-
Total	294,345	-	159,178	-
Net deferred tax asset/(liability)	100,050	-	53,579	-
Deferred Tax expense/(income) recognised in the Profit and loss account	(46,471)	-	30,638	-

18. Change in method of provision for unexpired risk reserve

Terrorism pool

The provision for unexpired risks reserve on premium which is accepted, on a reinsurance basis, from the terrorism pool, (refer note 1.17) was hitherto calculated at the rate of 100% per cent of the net premiums received without reversing the provision created in the preceding years. The Company has changed its method of computing such reserve, with effect from 1st April 2006, whereby such percentage is applied on the premiums, net of reinsurances, of the preceding twelve months.

Had the Company continued to use the earlier basis of providing unexpired risks reserve on premium, the charge to the Profit and Loss Account after taxation for the current period would have been higher by Rupees 64,099 thousands and the net unexpired risk reserve on premium would have been higher by Rupees 64,099 thousands.

Miscellaneous business segment

The limits specified in Section 64 V (1) (ii) (b) in respect of the unexpired risk reserve for miscellaneous segment was hitherto calculated by applying the specified percentage by each reported sub-segment of business within the Miscellaneous segment. For the financial year ended 31st March 2007, the minimum limits for the provision for unexpired risks reserve have been applied on the premiums, net of reinsurances, for the miscellaneous excluding motor business segment on an overall basis.

Had the Company continued to use the earlier basis of providing unexpired risks reserve for the miscellaneous excluding motor business segment, the charge to the Profit and Loss Account after taxation for the current period would have been higher by Rupees.38,351 thousands and the net unexpired risk reserve on for the miscellaneous excluding motor business segment would correspondingly have been higher by Rupees.38,351 thousands.

19. Included in provisions no longer required written back, an amount of Rupees.39,487 thousand relating to an extinguished advertising contract.
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.

As per our report of even date attached

S R Batliboi & Co.
Chartered Accountants

per Hemal Shah
Partner
Membership No 42650
Pune

Pune
11th May 2007

For Kirtane & Pandit
Chartered Accountants

Suhas Deshpande
Partner
Membership No 31787
Pune

For and on behalf of the Board of Directors

Heinz Dollberg
Director

Ranjit Gupta
Director

S.Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Director

Dipak Poddar
Director

Amit Gupta
Company Secretary

Don Nguyen
Director

Kamesh Goyal
Chief Executive Officer

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

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	94,194 (48,865)	51,027 (16,201)	66,833 (322)	510 (241)	75,467 (23,908)	288,031 (89,537)
Net Claims Outstanding	2,448,743 (1,368,867)	419,297 (335,769)	215,851 (104,461)	25,994 (27,905)	816,080 (697,477)	3,925,965 (2,534,479)
Reserve for Unexpired Risk	3,643,114 (2,171,962)	637,288 (567,796)	140,697 (108,947)	10,313 (18,000)	1,354,507 (906,918)	5,785,919 (3,773,623)
Premium Deficiency	(-) (-)	(-) (-)	38,683 (-)	(-) (-)	(-) (59,051)	38,683 (59,051)
Solatium Fund	13,805 (5,365)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	13,805 (5,365)
Proposal Deposits (to the extent identifiable)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)

Previous Year figures are in Brackets

Summary of Financial Statements for the year ended 31st March

Rupees ('000)

Particulars	2007	2006	2005	2004	2003
OPERATING RESULTS					
Gross Written Premium	18,033,397	12,845,680	8,560,742	4,797,967	2,997,528
Net Premium Income (net of Reinsurance)	10,397,639	6,986,887	4,792,862	2,864,123	1,807,645
Income from Investments (net of losses)	679,252	388,696	285,296	187,734	114,128
Miscellaneous Income	87,114	9,589	7,089	24,043	9,359
Total Income	11,164,005	7,385,172	5,085,247	3,075,900	1,931,132
Commissions	(786,418)	(622,153)	(419,433)	(230,722)	(154,945)
Operating Expenses	3,454,019	2,156,298	1,455,879	984,409	666,902
Claims, increase in URR and other outgoes	2,012,296	5,182,434	3,382,359	2,099,321	1,338,658
Operating Profit/Loss	6,484,108	668,593	666,442	222,892	80,517
NON OPERATING RESULTS					
Total income under Shareholder's Account	(5,313,823)	149,733	103,129	94,792	93,458
Profit before Tax	1,170,285	818,326	769,571	317,685	171,292
Provision for Tax	(416,594)	(302,637)	(298,655)	(100,790)	(75,006)
Profit after Tax	753,691	515,689	470,916	216,895	96,286
MISCELLANEOUS	-	-	-	-	-
Policyholder's Account			Not Applicable being General Insurance Company		
Total Funds	-	-	-	-	-
Total Investments	-	-	-	-	-
Yield on Investments	-	-	-	-	-
Shareholder's Account			Not Applicable being General Insurance Company		
Total Funds	-	-	-	-	-
Total Investments	-	-	-	-	-
Yield on Investments	-	-	-	-	-
Paid up Equity Capital	1,101,331	1,100,500	1,100,000	1,100,000	1,100,000
Net Worth	4,115,735	2,767,371	1,824,167	1,380,430	1,091,483
Total Assets (Gross of current liabilities and provisions)	16,960,659	10,632,837	7,375,647	4,593,932	2,948,145
Yield on Total Investments	6.84%	6.87%	8.34%	9.95%	9.7%
Earning Per Share	6.85	4.69	4.28	1.97	0.88
Book value per Share	37.40	25.15	16.58	12.55	9.92
Total Dividend	-	-	-	-	-
Dividend per share	-	-	-	-	-

Ratios For the year ended 31st March

Particulars	2007	2006
1 Gross Premium growth rate		
Motor	57%	54%
Fire	6%	62%
Marine Cargo	46%	22%
Marine Hull	-12%	30%
Workmen's Compensation / Employers' Liability	51%	70%
Public/Product Liability	2%	81%
Engineering	55%	14%
Aviation	99%	424%
Personal Accident	56%	50%
Health	62%	43%
Others	44%	50%
2 Gross Premium to Shareholder's Fund Ratio	438%	464%
3 Growth Rate of Shareholder's Fund	49%	52%
4 Net Retention Ratio		
Motor	76%	75%
Fire	26%	25%
Marine Cargo	47%	53%
Marine Hull	8%	13%
Workmen's Compensation / Employers' Liability	77%	78%
Public/Product Liability	30%	35%
Engineering	19%	20%
Aviation	1%	10%
Personal Accident	69%	65%
Health	78%	78%
Others	66%	70%
5 Net Commission Ratio		
Motor	2%	5%
Fire	-74%	-90%
Marine Cargo	-1%	-5%
Marine Hull	-53%	-206%
Workmen's Compensation / Employers' Liability	4%	5%
Public/Product Liability	-12%	-6%
Engineering	-103%	-102%
Aviation	-25%	49%
Personal Accident	0%	1%
Health	5%	6%
Others	6%	9%
6 Expenses of Management to Gross Premium Ratio	19%	17%
7 Combined Ratio	98%	96%
8 Technical Reserves to Net Premium Ratio	94%	91%
9 Underwriting Balance Ratio		
Motor	0%	11%
Fire	79%	51%
Marine	-79%	-25%
Miscellaneous	13%	-11%
10 Operating Profit Ratio	9%	10%
11 Liquid Assets to liabilities ratio	48%	65%
12 Net Earning Ratio	7%	7%
13 Return on Net worth	18%	28%
14 Reinsurance Ratio	43%	46%

Receipts and payments for the year ended 31st March

Rupees ('000)

Particulars	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Premium received from Policyholders, including advance receipts and service tax	19,808,118	13,855,030
Other receipts	-	-
Payment to Re-insurers, net of commissions and claims	(1,109,449)	(817,534)
Payment to Co-insurers, net of claims recovery	326,086	755,655
Payment of Claims	(7,519,936)	(8,257,670)
Payment of Commission	(1,188,170)	(832,159)
Payment of other Operating Expenses Net of Misc Income	(2,974,575)	(1,927,080)
Preliminary and preoperative expenses	-	-
Income tax paid (Net)	(454,179)	(369,079)
Service Tax Paid	(1,594,743)	(1,092,361)
Other Payments	-	-
Cash Flow before extraordinary items	-	-
Cash Flow from extraordinary operations	-	-
Net Cash Flow From Operating Activities	5,293,152	1,314,802
Cash Flow from Investment Activities		
Investment Activities		
Purchase Fixed Assets	(323,817)	(172,786)
Proceeds from Sale of Fixed Assets	2,841	769
Purchase of Investments	(31,070,304)	(7,210,423)
Sale of Investments	27,310,538	5,492,120
Rent/Interests/Dividends Received	735,796	487,999
Investments in money market instruments and in liquid mutual funds (Net)*	(1,628,729)	32,156
Investment property purchase	(16,282)	-
Interest Expense and Other Investment Expenses	(4,697)	(2,646)
Cash Deposit under Section 7 of the Insurance Act, 1938	100	-
Fixed Deposit Maturity more than 3 months	(845,481)	(50,501)
Net Cash Flow from Investment Activities	(5,840,035)	(1,423,312)
Cash Flow from financing Activities		
Proceeds from issuance of share capital	609,753	367,100
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow financing activities	609,753	367,100
Effect of foreign exchange rates on cash and cash equivalents, net	(1,287)	(3,333)
Increase/(Decrease) in Cash and Cash Equivalents during the year	61,583	255,257
Cash and Cash Equivalent at the year beginning	500,770	245,513
Cash and Cash Equivalent at the year end**	562,353	500,770

* Total sales and purchases in money market instruments and in liquid mutual funds are Rs. 4,298,236 thousand and Rs. 5,926,965 thousand respectively (Previous year Rs. 3,615,732 thousand and Rs. 3,583,576 thousand respectively)

** Cash and cash Equivalent ('000)

	2007	2006
Cash & Bank balance as per schedule 11	2,240,408	981,005
Less: Fixed Deposit Maturity More than 3 Months	1,187,920	342,439
Less: Tempeory over draft as per schedule 13	490,135	137,796
Cash and Cash Equivalent at the year end	562,353	500,770

As Integral part of Financial Statements

As per our report of even date attached

S R Batliboi & Co.
Chartered Accountants

For Kirtane & Pandit
Chartered Accountants

per Hemal Shah
Partner
Membership No 42650
Pune

Suhas Deshpande
Partner
Membership No 31787
Pune

Pune
11th May 2007

For and on behalf of the Board of Directors

Heinz Dollberg
Director

Sanjiv Bajaj
Director

Don Nguyen
Director

Ranjit Gupta
Director

Dipak Poddar
Director

Kamesh Goyal
Chief Executive Officer

S.Sreenivasan
Chief Financial Officer

Amit Gupta
Company Secretary

Balance Sheet Abstract and Company's general business profile for the year ended 31st March

I. Registration No.	15329
State code	11
Balance Sheet Date	31st March
II. Capital raised during the year	Rs in '000s
Public issue	-
Private issue	8,305
Bonus Issue	-
Private placement	-
III. Position of mobilisation and deployment of funds	Rs in '000s
Total Liabilities (Sources of funds)	4,115,735
Total Assets (Application of funds)	4,115,735
IV. Source of funds	Rs in '000s
Paid up capital	1,101,331
Reserves and surplus	3,014,404
Secured loans	-
Unsecured loans	-
V. Application of funds	Rs in '000s
Net Fixed assets	497,846
Investments	13,004,052
Net Current Assets	(9,386,163)
Miscellaneous expenditure	-
Accumulated loss	-
VI. Performance of the company	Rs in '000s
Turnover	18,033,397
Total expenditure	16,863,112
Profit / (Loss) before tax	1,170,285
Profit / (Loss) after tax	753,691
Accumulated profits	1,957,311
Earnings per share	6.85
Dividend rate%	-
VII. Generic names of principal products / services of the company	
Item code number (ITC code)	-
Product Description	General Insurance

Note: The Company being an insurance Company, the accounts of the company are not required to be made in accordance with Schedule VI. Further the Insurance Act, 1938 requires the financial 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

Heinz Dollberg
Director

Sanjiv Bajaj
Director

Don Nguyen
Director

Ranjit Gupta
Director

Dipak Poddar
Director

Kamesh Goyal
Chief Executive Officer

S.Sreenivasan
Chief Financial Officer

Amit Gupta
Company Secretary

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2007

Related Party Disclosures under AS 18 of ICAI (For the year ended 31st March 2007)

Rupees ('000)

				2006-2007		2005-2006	
S. No.	Related party	Relationship	Nature of transaction	Amount Rs.	Outstanding amounts carried to balance sheet. payable/(receivable)	Amount Rs.	Outstanding amounts carried to balance sheet. payable/(receivable)
1	Bajaj Auto Ltd	Holding Company	Rent for premises hired	13,151	-	12,024	-
			Deposits for Rent Premises	-	(11,772)	-	(11,772)
			Insurance Premia received	187,060	-	36,353	-
			Insurance Claims paid	8,803	-	21,703	-
			Unallocated Premium	-	4,176	-	3,704
			Other transactions	-	-	1,514	-
2	Allianz SE, Germany	Joint Venture Partner	Billable expenses incurred on behalf of Allianz SE	238	-	3,091	(10,996)
			Software Consultancy Fees	10,596	(61)	19,113	-
			License fees for Opus	6,266	-	14,944	-
			Pre-Paid License fees for Opus	2,672	-	14,944	-
3	M/s. Allianz Global Corporate & Speciality AG, Munich	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	86,669	43,529	9,204	383
			Commission on reinsurance received/receivable	5,643	-	2,088	-
			Claims recovery on reinsurance	702	-	259	-
4	Allianz CP General Ins Co. Ltd	Associate of Joint Venture Partner	Reinsurance premium received/receivable	32,226	(7,298)	20,501	(15,727)
			Commission on reinsurance paid/payable	1,611	-	1,021	-
			Software Consultancy Fees	21,248	(413)	1,187	(1,550)
			Deposit with the Ceding Company		(9,685)		
5	Allianz AG Reinsurance, branch Asia Pacific	Branch of Allianz SE - No change in last year status	Reinsurance premium paid/payable	694,157	(6,211)	693,179	(209,866)
			Commission on reinsurance received/receivable	158,263	-	233,644	-
			Claims recovery on reinsurance	760,529	-	1,044,254	-
			No claim Bonus on XOL premium	9,919	-	-	-
			Portfolio Premium withdrawal	155,601	-	163,055	-
			Portfolio Claims withdrawal	214,632	-	52,872	-
			Portfolio Premium Entry	116,701	-	108,703	-
			Portfolio Claims Entry	160,974	-	35,248	-
6	Assurances Generales de France (M/s AGF)	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	14,659	24,909	20,349	13,917
			Commission on reinsurance received/receivable	3,665	-	5,087	-
			Claims recovery on reinsurance	3	-	6	-
7	Euler Hermes UK Plc	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	162	-	18,511	130
			Commission on reinsurance received/receivable	32	-	1,693	-
			Claims recovery on reinsurance	-	-	1,833	-
8	Euler Hermes Cr Uwr (Hongkong)	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	-	-	1,640	-
			Commission on reinsurance received/receivable	-	-	139	-
			Claims recovery on reinsurance	-	-	577	-

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2007

Related Party Disclosures under AS 18 of ICAI (For the year ended 31st March 2007)

Rupees ('000)

				2006-2007		2005-2006	
S. No.	Related party	Relationship	Nature of transaction	Amount Rs.	Outstanding amounts carried to balance sheet. payable/(receivable)	Amount Rs.	Outstanding amounts carried to balance sheet. payable/(receivable)
9	Allianz Marine and Aviation Versicherungs AG	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	944	542	8,123	533
			Commission on reinsurance received/receivable	288	-	1,613	-
			Claims recovery on reinsurance	392	-	44	-
10	Allianz Insurance Management Asia Pacific	Subsidiary of Joint Venture Partner	Billable expenses incurred on behalf of Allianz Insurance Management Asia Pacific	6,942	(3,999)	4,682	(2,979)
11	Allianz Insurance Company- Guangzhou Branch, China	Subsidiary of Joint Venture Partner	Software Consultancy Fees	1,854	-	-	1,852
			Billable expenses incurred on behalf of Allianz China	-	-	-	(289)
12	Allianz Ost-West Allianz, Moscow	Associate of Joint Venture Partner	Income from Software Consultancy	3,304	(5,042)	18,708	(3,379)
13	Allianz Ins Co of Singapore - PTE	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	-	-	52	-
			Commission on reinsurance received/receivable	-	-	4	-
14	Allianz Cornhill Ins - PLC	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	2,085	1,545	426	79
			Commission on reinsurance received/receivable	239	-	32	-
15	Allianz Elementar Versicherungs	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	-	-	138	-
			Commission on reinsurance received/receivable	-	-	56	-
16	AGF IART - Franch	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	67	-	135	-
			Commission on reinsurance received/receivable	63	-	77	-
17	Euler Hermes Cr Insurance (S) Ltd.	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	55,540	54,664	17,261	14,494
			Commission on reinsurance received/receivable	11,106	-	2,767	-
			Billable expenses incurred on behalf of Euler Hermes	15,325	(15,325)	6,700	(6,700)
			Income from Software Consultancy	582	-	-	-
18	Allianz - Rosno- Moscow	Associate of Joint Venture Partner	Software Consultancy Fees	-	-	2,604	-
19	Bajaj Allianz Life Insurance Co Ltd	Fellow Subsidiary	Expenditure incurred by Bajaj Allianz Life Insurance Co. Ltd. On behalf of Bajaj Allianz General Insurance Co Ltd	3,164	-	5,141	-
			Expenditure incurred on behalf of Bajaj Allianz Life Insurance Co. Ltd.	14,422	-	18,795	-
			Insurance Premium paid to Bajaj Allianz Life	2,674	-	1,209	-
			Insurance Premium from Bajaj Allianz Life	7,304	-	4,143	-
			Insurance Claims paid	110	-	297	-
			Unallocated Premium	-	66	-	123
			Purchase of Investments	49,647	-	308,495	-
			Sale of Investments	54,074	-	447,312	-

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.

Related Party Disclosures under AS 18 of ICAI (For the year ended 31st March 2007)

Ruppes ('000,