

# 8th Annual Report 2007 - 2008

Bajaj Allianz General Insurance

**BAJAJ** | **Allianz** 

## Financial Highlights

Rupees (Mn)

Particulars	2007-08	2006-07	2005-06	2004-05
Gross Written Premium	25780	18003	12846	8560
Net Written Premium	17526	10398	6987	4792
Net Earned Premium	14154	8385	5864	3709
Net Incurred Claims	-9457	-5556	-4100	-2263
Net Commissions	188	786	622	419
Management Expenses	-5195	-3454	-2156	-1455
Underwriting Results	-210	254	230	409
Income from Investments	1896	895	520	388
Others	-7	21	68	28
Profit Before Tax	1679	1170	818	769
Provision for Tax	-623	-417	-303	-298
Profit After Tax	1056	754	516	470
Claims Ratio(Net)	67%	66%	70%	61%
Commission Ratio(Net)	-1%	-9%	-11%	-11%
Management Expenses Ratio	36%	41%	37%	40%
Combined Ratio	102%	98%	96%	90%
Return on Equity	23%	22%	23%	34%
Shareholder's Equity	5748	4116	2767	1824
Assets under Management	18632	13004	7580	5835
Number of Employees	3603	2540	1371	924

## Board of Directors

**Rahul Bajaj**, Chairman  
Also Chairman, Bajaj Auto Ltd.  
Bajaj Holdings & Investment Ltd. &  
Bajaj Finserv Ltd.

**Niraj Bajaj**  
Also Chairman & MD, Mukand Ltd.

**Sanjiv Bajaj**  
Also Executive Director, Bajaj Auto Ltd. &  
MD, Bajaj Finserv Ltd.

**Ranjit Gupta**  
Also President (Insurance), Bajaj Finserv 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  
Allianz, Asia Pacific

**Kamesh Goyal**  
Alternate Director, (w.e.f. 6th March 2008)  
Also Regional CEO, Allianz, MENA &  
CEO, Bajaj Allianz Life Insurance

**Dipak Poddar**  
Also Executive Chairman,  
Poddar Developers Ltd.

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

**Suraj Mehta**  
Former CEO, Nabil Bank Ltd.

**Appointed Actuary** - Mrs. Asha Joshi

**Audit Committee** - Heinz Dollberg - Chairman, Niraj Bajaj, Dr. Werner Zedelius, Sanjiv Bajaj, Ranjit Gupta, Don Nguyen

**Auditors** - S R Batliboi & Co., Dalal & Shah

**Bankers** - Axis Bank, Citibank, Deutsche Bank, HDFC Bank, Standard Chartered Bank

**Company Secretary** - Onkar Kothari

## CEO's Message



Dear friends,

The fiscal 07-08 was a year when the general insurance industry witnessed its first full year of partial free pricing of motor, fire and property insurance, which were the major contributors to the gross premium of an insurance company. We had to rejig our operations to counter the impact of falling prices and protect our bottom line. I am glad that we have successfully withstood these challenges and have once again emerged

as the benchmark for profitability in the insurance industry. Some of the highlights of our performance in the year under review are as below -

- We became the first company to cross the Rs.1 billion mark in profit after tax by generating Rs.1056 million, which was a growth of 40% over the last year.
- The gross written premium grew to Rs.25780 million (including motor pool), which is a growth of 43% and against an industry growth of 12%.
- Our market share grew to 8% in 2007-08 compared to 7.2% in the previous year.
- In the current year we issued over 6 million policies as against 4.9 million policies last year.
- The gross claims paid was Rs.12780 million and in all settled over 380 thousand claims.

We remain committed to offer the best of our services to our customers & business partners.

Warm regards

**Swaraj Krishnan**

## Ratios for the year ended 31<sup>st</sup> March 2008

Ratio's for the year	2007-08	2006-07
Growth in Gross Written Premium	33%	40%
Growth in Net Earned Premium	69%	43%
PBT/Shareholder's Equity	29%	28%
Reserves/Share Capital	421%	274%
Return on Average Equity	23%	49%
Retention	68%	58%
Claims Ratio	67%	66%
Liquid Assets/Net Outstanding Claims	38%	57%
Insurance Reserves/NEP	116%	116%
Shareholders Equity/NEP	41%	49%

## Management Team



↑  
Swaraj Krishnan | Kamesh Goyal | S. Sreenivasan



↑  
Roopa Abraham | Head (HR) with the Team



↑  
Atanu Singh Mukherjee | GM



↑  
Anamika Roy Rashtrawar | Head (Agency & DM) with the Team



Travel & Bancassurance Team



↑  
Easwara Narayanan | GM with Chennai, Mumbai & Bangalore Team



↑  
Tapan Singhel | GM with Delhi, Hyderabad & Kolkata Team







Vijay Kumar | VP (Motor Insurance) with the Team



Dr. Shreeraj Deshpande | VP (Health & Travel Insurance) with the Team



T.A. Ramalingam | Head (Underwriting) with the Team



Hiren Vora | State Head (Gujarat) with the Team



Mrs. Asha Joshi | (Appointed Actuary) with the Team



Milind Choudhari | VP (Finance) & Ketul Patel | Head (Internal Audit) with the Team



Capt. Sanjay Moholkar | VP (Claims) with the Team



Thomas Varghese | Head (IT) with the Team

## Directors' Report



### **Rahul Bajaj**

Chairman

The Board of Directors take pleasure in presenting the Eighth Annual Report and Audited Financial Statements for the year ended 31<sup>st</sup> March 2008

### **1. Market Scenario in the General Insurance Industry**

The year 2007-08 witnessed the first full year after commencement of the de-tariffication process initiated by the Insurance Regulatory and Development Authority (IRDA). As was highlighted in the previous Annual Report, the first phase of de-tariffication, which was rolled out with effect from 1<sup>st</sup> January 2007, resulted in partial removal of price controls with respect to Fire, Engineering and Motor Own Damage businesses, which accounted for nearly two-thirds of the total market in terms of Gross Written Premium. Till December 2007, companies were allowed to offer a maximum discount (on the erstwhile tariff prices for these products) of up to 51.25% for Fire and Engineering policies and up to 20% for Motor Own Damage policies. Effective 1<sup>st</sup> January 2008, a further relaxation was announced, permitting companies to charge prices in accordance with their actuarially determined pricing policies, subject to compliance with the File and Use Guidelines of the IRDA. The policy wordings and product baskets, however, continue to be as per the erstwhile tariff regime and have not yet been freed. With these developments, all lines of business excepting Motor Third Party insurance have been moved from the ambit of price controls.

The other major development during the year was the establishment of the Indian Motor Third Party Insurance Pool (IMTPIP), under which 100% of third party insurance risks arising out of specified commercial vehicles are ceded to the IMTPIP. All non-life insurers licensed to sell

Motor insurance are required to participate as ceding companies in the pool. All companies are also compulsorily required to share in the business of the IMTPIP, as reinsurers, with each company's share being determined as the proportion that the respective company's Gross Direct Premium Written in India (GDPI) bears to the total GDPI of all member companies. As was highlighted in the last edition of this annual report, the increase in prices granted for such third party insurance is significantly less than what would be required for insurers to earn a reasonable economic profit.

These developments had a profound impact on the insurance market in general. Firstly, on account of the high discounting allowed on erstwhile tariff products, there was a significant drop in the prices of Fire, Engineering and Motor products. The impact was more severe on insurance of corporates including small and medium enterprises. Secondly, the compulsory participation in the IMTPIP meant that insurers would necessarily be forced to share in the business which was potentially a source of large losses and where there was no scope for underwriting. It did not matter how much of third party business of commercial vehicles a company did – it still had to participate in the results of the pool to the extent of its market share of gross direct premium written in India. The net result of these two effects were a) a reduction in the growth rates of the industry as measured by gross written premium and b) a reduction in the profitability due to the double effect of falling price of risk and a share in the losses of the IMTPIP.

Consequently, the growth rate of the general insurance industry (excluding specialized insurers) fell to 12.6% during the year under review, as compared to the growth rate of 22.4% in the previous

year. Excluding specialized reinsurers, the total gross premium of the industry was Rs 281.3 billions, as against Rs 249.8 billions in the previous year. The growth rate of private sector companies also fell from 60.4% in 2006-07 to 28.9% in 2007-08. However, private sector companies increased their market share during the year to 39.9 % (2006-07 34.9%).

As and when IRDA allows insurers the freedom to decide on products and policy wordings, as is expected sometime in 2008-09, it would open up new challenges for the industry. Customers, who were hitherto purchasing products which were basically commoditized, will now have multiple options in terms of product coverage and price points resulting in purchase of non-life insurance getting to be more complex. Apart from risk-based pricing, insurers will face many key tests such as building customer awareness, designing product packages and training of agents and other intermediaries. As the cost of seeking growth increases and margins for insurers fall, the trade-off between growth and profitability will become more difficult to achieve. In a scenario such as this, it is companies which have a strong brand equity, excellent underwriting skills and prudent financial management, that will eventually succeed. Your company so far enjoys a good balance of all these but will need to continue to consolidate and seek to expand profitably.

As at 31<sup>st</sup> March 2008, there were four Public sector insurers, ten non-specialized private sector insurers and four specialized insurers. Two non-specialized and one specialized insurer commenced business during 2007-08.

## 2. Summary Of Operations For The Year

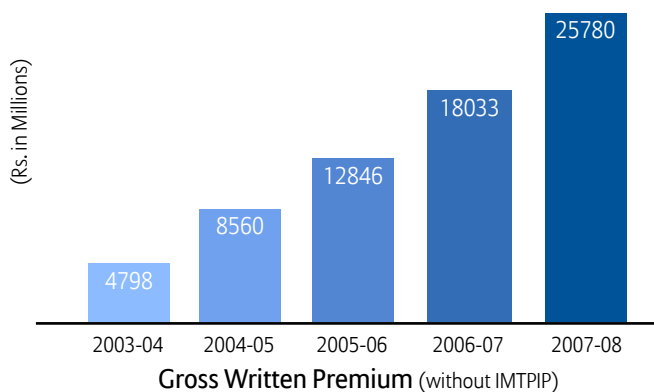
### Business Written

Despite conditions which were not conducive for growth of gross premium, your Company managed to maintain a growth rate which was more than twice that of the market. Your company's gross written premium (excluding share of premium from the IMTPIP), grew by 33.3% during 2007-08 and, despite intense price competition, your company maintained its second position among the private sector companies in terms of gross written premium. The market share of your company (excluding premium of specialized insurers) increased from 7.2% in 2006-07 to 8.5% in 2007-08. Including the share of inward reinsurance business from the IMTPIP, the growth rate would have been 43.0%.

During 2007-08, your company clocked gross written premium of Rs. 24,045 Mn excluding share of business from the IMTPIP as compared to Rs 18,033 Mn in 2006-07. Including share of inward business from the IMTPIP, the gross written premium amounted to Rs. 25,780 Mn. On account of your Company's policy of steadily increasing its retention in line with its capital base, the net earned premium for the year (excluding net premium from inward business

of the IMTPIP), rose to Rs. 13,266 Mn, an increase of 58.6% over the previous year of Rs. 8,366 Mn. Including the net premium arising out of the share of business from the IMTPIP, the net premium for the year 2007-08 was Rs. 14,134 Mn.

Although de-tariffication had an adverse effect on the price per policy, the number of policies sold continued to grow. In the year under review, your Company sold 6.61 Mn. policies as against 4.90 Mn. policies sold in the previous year. This growth indicates that despite severe price competition, more customers preferred your Company's service offerings, drawn by its strong brand image, convenience of buying and satisfaction with its service levels. The total incurred claims for the current year including actuarial provisions but excluding share of claims of the IMTPIP, were Rs. 8,375 Mn. as against Rs. 5555 Mn. in the previous year. The number of claims reported during the year was 413,281 as compared to 309,160 in the previous year.



### Business Mix

In line with market trends and your Company's strategy in the wake of de-tariffication, the proportion of gross written premium from retail lines of business to the total gross written premium (excluding share of the IMTPIP) of your Company increased. During the year under review Motor accounted for 57.7% of premium (previous year 46.8%), Fire 14.3% (previous year 23.6%), Marine 3.2% (previous year 4.1%) and Health 7.2% (previous year 6.2%) . Other Miscellaneous lines contributed 17.6% to the gross written premium as compared to 19.3% in 2006-07.

### Products

Your company underwrites all business with suitable underwriting guidelines, which are changed and reviewed in tune with the market requirements. Your Company launched a low-cost health insurance product called "Health Ensure" during the year, which has been well accepted by the market. Travel continues to be the focus area with introduction of new products like Swades Yatra and Travel Assist in

the form of extended assistance services for customers. Apart from this, your company also launched several packaged products and co-branded products for its bancassurance and other distribution channels. During the year your Company also saw significant growth in specialized insurance lines such as liability, aviation and event management. These lines require specialized underwriting skills and a good network of quality reinsurers, both of which your Company possesses.

### Regional and Branch Office Network

Convenience of buying and affordable price are two major factors which help penetration of products such as non-life insurance which are mostly sold and rarely bought. Your Company has been a pioneer amongst private sector insurers, in expanding its geographical spread and opening of new branches. During the year, your Company consolidated the concept of micro offices which would provide point-of-service convenience to customers and which are linked to full service branches through a hub-and-spoke system. The total number of offices of your Company as at 31<sup>st</sup> March 2008 exceeded 165. In addition, existing offices have been re-furbished or expanded, where required. Nearly all these offices are fully networked with the Head Office enabling them to issue over-the-counter policies from their location. The geographical reach has helped in penetration of retail and rural business across the country and your Company will continue to seek to expand its geographical reach.

### Distribution Channels

In order to expand the retail business segments, efficient distribution channels are a pre requisite. Right from inception, your Company has been pursuing a strategy of having multi-channel distribution, with a view to making products available within easy reach of the customer.

**Bancassurance:** Your Company has been in the forefront of developing banks as a channel of distribution for non-life insurance. The bancassurance channel was further expanded during the year by establishing a new alliance with the South Indian Bank Limited, a bank with a strong presence in the southern state of Kerala. Your Company has also tied up with several Regional Rural Banks and Cooperative Banks. Your Company today has tie-ups with many national and regional banks from the private as well as the public sectors.

**Multi-line agency:** 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 5200 active agents contributing over 33 % of the gross written premium from all over India. Your Company focuses on a strategy of building quality career agents through a centrally managed support

program covering insurance training, product training and process training for its multi-line agents. During the year, your Company launched a dedicated online web based portal for the multi-line agents through which agents can now easily access all information required for selling policies and servicing their customers. If, as expected, insurance products are freed from regulatory controls in terms of policy wordings and packaging, the role of quality insurance agents will also increase.

**Brokers:** The effect of de-tariffication has enhanced the customer expectations from insurance brokers. Once product wordings and packages are freed, the role of brokers will undergo a change as they will be required to add value beyond getting quotes to structuring the coverage and offering greater value to the customer. During the year under review, many brokers started focusing on the retail business, which is a welcome step in the development of the industry. However, this will entail significant challenges for brokers as they need to develop their own distribution and enhance their service offerings. Your Company saw a satisfactory growth of business from this channel

**Online selling:** The “online selling” channel initiated two years ago to tap the growing internet user population has also been a significant contributor to growth of your Company. Coupled with your Company’s strong call centre based service platform, this channel offers convenience, transparency and quick response time to the customer.

### Customer Service

Your Company continues to be rated amongst the top companies for its customer service and has recently won an award for “Customer and Brand Loyalty” in the non-life insurance sector, which is instituted by the Loyalty Summit. This award is the outcome of consumer research by A. C. Nielsen in six major cities. In a scenario of free products and free pricing, customer service becomes not only important but imperative as well. A strong service delivery platform and a favorable customer experience are the bedrock of a company’s ability to retain customers and cross-sell multiple products to existing customers. Through various pioneering measures such as publication of claims settlement statistics in its newsletter, SMS alerts for claims status and measuring of Net Promoter Score (NPS), your Company has already established a formidable reputation for the excellence of its customer service. One of the unique features of your Company’s service delivery platform is the fact that its administration of health insurance business is handled in house by a team led by doctors and paramedics. Your Company has achieved another first with the Health Administration Team commencing servicing of the Overseas Travel Insurance policies in-house with effect from July 2007. Your Company has also started initiatives for training of employees in service parameters and etiquette. Turn Around Times are measured for all service sensitive activities across



all departments. Your Company also places substantial emphasis on Internal Customer Satisfaction for various back office functions and its corporate office departments.

### Investments

The equity markets saw a roller coaster ride during the year under review. During the first three quarters of the year 2007-08, the markets continued their strong run of the previous year taking the major market indices to all time highs. However, in the last quarter of the financial year, the market saw deep corrections in prices of most of the stocks as concerns about sub prime exposures, global growth slow down, energy price inflation and increase in inflation rates locally, came to the fore. Bond yields remained range bound for most of the year, but interest rates started rising towards the end of the year driven by inflationary concerns. For the year under review the Nifty 50 Index showed a return of 23.9%. The annual yield on the 10-year Government bond, after softening during the year saw an increase towards the last few weeks. Consequently, as compared to 8.13% p.a. as at 31<sup>st</sup> March 2007, the yield was relatively unchanged at 8.10% by 31<sup>st</sup> March 2008.

Your Company's investment portfolio is invested with prudence while seeking a reasonable yield, in line with market conditions. Your Company has focused primarily on increasing cash flows and thereby invested surplus, rather than taking excessive risk on its investment portfolio. The exposure to higher risk asset classes such as equities, as a result, has been kept quite low. As at 31<sup>st</sup> March 2008, your Company's invested surplus, as measured by cash and investments, was Rs. 20,483 Mn as against Rs. 15,244 Mn as at the end of the previous year, of which Rs. 398 Mn was invested in equities (31<sup>st</sup> March 2007 Rs. 556 Mn). The growth of 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 capital infusion, including share premium of Rs. 692 Mn during the year. With this infusion, the total capital infused by the shareholder till 31<sup>st</sup> March 2008, including share premium, is Rs. 2,768 Mn. The shareholders' equity of your company stands at Rs. 5,773 Mn as at 31<sup>st</sup> March 2008 as compared to Rs. 4,034 Mn as at 31<sup>st</sup> March 2007.

### Credit Rating

Your Company maintained its credit rating of "iAAA", awarded by ICRA Limited two years ago. This is the highest rating for Claims Paying Ability awarded by ICRA.

### Registration

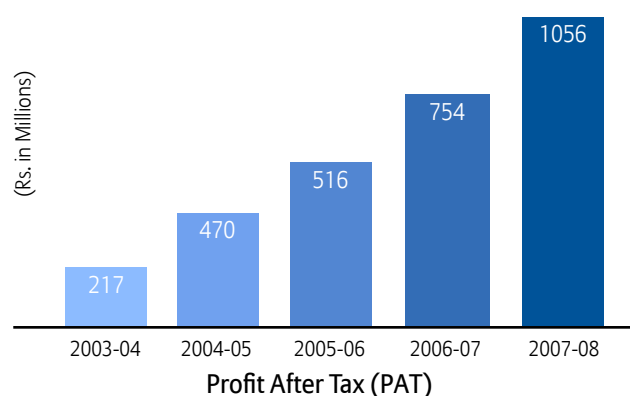
The Certificate of registration of your Company has been renewed by the Insurance Regulatory and Development Authority for 2008-09.

### Reinsurance

Your Company follows a policy of optimizing retention of risk through a carefully designed program of reinsurance of high quality. Selection of reinsurers for backing its policies goes through a rigorous process of screening. In a year when premium from large corporates saw a significant decline in prices, your Company's strategy of increasing its retention of risk helped in achieving a positive net premium growth, thereby offsetting some of the impact of the fall in prices. Apart from increasing retentions, your Company also increased capacities for traditional reinsurance arrangements as well as obtained capacity for specialized lines such as liability and aviation.

## 3. Financial Results

The Directors are pleased to inform that your company has earned a Profit Before Tax of Rs. 1,679 Mn for the year ended 31<sup>st</sup> March 2008, an increase of 43.5% over the previous year profit of Rs. 1,170 Mn. The Profit Before Tax includes a provision of Rs. 361 Mn towards provisions for losses from the IMTPIP. The net profit for the year, after provisions for reported losses from the IMTPIP, was Rs. 1,056 Mn as against Rs. 754 Mn reported in 2006-07, which is an increase of 40.0%. In a year when prices of insurance fell significantly, increasing its profitability whilst improving the market share has been a significant achievement for your Company. It is a matter of pride for Bajaj Allianz that we have become the benchmark for other companies in the market in so far as underwriting profitability and return on equity are concerned.



The Earnings per share (EPS) for the year ended 31<sup>st</sup> March 2008 was Rs. 9.59/- (compared to Rs. 6.85/- for the previous year) and the book value of equity shares on 31<sup>st</sup> March 2008 was Rs. 52.15/- per share (as against Rs. 37.40/- per shares as on 31<sup>st</sup> March 2007).

#### 4. Particulars Regarding Conservation of Energy and Technology Absorption

Since your 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. 1,922 Mn
Expenditure in foreign currency	Rs. 1,479 Mn

#### 6. Human Resources

With effect from 1st October 2007, Mr. Swaraj Krishnan was appointed as the Chief Executive Officer of your Company in place of Mr. Kamesh Goyal. Swaraj brings with him a wealth of experience in the general insurance field. While wishing Mr. Swaraj Krishnan all success in his new assignment, the Board also records its appreciation to Mr. Kamesh Goyal for his role in the growth and profitability of the Company over the last several years.

Employee attrition and retention of talented employees has been a significant issue not only for your Company but for all companies in the corporate and non-corporate sectors. Never before in recent history has it been more difficult to attract and retain talent. The insurance industry, post liberalization in 2001, is also in a nascent stage and people with specialized skills in insurance are no longer available in the market in the numbers required to meet demands of growth. The emergence of new companies into the general insurance space in India is expected to keep attrition at high levels.

In a scenario like this, your Company has focused on creating and sustaining a culture, which is transparent and performance driven. Aligned with this is also a dedicated focus on investing in training and development of employees so that they acquire skills relevant to the business. Your company continues to have an excellent brand image amongst prospective employees due to its reputation for fairness. Several initiatives of your company for development of the employees have been well accepted by existing as well as potential employees. The Young Leaders program has supplemented the Accelerated Development Programme for middle management and the Junior Management Program for executive staff. The STRIDE program gives high performing employees at executive level to seek promotions to a managerial role through a rigorous process of identification and selection. The Talent Management System, which identifies employees who are high performers and who are critical resources, is now an integral part of your Company's human resources program. Your Company also sends staff on external training programs within India and abroad, when the need arises. The Company also has in place a long-term retention plan for key employees.

#### 7. Particulars of 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.

#### 8. Directors

Mr. Suraj Mehta and Mr. Sanjay Asher retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### 9. 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 judgments 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 2008 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.

#### 10. 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 11th May 2007 and 3rd December 2007 and reviewed operations and accounts of your company.

## 11. Auditors

In accordance with the IRDA Regulations / Guidelines, M/s S.R. Batliboi & Co., Chartered Accountants and Dalal and Shah, Chartered Accountants were appointed as Joint Statutory Auditors of the Company in the last Annual General Meeting. They hold office up to the conclusion of ensuing 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.

## 12. Appreciation and Acknowledgment

The excellent result of the Company could not have been achieved without the continued support of a variety of stakeholders.

Your Company acknowledges the excellent support of the Insurance Regulatory and Development Authority of India. On behalf of the Board of Directors, we thank our policyholders, intermediaries and reinsurers for reposing their unstinted faith in your Company and which is the bedrock of our success and our endeavour to grow profitably.

The Board of Directors extend sincere appreciation to the management and employees of the Company for their hard work and commitment and thank them for another good year for your Company.

For and on behalf of the Board of Directors of

Bajaj Allianz General Insurance Company Limited



**Rahul Bajaj**  
Chairman

12<sup>th</sup> May 2008  
Pune

## Auditors' Report

We have audited the attached Balance Sheet of Bajaj Allianz General Insurance Company Limited ('the Company') as at March 31 2008, the Revenue Accounts of 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 the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and Receipts and Payments Account, have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority (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, 2008 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, 2008 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2008 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, 2008;
- 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.

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

per Hemal Shah  
Partner  
Membership Number: 42650

Mumbai  
May 12, 2008

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 and on behalf of Dalal & Shah**  
Chartered Accountants

Anish Amin  
Partner  
Membership Number: 40451

## 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, 2008, 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

Mumbai  
May 12, 2008

**For and on behalf of Dalal & Shah**  
Chartered Accountants

Anish Amin  
Partner  
Membership Number: 40451

# Management Report

With respect to the operations of the Bajaj Allianz General Insurance Company Limited for the year ended 31<sup>st</sup> March 2008 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 2008 - 2009.
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. Share certificates in respect of 81527317 shares issued in the name of erstwhile Bajaj Auto Limited are to be transferred to Bajaj Finserv Limited (Holding Company) under a Scheme of Arrangement approved by the Hon'ble High Court of Judicature of Mumbai and by the Insurance Development and Regulatory Authority.
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 amortized 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 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 7 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 from outside India take approximately 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 approximately 90 days for almost all lines of business since we need to await the final confirmations from the leaders.

Following is the detailed break-up of number of claims, amounts involved and average claims settlement time during the preceding 5 years:

(Amt. in Rs. Lacs)

Period	Fire		Marine		Misc	
	Count	Amount	Count	Amount	Count	Amount
Up to 30 days	8,156	6,810	21,277	4,787	865,848	103,363
30 days to 6 months	11,563	25,729	12,549	7,799	191,692	53,774
6 months to 1 year	2,521	17,554	2,217	2,787	18,856	11,399
1 year to 5 years	724	10,647	579	5,072	8,759	7,059
5 years and above					14	20
Grand Total	22,964	60,741	36,622	20,446	1,085,169	175,616

\* Details include claims paid and closed

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:

- The financial statements of Bajaj Allianz General Insurance Co. Ltd. have been prepared in accordance with the applicable accounting standards and principles and policies with no material departures;
- 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;
- 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;
- The financial statements have been prepared on a going concern basis;
- 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:

Sr. No.	Entity in which Director is interested	Name of the Director	Interested as	Amount of payment during the year
01	Bajaj Auto Ltd. (now known as Bajaj Holdings & Investments Limited)	Rahul Bajaj Niraj Bajaj Sanjiv Bajaj	Director Director Director	Rent: Rs. 12,083/- Claims: Rs. 14,946/- Other expenses: Rs. 1,295/- Purchase of investments: Rs. 195,561/-
02	Hind Musafir Agency Ltd.	Rahul Bajaj Niraj Bajaj Sanjiv Bajaj	Shareholding exceeds 2% Shareholding exceeds 2% Relative is a Director	Agency service: Rs.281/-
03	Allianz CP General Insurance Co. Ltd.	Don Nguyen	Director	Commission on reinsurance: Rs.456/- Deposits with ceding Company: Rs. 13,620/-
04	Allianz Insurance Management Asia Pacific Pte Ltd.	Dr. Werner Zedelius	Director	Billable Expenses incurred: Rs. 6,423/-
05	Allianz Hong Kong Company Ltd	Don Nguyen	Director	Reinsurance premium: Rs. 68/-
06	Bajaj Allianz Life Insurance Company Limited	Rahul Bajaj Ranjit Gupta Sanjiv Bajaj Niraj Bajaj	Director Director Director Director	Insurance claims paid: Rs. 236/- Insurance premium paid: Rs. 3,887/- Reimbursement of expenses: Rs. 4,938/-
07	Bajaj Electricals Ltd	Rahul Bajaj Niraj Bajaj	Shareholding exceeds 2% Shareholding exceeds 2%	Insurance claims paid: Rs. 8,217/-
08	Mukand Engineers Ltd	Niraj Bajaj	Director	Insurance claims paid: Rs. 6/-
09	Mukand Ltd	Rahul Bajaj Sanjiv Bajaj Niraj Bajaj	Director Relative is a Director Director	Insurance claims paid: Rs. 3,153/-
10	Bajaj Auto Finance Ltd	Rahul Bajaj Dipak Poddar Sanjiv Bajaj Niraj Bajaj	Director Director Director Director	Insurance claims paid: Rs. 39/- Support charges: Rs. 48,564/-

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Don Nguyen**  
Director

**Ranjit Gupta**  
Director

**Kamesh Goyal**  
Alternate Director

**Swaraj Krishnan**  
Chief Executive Officer

**S Sreenivasan**  
Chief Financial Officer

**Onkar Kothari**  
Company Secretary

Pune  
May 12, 2008

Revenue accounts for the year ended 31<sup>st</sup> March

Rupees ('000)

Particulars	Schedule	2008				2007			
		Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
Premiums earned - (Net)	1	1,225,617	389,689	12,539,121	14,154,427	938,215	267,387	7,179,741	8,385,343
Profit /(Loss) on sale/redemption of Investments (Net)		43,337	11,913	321,869	377,119	18,816	3,621	68,332	90,769
Other Income - Miscellaneous Income		22,924	1,215	68,750	92,889	5,010	1,129	38,037	44,176
Provisions no Longer required Written Back		-	-	-	-	2,308	1,437	39,193	42,938
Amortisation of Discount/(Premium)		2,689	739	19,969	23,397	(15,744)	(3,029)	(57,175)	(75,948)
Interest, Dividend & Rent-Gross		118,264	32,509	878,363	1,029,136	137,736	26,501	500,194	664,431
Sub Total		187,214	46,376	1,288,951	1,522,541	148,126	29,659	588,581	766,366
Total (A)		1,412,831	436,065	13,828,072	15,676,968	1,086,341	297,046	7,768,322	9,151,709
Claims incurred (Net)	2	497,593	316,623	8,642,779	9,456,995	500,871	372,660	4,682,760	5,556,291
Commission	3	(283,806)	17,675	78,567	(187,564)	(696,842)	(12,368)	(77,208)	(786,418)
Contribution to Solatium Fund		-	-	15,594	15,594	-	-	8,440	8,440
Change in Premium Deficiency		-	(38,683)	-	(38,683)	-	38,683	(48,695)	(10,012)
Operating Expenses related to Insurance Business	4	479,853	147,830	4,567,068	5,194,751	490,255	127,010	2,836,754	3,454,019
Total (B)		693,640	443,445	13,304,008	14,441,093	294,284	525,985	7,402,051	8,222,320
OPERATING PROFIT/(LOSS) (C)=(A)-(B)		719,191	(7,380)	524,064	1,235,875	792,057	(228,939)	366,271	929,389
Appropriations									
Transfer to Shareholders' Account		719,191	(7,380)	524,064	1,235,875	792,057	(228,939)	366,271	929,389
Transfer to catastrophe Reserve		-	-	-	-	-	-	-	-
Transfer to Other Reserves (to be specified )		-	-	-	-	-	-	-	-
Total(C)		719,191	(7,380)	524,064	1,235,875	792,057	(228,939)	366,271	929,389

Significant Accounting Policies & Notes to Financial Statements  
The Schedules referred to above form an integral part of the Financial Statements

16

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

For S R Batliboi & Co.  
Chartered Accountants  
per Hemal Shah  
Partner

Membership No.: 42650

Mumbai  
May 12, 2008

For and on behalf of Dalal & Shah  
Chartered Accountants  
Anish Amin  
Partner

Membership No.: 40451

For and on behalf of the Board of Directors

Rahul Bajaj  
Chairman  
Kamesh Goyal  
Alternate Director

Pune  
May 12, 2008

Don Nguyen  
Director  
Swaraj Krishnan  
Chief Executive Officer

Ranjit Gupta  
Director  
S Sreenivasan  
Chief Financial Officer  
Onkar Kothari  
Company Secretary

## Profit and Loss Account for the year ended 31<sup>st</sup> March

Rupees ('000)

Particulars	Schedule	2008	2007
<b>Operating Profit/(Loss), as per Revenue Accounts of</b>			
(a) Fire Insurance Business		719,191	792,057
(b) Marine Insurance Business		(7,380)	(228,939)
(c) Miscellaneous Insurance Business		524,064	366,271
		1,235,875	929,389
<b>Income From Investments</b>			
(a) Interest, Dividends and Rent -Gross		335,559	205,122
(b) Amortisation of Discount/(Premium)		7,629	(23,447)
(c) Profit on sale/redemption of investments		131,868	32,632
Less:- (Loss) on sale/redemption of investments		(8,906)	(4,609)
		466,150	209,698
<b>Other Income -Miscellaneous Income</b>		12,643	52,944
<b>Total(A)</b>		<b>1,714,668</b>	<b>1,192,031</b>
<b>Provisions (Other than taxation)</b>			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		-	-
(c) Others (to be specified)		-	-
<b>Other Expenses</b>			
(a) Expenses other than those directly related to the insurance business		35,664	21,746
(b) Bad debts written off		-	-
(c) Preliminary Expenses written off		-	-
		35,664	21,746
<b>Total (B)</b>		<b>35,664</b>	<b>21,746</b>
<b>Profit before tax</b>		<b>1,679,004</b>	<b>1,170,285</b>
Provision for taxation			
Current Tax ( Refer Schedule 16 Note 18 )		648,115	
Fringe Benefit Tax		35,300	
Deferred Tax expense ( Refer Schedule 16 Note 18 )		(60,590)	
		(622,825)	(416,594)
<b>Profit after tax</b>		<b>1,056,179</b>	<b>753,691</b>
<b>Profit available for appropriation</b>		<b>-</b>	<b>-</b>
<b>Appropriations</b>			
(a) Interim dividends paid during the year		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution on tax		-	-
(d) Transfer to reserve/other accounts (to be specified)		-	-
Balance of Profit brought forward last year		1,957,311	
Less : Transitional adjustments on revision to Valuation of employees benefits ( Refer Schedule 16, Note 2.3(i) )		(8,810)	
		1,948,501	1,203,620
<b>Balance carried forward to Balance Sheet</b>		<b>3,004,680</b>	<b>1,957,311</b>
<b>Significant Accounting Policies &amp; Notes to Financial Statements</b>	<b>16</b>		
<b>Earning per Share: Basic (Refer Schedule 16 Note 17)</b>		<b>9.59</b>	<b>6.85</b>

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

### As per our report of even date attached

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

**per Hemal Shah**  
Partner

Membership No.: 42650

**For and on behalf of Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner

Membership No.: 40451

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

**Rahul Bajaj**  
Chairman

**Ranjit Gupta**  
Director

**Swaraj Krishnan**  
Chief Executive Officer

**Don Nguyen**  
Director

**Kamesh Goyal**  
Alternate Director

**S Sreenivasan**  
Chief Financial Officer

**Onkar Kothari**  
Company Secretary

Mumbai  
May 12, 2008

Pune  
May 12, 2008

## Balance Sheet as at 31<sup>st</sup> March

Rupees ('000)

Particulars	Schedule	2008	2007
<b>Sources of Funds</b>			
<b>Shareholders' Funds:</b>			
Share Capital	5	1,102,273	1,101,331
Reserves and Surplus	6	4,670,877	2,932,834
Fair Value Change Account		(25,347)	81,570
Borrowings	7	-	-
<b>Total</b>		<b>5,747,803</b>	<b>4,115,735</b>
<b>Application of Funds</b>			
<b>Investments</b>	8	18,632,288	13,004,052
<b>Loans</b>	9	-	-
<b>Fixed Assets</b>	10		
Gross Block (Refer Schedule 16 Note 2.3(ii) & 2.15 )		1,364,991	918,458
Less:- Accumulated Depreciation		788,295	533,424
Net Block		576,696	385,034
Capital Work in Progress		421,632	92,812
		998,328	477,846
<b>Deferred Tax Asset (Refer Schedule 16 Note 18)</b>		165,180	100,050
<b>Current Assets</b>			
Cash and Bank Balances	11	2,699,594	2,240,408
Advances and Other Assets	12	3,031,590	1,138,303
<b>Sub-Total (A)</b>		5,731,184	3,378,711
<b>Current Liabilities</b>	13	10,552,050	7,016,903
<b>Provisions</b>	14	9,227,127	5,828,021
<b>Sub-Total (B)</b>		19,779,177	12,844,924
<b>Net Current Assets (C) = (A - B)</b>		(14,047,993)	(9,466,213)
<b>Miscellaneous Expenditure</b>	15	-	-
(to the extent not written off or adjusted)			
<b>Debit Balance in Profit and Loss Account</b>		-	-
<b>Total</b>		<b>5,747,803</b>	<b>4,115,735</b>
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

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

**per Hemal Shah**  
Partner

Membership No.: 42650

**For and on behalf of Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner

Membership No.: 40451

Mumbai  
May 12, 2008

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Ranjit Gupta**  
Director

**Swaraj Krishnan**  
Chief Executive Officer

Pune  
May 12, 2008

**Don Nguyen**  
Director

**Kamesh Goyal**  
Alternate Director

**S Sreenivasan**  
Chief Financial Officer

**Onkar Kothari**  
Company Secretary



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 31<sup>st</sup> March

Schedule - 1 : Premium Earned (Net)

Rupees ('000)

Particulars	2008					2007				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Premium from Direct Business written:	2,734,909	667,100	84,690	20,312,519	23,799,218	3,703,061	591,094	121,383	13,447,816	17,863,354
Add: Premium on Reinsurance Accepted	139,477	7,762	5,984	1,827,958	1,981,181	108,827	13,245	4,183	43,788	170,043
Less: Premium on Reinsurance Ceded	1,539,565	197,250	69,805	6,448,272	8,254,892	2,804,181	323,203	115,252	4,393,122	7,635,758
Net Premium	1,334,821	477,612	20,869	15,692,205	17,525,507	1,007,707	281,136	10,314	9,098,482	10,397,639
Adjustment for Change in Unexpired Risk Reserve										
Reserve created during the year	748,909	238,806	20,869	8,148,415	9,156,999	639,705	140,568	10,315	4,995,331	5,785,919
Less: Reserve created during the previous year Written Back	639,705	140,568	10,315	4,995,331	5,785,919	570,213	108,818	18,002	3,076,590	3,773,623
Change in the Unexpired Risk Reserve	109,204	98,238	10,554	3,153,084	3,371,080	69,492	31,750	(7,687)	1,918,741	2,012,296
Total Premium Earned (Net)	1,225,617	379,374	10,315	12,539,121	14,154,427	938,215	249,386	18,001	7,179,741	8,385,343
Note: Premium Income earned from business concluded										
In India	1,225,617	379,374	10,315	12,539,121	14,154,427	938,215	249,386	18,001	7,179,741	8,385,343
Outside India	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	1,225,617	379,374	10,315	12,539,121	14,154,427	938,215	249,386	18,001	7,179,741	8,385,343

\*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 31<sup>st</sup> March

Schedule - 1(A) : Premium Earned (Net)

Rupees ('000)

Particulars	2008										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmens ' Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Premium from Direct Business:	9,932,780	3,930,877	13,863,657	155,968	156,346	1,387,058	132,954	463,465	2,433,967	1,719,104	20,312,519
Add: Premium on Reinsurance Accepted	-	1,735,646	1,735,646	-	-	67,260	6,544	-	-	18,508	1,827,958
Less: Premium on Reinsurance Ceded	1,618,067	2,287,512	3,905,579	25,766	97,178	1,145,536	117,171	119,171	417,213	620,658	6,448,272
Net Premium	8,314,713	3,379,011	11,693,724	130,202	59,168	308,782	22,327	344,294	2,016,754	1,116,954	15,692,205
Adjustment for Change in Unexpired Risk Reserve											
Reserve created during the year	4,370,011	1,710,208	6,080,219	53,170	31,058	148,425	13,605	189,396	726,231	906,311	8,148,415
Less: Reserve created during the previous year Written Back	2,812,654	830,460	3,643,114	39,695	16,055	110,334	2,848	76,763	490,317	616,205	4,995,331
Change in the Unexpired Risk Reserve	1,557,357	879,748	2,437,105	13,475	15,003	38,091	10,757	112,633	235,914	290,106	3,153,084
Total Premium Earned (Net)	6,757,356	2,499,263	9,256,619	116,727	44,165	270,691	11,570	231,661	1,780,840	826,848	12,539,121
Note: Premium Income earned from business concluded											
In India	6,757,356	2,499,263	9,256,619	116,727	44,165	270,691	11,570	231,661	1,780,840	826,848	12,539,121
Outside India	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	6,757,356	2,499,263	9,256,619	116,727	44,165	270,691	11,570	231,661	1,780,840	826,848	12,539,121

Rupees ('000)

Particulars	2007										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmens ' Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Premium from Direct Business:	6,735,716	1,702,949	8,438,665	122,196	117,382	1,505,585	94,429	241,971	1,582,555	1,345,033	13,447,816
Add: Premium on Reinsurance Accepted	-	-	-	-	-	40,418	-	-	-	3,370	43,788
Less: Premium on Reinsurance Ceded	1,630,035	412,111	2,042,146	27,834	82,052	1,258,973	93,548	75,126	353,352	460,091	4,393,122
Net Premium	5,105,681	1,290,838	6,396,519	94,362	35,330	287,030	881	166,845	1,229,203	888,312	9,098,482
Adjustment for Change in Unexpired Risk Reserve											
Reserve created during the year	2,812,654	830,460	3,643,114	39,695	16,055	110,334	2,848	76,763	490,317	616,205	4,995,331
Less: Reserve created during the previous year Written Back	1,856,353	315,609	2,171,962	31,483	21,444	99,642	7,294	47,226	325,050	372,489	3,076,590
Change in the Unexpired Risk Reserve	956,301	514,851	1,471,152	8,212	(5,389)	10,692	(4,446)	29,537	165,267	243,716	1,918,741
Total Premium Earned (Net)	4,149,380	775,987	4,925,367	86,150	40,719	276,338	5,327	137,308	1,063,936	644,596	7,179,741
Note: Premium Income earned from business concluded											
In India	4,149,380	775,987	4,925,367	86,150	40,719	276,338	5,327	137,308	1,063,936	644,596	7,179,741
Outside India	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	4,149,380	775,987	4,925,367	86,150	40,719	276,338	5,327	137,308	1,063,936	644,596	7,179,741

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 31<sup>st</sup> March

Schedule - 2 : Claims Incurred (Net)

Rupees ('000)

Particulars	2008					2007				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Claims Paid										
Direct	1,411,145	472,804	386,169	7,248,780	9,518,898	1,682,049	494,636	39,825	4,999,020	7,215,530
Add: Reinsurance Accepted	63	-	-	56	119	591	18,126	-	2	18,719
Less: Reinsurance Ceded	993,879	159,390	377,950	1,772,964	3,304,183	1,265,297	264,158	25,248	1,514,741	3,069,444
Net Claims paid	417,329	313,414	8,219	5,475,872	6,214,834	417,343	248,604	14,577	3,484,281	4,164,805
Claims Outstanding (including IBNR & IBNER)										
Add: Claims Outstanding at the close of the year (net of Reinsurance)	499,561	198,693	38,142	6,431,730	7,168,126	419,297	215,851	25,994	3,264,823	3,925,965
Less: Claims Outstanding at the beginning of the year (net of Reinsurance)	419,297	215,851	25,994	3,264,823	3,925,965	335,769	104,461	27,905	2,066,344	2,534,479
Change in Claims Outstanding	80,264	(17,158)	12,148	3,166,907	3,242,161	83,528	111,390	(1,911)	1,198,479	1,391,486
Total Claims Incurred (Net)	497,593	296,256	20,367	8,642,779	9,456,995	500,871	359,994	12,666	4,682,760	5,556,291
Claims incurred										
In India	497,593	296,256	20,367	8,642,779	9,456,995	500,871	359,994	12,666	4,682,760	5,556,291
Outside India	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred (Net)	497,593	296,256	20,367	8,642,779	9,456,995	500,871	359,994	12,666	4,682,760	5,556,291

\*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 31<sup>st</sup> March

Schedule - 2(A) : Claims Incurred (Net)

Rupees ('000)

Particulars	2008										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmen's Compensation /Employers' Liability	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
<b>Claims Paid</b>											
Direct	3,905,171	442,523	4,347,694	38,405	4,268	460,730	13,627	208,918	1,714,801	460,337	7,248,780
Add: Reinsurance Accepted	-	-	-	-	-	56	-	-	-	-	56
Less: Reinsurance Ceded	797,663	87,802	885,465	7,416	2,120	383,573	13,117	56,345	307,774	117,154	1,772,964
<b>Net Claims paid</b>	<b>3,107,508</b>	<b>354,721</b>	<b>3,462,229</b>	<b>30,989</b>	<b>2,148</b>	<b>77,213</b>	<b>510</b>	<b>152,573</b>	<b>1,407,027</b>	<b>343,183</b>	<b>5,475,872</b>
<b>Claims Outstanding (including IBNR &amp; IBNER)</b>											
Add : Claims Outstanding at the close of the year (net of Reinsurance)	733,674	4,434,583	5,168,257	71,642	27,627	133,135	7,370	111,389	292,952	619,358	6,431,730
Less: Claims Outstanding at the beginning of the year (net of Reinsurance)	545,943	1,902,800	2,448,743	49,764	40,698	80,606	1,929	49,220	182,854	411,009	3,264,823
<b>Change in Claims Outstanding</b>	<b>187,731</b>	<b>2,531,783</b>	<b>2,719,514</b>	<b>21,878</b>	<b>(13,071)</b>	<b>52,529</b>	<b>5,441</b>	<b>62,169</b>	<b>110,098</b>	<b>208,349</b>	<b>3,166,907</b>
<b>Total Claims Incurred (Net)</b>	<b>3,295,239</b>	<b>2,886,504</b>	<b>6,181,743</b>	<b>52,867</b>	<b>(10,923)</b>	<b>129,742</b>	<b>5,951</b>	<b>214,742</b>	<b>1,517,125</b>	<b>551,532</b>	<b>8,642,779</b>
<b>Claims incurred</b>											
In India	3,295,239	2,886,504	6,181,743	52,867	(10,923)	129,742	5,951	214,742	1,517,125	551,532	8,642,779
Outside India	-	-	-	-	-	-	-	-	-	-	-
<b>Total Claims Incurred (Net)</b>	<b>3,295,239</b>	<b>2,886,504</b>	<b>6,181,743</b>	<b>52,867</b>	<b>(10,923)</b>	<b>129,742</b>	<b>5,951</b>	<b>214,742</b>	<b>1,517,125</b>	<b>551,532</b>	<b>8,642,779</b>

Rupees ('000)

Particulars	2007										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmen's Compensation /Employers' Liability	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
<b>Claims Paid</b>											
Direct	2,636,068	277,246	2,913,314	24,700	9,095	499,762	-	115,199	1,021,880	415,070	4,999,020
Add: Reinsurance Accepted	-	-	-	-	-	2	-	-	-	-	2
Less: Reinsurance Ceded	636,774	55,449	692,223	4,945	3,505	425,690	-	39,882	204,466	144,030	1,514,741
<b>Net Claims paid</b>	<b>1,999,294</b>	<b>221,797</b>	<b>2,221,091</b>	<b>19,755</b>	<b>5,590</b>	<b>74,074</b>	<b>-</b>	<b>75,317</b>	<b>817,414</b>	<b>271,040</b>	<b>3,484,281</b>
<b>Claims Outstanding (including IBNR &amp; IBNER)</b>											
Add : Claims Outstanding at the close of the year (net of Reinsurance)	545,943	1,902,800	2,448,743	49,764	40,698	80,606	1,929	49,220	182,854	411,009	3,264,823
Less: Claims Outstanding at the beginning of the year (net of Reinsurance)	425,287	943,580	1,368,867	49,083	122,931	68,200	3,072	29,582	163,586	261,023	2,066,344
<b>Change in Claims Outstanding</b>	<b>120,656</b>	<b>959,220</b>	<b>1,079,876</b>	<b>681</b>	<b>(82,233)</b>	<b>12,406</b>	<b>(1,143)</b>	<b>19,638</b>	<b>19,268</b>	<b>149,986</b>	<b>1,198,479</b>
<b>Total Claims Incurred (Net)</b>	<b>2,119,950</b>	<b>1,181,017</b>	<b>3,300,967</b>	<b>20,436</b>	<b>(76,643)</b>	<b>86,480</b>	<b>(1,143)</b>	<b>94,955</b>	<b>836,682</b>	<b>421,026</b>	<b>4,682,760</b>
<b>Claims Incurred</b>											
In India	2,119,950	1,181,017	3,300,967	20,436	(76,643)	86,480	(1,143)	94,955	836,682	421,026	4,682,760
Outside India	-	-	-	-	-	-	-	-	-	-	-
<b>Total Claims Incurred (Net)</b>	<b>2,119,950</b>	<b>1,181,017</b>	<b>3,300,967</b>	<b>20,436</b>	<b>(76,643)</b>	<b>86,480</b>	<b>(1,143)</b>	<b>94,955</b>	<b>836,682</b>	<b>421,026</b>	<b>4,682,760</b>



Schedules to and forming part of the Revenue Accounts and Profit and Loss Account for the year ended on and to  
Balance Sheet as at 31<sup>st</sup> March

Schedule - 3 : Commission Expenses

Rupees ('000)

Particulars	2008					2007				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Commission Paid direct	159,963	59,955	3,214	1,060,242	1,283,374	172,159	45,889	2,498	891,414	1,111,960
Total (A)	159,963	59,955	3,214	1,060,242	1,283,374	172,159	45,889	2,498	891,414	1,111,960
Add: Reinsurance Accepted	12,752	308	-	184,451	197,511	10,850	186	5	2,133	13,174
Less: Commission on Reinsurance Ceded	456,521	35,629	10,173	1,166,126	1,668,449	879,851	48,956	11,990	970,755	1,911,552
Net Commission	(283,806)	24,634	(6,959)	78,567	(187,564)	(696,842)	(2,881)	(9,487)	(77,208)	(786,418)
Break-up of the commission ( Gross ) incurred to procure business furnished as per details below										
Agents	108,337	35,077	1,511	684,272	829,197	43,307	17,116	800	439,126	500,349
Brokers	46,321	19,792	1,687	270,181	337,981	72,729	19,137	1,166	178,203	271,235
Corporate Agency	5,305	5,086	16	105,789	116,196	56,123	9,636	532	274,085	340,376
Referral	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total (B)	159,963	59,955	3,214	1,060,242	1,283,374	172,159	45,889	2,498	891,414	1,111,960
Commission Paid										
In India	(283,806)	24,634	(6,959)	78,567	(187,564)	(696,842)	(2,881)	(9,487)	(77,208)	(786,418)
Outside India	-	-	-	-	-	-	-	-	-	-
Net Commission	(283,806)	24,634	(6,959)	78,567	(187,564)	(696,842)	(2,881)	(9,487)	(77,208)	(786,418)

\*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 31<sup>st</sup> March

Schedule - 3 (A) : Commission Expenses

Rupees ('000)

Particulars	2008										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmen's Compensation /Employers' Liability	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Commission Paid direct	573,652	-	573,652	11,477	12,738	66,322	6,560	27,625	175,247	186,621	1,060,242
Total (A)	573,652	-	573,652	11,477	12,738	66,322	6,560	27,625	175,247	186,621	1,060,242
Add: Reinsurance Accepted	-	173,565	173,565	-	-	10,365	-	-	-	521	184,451
Less: Commission on Reinsurance Ceded	366,482	257,753	624,235	5,237	14,708	291,452	3,464	27,122	101,112	98,796	1,166,126
Net Commission	207,170	(84,188)	122,982	6,240	(1,970)	(214,765)	3,096	503	74,135	88,346	78,567
Commission Paid											
In India	207,170	(84,188)	122,982	6,240	(1,970)	(214,765)	3,096	503	74,135	88,346	78,567
Outside India	-	-	-	-	-	-	-	-	-	-	-
Net Commission	207,170	(84,188)	122,982	6,240	(1,970)	(214,765)	3,096	503	74,135	88,346	78,567

Rupees ('000)

Particulars	2007										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmen's Compensation /Employers' Liability	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Commission Paid direct	449,854	79,517	529,371	9,069	8,441	59,769	756	18,033	136,391	129,584	891,414
Total (A)	449,854	79,517	529,371	9,069	8,441	59,769	756	18,033	136,391	129,584	891,414
Add: Reinsurance Accepted	-	-	-	-	-	2,131	-	-	-	2	2,133
Less: Commission on Reinsurance Ceded	332,827	84,146	416,973	5,285	13,296	346,637	2,104	18,575	79,183	88,702	970,755
Net Commission	117,027	(4,629)	112,398	3,784	(4,855)	(284,737)	(1,348)	(542)	57,208	40,884	(77,208)
Commission Paid											
In India	117,027	(4,629)	112,398	3,784	(4,855)	(284,737)	(1,348)	(542)	57,208	40,884	(77,208)
Outside India	-	-	-	-	-	-	-	-	-	-	-
Net Commission	117,027	(4,629)	112,398	3,784	(4,855)	(284,737)	(1,348)	(542)	57,208	40,884	(77,208)

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 31<sup>st</sup> March

Schedule - 4 : Operating Expenses

Rupees ('000)

Particulars	2008					2007				
	Fire	Marine		Miscellaneous*	Total	Fire	Marine		Miscellaneous*	Total
		Cargo	Others				Cargo	Others		
Employees' remuneration, benefits & other manpower costs	199,873	48,753	6,190	1,484,489	1,739,305	189,897	30,312	6,225	689,615	916,049
Travel, conveyance and vehicle running	15,003	3,659	465	111,425	130,552	17,906	2,858	587	65,026	86,377
Agent training	1,418	346	44	10,528	12,336	2,783	444	91	10,106	13,424
Rents, rates and taxes	23,874	5,823	739	177,312	207,748	24,813	3,961	813	90,111	119,698
Maintenance & repairs	2,898	707	90	21,522	25,217	2,663	425	87	9,678	12,853
Printing and stationery	5,003	2,594	10	91,974	99,581	4,039	2,496	19	68,583	75,137
Communication	18,023	4,396	558	133,860	156,837	19,358	3,090	635	70,300	93,383
Information technology	6,872	3,563	13	126,336	136,784	6,084	3,759	28	103,309	113,180
Legal and professional charges	18,586	4,533	576	138,037	161,732	72,859	11,630	2,388	264,590	351,467
Auditor's fees, expenses, etc.										
(a) as auditors	230	56	7	1,707	2,000	415	66	14	1,505	2,000
(b) as advisor or in any other capacity in respect of:										
(i) Taxation matters	56	14	2	415	487	-	-	-	-	-
(ii) Tax Audit	29	7	1	213	250	52	8	2	187	249
(iii) Management services	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	-	-	-	-	-	148	24	5	538	715
(d) Out of Pocket Expenses	97	24	3	716	840	134	21	4	487	646
	291,962	74,475	8,698	2,298,534	2,673,669	341,151	59,094	10,898	1,374,035	1,785,178
Advertisement and publicity	14,755	7,651	29	271,257	293,692	9,530	5,889	44	161,837	177,300
Interest and Bank Charges	3,711	905	115	27,558	32,289	5,055	807	166	18,358	24,386
Business Development and Promotion	3,451	266	61	96,610	100,388	957	43	3	38,700	39,703
Marketing and Support Services	72,389	37,535	142	1,330,815	1,440,881	57,702	35,654	268	979,858	1,073,482
Service Charges	-	-	-	-	-	-	-	-	413	413
Other Acquisition Costs	6,316	1,865	561	97,100	105,842	11,093	853	830	28,350	41,126
Others										
Exchange (gain) /loss	252	61	8	1,871	2,192	262	42	9	954	1,267
Miscellaneous Expenses	24,356	5,941	754	180,888	211,939	27,148	4,333	890	98,589	130,960
Loss/( Profit) on disposal of Assets	202	49	6	1,501	1,758	(393)	(63)	(13)	(1,429)	(1,898)
	125,432	54,273	1,676	2,007,600	2,188,981	111,354	47,558	2,197	1,325,630	1,486,739
Depreciation ( Refer Schedule 16 Note 2.3(ii) & 2.15 )**	31,116	7,590	964	231,100	270,770	37,076	5,918	1,215	134,643	178,852
Service Tax Expenses	30,928	21	19	26,752	57,720	-	-	-	-	-
Provision for Doubtful amounts	415	101	13	3,082	3,611	674	108	22	2,446	3,250
<b>Total</b>	<b>479,853</b>	<b>136,460</b>	<b>11,370</b>	<b>4,567,068</b>	<b>5,194,751</b>	<b>490,255</b>	<b>112,678</b>	<b>14,332</b>	<b>2,836,754</b>	<b>3,454,019</b>

\* Refer Schedule 4(A)

\*\* Includes depreciation on investment property amounting to Rupees 1401 thousand (Refer Schedule 8)

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 31<sup>st</sup> March

Schedule - 4 (A) : Operating Expenses

Rupees ('000)

Particulars	2008										
	Motor (OD)	Motor (TP)	Motor (Total)	Workmen's Compensation /Employers' Liability	Public / Prod- uct Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Employees' remuneration, benefits & other manpower costs	725,912	287,278	1,013,190	11,398	11,425	101,369	9,717	33,871	177,880	125,639	1,484,489
Travel, Conveyance and Vehicle running	54,487	21,563	76,050	856	858	7,609	729	2,542	13,352	9,429	111,425
Agent Training	5,148	2,038	7,186	81	81	719	69	240	1,262	890	10,528
Rents, Rates and Taxes	86,705	34,314	121,019	1,361	1,365	12,108	1,161	4,046	21,247	15,005	177,312
Maintenance & Repairs	10,525	4,165	14,690	165	166	1,470	141	491	2,579	1,820	21,522
Printing and Stationery	40,234	15,922	56,156	188	23	171	3	12,844	10,796	11,793	91,974
Communication	65,457	25,905	91,362	1,028	1,030	9,141	876	3,054	16,040	11,329	133,860
Information Technology	55,265	21,871	77,136	259	31	235	4	17,643	14,829	16,199	126,336
Legal and Professional charges	67,500	26,713	94,213	1,060	1,062	9,426	904	3,150	16,540	11,682	138,037
Auditor's fees, expenses, etc.											
(a) as auditor	835	330	1,165	13	13	117	11	39	205	144	1,707
(b) as advisor or in any other capacity in respect of:											
(i) Taxation matters	203	81	284	3	3	28	3	9	50	35	415
(ii) Tax Audit	105	41	146	2	2	15	1	5	26	16	213
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	-	-	-	-	-	-	-	-	-	-	-
(d) Out of Pocket Expenses	350	139	489	6	6	49	5	16	86	59	716
	1,112,726	440,360	1,553,086	16,420	16,065	142,457	13,624	77,950	274,892	204,040	2,298,534
Advertisement and publicity	118,660	46,960	165,620	555	67	505	8	37,882	31,839	34,781	271,257
Interest and Bank Charges	13,476	5,333	18,809	212	212	1,882	180	629	3,302	2,332	27,558
Business Development and Promotion	62,325	24,665	86,990	93	-	437	-	258	4,246	4,586	96,610
Marketing and Support Services	582,160	230,389	812,549	2,725	330	2,478	38	185,852	156,206	170,637	1,330,815
Service Charges	-	-	-	-	-	-	-	-	-	-	-
Other Acquisition Costs	58,957	23,332	82,289	28	47	2,889	743	63	7,517	3,524	97,100
Others											-
Exchange (gain) /loss	915	362	1,277	14	14	128	12	43	224	159	1,871
Miscellaneous Expenses	88,457	35,006	123,463	1,389	1,392	12,353	1,184	4,127	21,676	15,304	180,888
Loss/( Profit) on disposal of Assets	734	290	1,024	12	12	102	10	34	180	127	1,501
	925,684	366,337	1,292,021	5,028	2,074	20,774	2,175	228,888	225,190	231,450	2,007,600
Depreciation ( Refer Schedule 16 Note 2.3(ii) & 2.15 )	113,008	44,722	157,730	1,774	1,779	15,781	1,513	5,273	27,692	19,558	231,100
Service Tax Expenses	17,406	6,889	24,295	-	-	5	809	-	-	1,643	26,752
Provision for Doubtful amounts	1,507	597	2,104	24	24	210	20	70	369	261	3,082
Total	2,170,331	858,905	3,029,236	23,246	19,942	179,227	18,141	312,181	528,143	456,952	4,567,068

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 31<sup>st</sup> March

Schedule - 4 (A) : Operating Expenses

Rupees ('000)

Particulars	2007										
	Motor OD	Motor TP	Motor Total	Workmen's Compensation /Employers' Liability	Public / Prod- uct Liability	Engineering	Aviation	Personal Accident	Health Insurance	Others	Total
Employees' remuneration, benefits & other manpower costs	345,413	87,329	432,742	6,266	6,020	77,207	4,842	12,409	81,155	68,974	689,615
Travel, Conveyance and Vehicle running	32,570	8,235	40,805	591	568	7,280	457	1,170	7,652	6,503	65,026
Agent Training	5,062	1,280	6,342	92	88	1,131	71	182	1,189	1,011	10,106
Rents, Rates and Taxes	45,134	11,411	56,545	819	787	10,089	633	1,621	10,604	9,013	90,111
Maintenance & Repairs	4,844	1,225	6,069	88	84	1,083	68	174	1,138	974	9,678
Printing and Stationery	36,796	9,303	46,099	150	21	174	2	1,058	7,140	13,939	68,583
Communication	35,211	8,902	44,113	639	614	7,870	494	1,265	8,273	7,032	70,300
Information Technology	55,428	14,013	69,441	226	32	262	3	1,594	10,755	20,996	103,309
Legal and Professional charges	132,527	33,506	166,033	2,404	2,310	29,623	1,858	4,761	31,137	26,464	264,590
Auditor's fees, expenses, etc.											
(a) as auditor	754	191	945	14	13	169	11	27	177	149	1,505
(b) as advisor or in any other capacity in respect of:											
(i) Taxation matters	-	-	-	-	-	-	-	-	-	-	-
(ii) Tax Audit	94	24	118	2	2	21	1	3	22	18	187
(iii) Management services	-	-	-	-	-	-	-	-	-	-	-
(c) In any other capacity	270	68	338	5	5	60	4	10	63	53	538
(d) Out of Pocket Expenses	244	62	306	4	4	55	3	9	57	49	487
	<b>694,347</b>	<b>175,549</b>	<b>869,896</b>	<b>11,300</b>	<b>10,548</b>	<b>135,024</b>	<b>8,447</b>	<b>24,283</b>	<b>159,362</b>	<b>155,175</b>	<b>1,374,035</b>
Advertisement and publicity	86,829	21,952	108,781	354	51	411	5	2,497	16,847	32,891	161,837
Interest and Bank Charges	9,195	2,325	11,520	167	160	2,055	129	330	2,160	1,837	18,358
Business Development and Promotion	27,997	7,078	35,075	26	27	241	0	87	1,466	1,778	38,700
Marketing and Support Services	525,716	132,913	658,629	2,143	307	2,490	30	15,116	102,004	199,139	979,858
Service Charges	326	82	408	-	-	-	-	-	5	0	413
Other Acquisition Costs	13,208	3,339	16,547	9	191	3,512	549	54	6,964	524	28,350
Others											
Exchange (gain) /loss	477	121	598	9	8	107	7	17	112	96	954
Miscellaneous Expenses	49,380	12,485	61,865	896	861	11,038	692	1,774	11,602	9,861	98,589
Loss/( Profit) on disposal of Assets	(716)	(181)	(897)	(13)	(12)	(160)	(10)	(26)	(168)	(143)	(1,429)
	<b>712,412</b>	<b>180,114</b>	<b>892,526</b>	<b>3,591</b>	<b>1,593</b>	<b>19,694</b>	<b>1,402</b>	<b>19,849</b>	<b>140,992</b>	<b>245,983</b>	<b>1,325,630</b>
Depreciation ( Refer Schedule 16 Note 2.3(ii) & 2.15 )	67,440	17,051	84,491	1,223	1,175	15,074	945	2,423	15,845	13,467	134,643
Service Tax Expenses	-	-	-	-	-	-	-	-	-	-	-
Provision for Doubtful amounts	1,225	310	1,535	22	21	274	17	44	288	245	2,446
<b>Total</b>	<b>1,475,424</b>	<b>373,024</b>	<b>1,848,448</b>	<b>16,136</b>	<b>13,337</b>	<b>170,066</b>	<b>10,811</b>	<b>46,599</b>	<b>316,487</b>	<b>414,870</b>	<b>2,836,754</b>

## Schedules to and forming part of the Revenue Accounts and Profit and Loss Account for the year ended on and to Balance Sheet as at 31<sup>st</sup> March

### Schedule - 5 : Share Capital

Rupees ('000)

Particulars	2008	2007
<b>Authorised Capital:</b> 125,000,000 Equity shares of Rs 10 each (Previous year 125,000,000 Equity shares)	1,250,000	1,250,000
<b>Issued Capital:</b> 110,227,250 Equity Shares of Rs 10 each fully paid up (Previous year 110,133,050 Equity shares)	1,102,273	1,101,331
<b>Subscribed Capital:</b> 110,227,250 Equity Shares of Rs 10 each fully paid up (Previous year 110,133,050 Equity shares)	1,102,273	1,101,331
<b>Called-up Capital:</b> 110,227,250 Equity Shares of Rs 10 each fully paid up (Previous year 110,133,050 Equity shares)	1,102,273	1,101,331
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	-	-
<b>Total</b>	<b>1,102,273</b>	<b>1,101,331</b>

### Schedule - 5 A : Share Capital / Pattern of Shareholding

(As certified by the Management)

Rupees ('000)

Shareholder	2008		2007	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Promoters - Indian</b>				
Bajaj Auto Limited	81,527,317	73.96%	81,498,457	74.00%
Bajaj Finserv Limited	40,848	0.04%	-	0.00%
<b>Promoters - Foreign</b>				
Allianz SE	28,659,085	26.00%	28,634,593	26.00%
Others	-	0.00%	-	0.00%
<b>Total</b>	<b>110,227,250</b>	<b>100.00%</b>	<b>110,133,050</b>	<b>100.00%</b>

Notes: During the current year, the Company has received a copy of the Hight Court of Judicature, Mumbai order dated 18th December 2007 granting approval to the scheme of arrangement whereby the investment in the equity share capital of the company held by erstwhile Bajaj Auto Limited is demerged and vested with Bajaj Finserv Limited with effect from 1<sup>st</sup> April 2007, the transfer of which has also been approved by Insurance Regulatory and Development Authority ('IRDA'). As at 31<sup>st</sup> March 2008, the actual transfer of shares are pending completion of formalities.

### Schedule - 6 : Reserves and Surplus

Rupees ('000)

Particulars		2008	2007
Capital Reserve		-	-
Capital Redemption Reserve		-	-
Share Premium			
Opening balance	975,523		
Share premium received during the year	690,674	1,666,197	975,523
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		3,004,680	1,957,311
<b>Total</b>		<b>4,670,877</b>	<b>2,932,834</b>

### Schedule - 7 : Borrowings

Rupees ('000)

Particulars	2008	2007
Debentures/Bonds	-	-
Banks	-	-
Financial Institutions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**Schedules to and forming part of the Revenue Accounts and Profit and Loss Account for the year ended on and to Balance Sheet as at 31<sup>st</sup> March**

## Schedule - 8 : Investments

Rupees ('000)

	Particulars	2008	2007
	<b>Long Term Investments</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	5,919,660	2,962,282
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity Shares	230,331	236,968
	Fair Value Change Accretion/(Diminution)	12,455	71,278
		242,786	308,246
	(bb) Preference Shares	-	-
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debenture/Bonds	5,369,068	2,306,453
	(e) Other securities (to be specified)	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	109,096	31,057
	Less : Accumalated depreciation	(1,401)	-
		107,695	
4	Investments in Infrastructure and Social Sector (Debentures)	3,225,583	664,746
5	Other than Approved Securities		
	(a) Shares	34,524	67,274
	Fair Value Change Accretion/(Diminution)	(10,162)	15,040
		24,362	82,314
	(b) Debenture/Bonds	168,565	210,231
	<b>Short Term Investments</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	485,383	1,425,450
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares		
	(aa) Equity Shares	144,801	164,123
	Fair Value Change Accretion/(Diminution)	(25,269)	(4,819)
		119,532	159,304
	(bb) Preference Shares		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debenture/Bonds	2,757,856	3,855,369
	(e) Other securities (to be specified)		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4	Investments in Infrastructure and Social Sector (Debentures)	147,575	892,334
5	Other than Approved Securities		
	(a) Shares	13,439	6,115
	(b) Mutual Funds	-	-
	Fair Value Change Accretion/(Diminution)	(2,371)	71
		11,068	6,186
	(c) Debenture/Bonds	53,155	100,080
	<b>Total</b>	<b>18,632,288</b>	<b>13,004,052</b>
	Investments		
	In India	18,632,288	13,004,052
	Outside India	-	-
	<b>Total</b>	<b>18,632,288</b>	<b>13,004,052</b>

**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 Rupees 118,564 thousand (Previous year Rupees 119,997 thousand as on 31st March 2007) deposited with CITI Bank (Custodian)
- 2) All the above investments are performing assets.
- 3) Investments maturing within next 12 months are Rupees 3,443,969 thousand (Previous year Rupees 6,273,233 thousand)
- 4) Aggregate value of Investment other than Equities and Derivative instruments, as at March 31 2008, Rupees 18,126,846 thousand (Previous year Rupees 12,416,945 thousand) Market value as at 31st March, 2008 Rupees 18,072,490 thousand (Previous year Rupees 12,213,372 thousand)
- 5) Fair Value of investment properties-real estate is considered at its book value being Rupees 107,695 thousand as at 31st March 2008 (Rupees 31,057 thousand as on 31st March 2007), since the acquisitions have been recent.
- 6) Value of contracts in relation to investments where deliveries are pending Rupees Nil (Previous year Rupees Nil) and in respect of sale of investments where payments are overdue Rupees Nil (Previous year Rupees 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 31<sup>st</sup> March**

## Schedule - 9 : Loans

Rupees ('000)

	Particulars	2008	2007
<b>1</b>	Security-Wise Classification		
	<b>Secured</b>	-	-
	a) On Mortgage of Property		
	(aa) In India		
	(bb) Outside India		
	b) On Shares, Bonds, Govt.Securities		
	c) Others (to be specified)		
	<b>Unsecured</b>	-	-
	<b>Total</b>	-	-
<b>2</b>	Borrower-Wise Classification		
	a) Central and State Government		
	b) Bank and Financial Institutions		
	c) Subsidiaries		
	d) Industrial Undertakings		
	e) Others (to be specified)		
	<b>Total</b>	-	-
<b>3</b>	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	-	-
	<b>Total</b>		
<b>4</b>	Maturity-Wise Classification		
	a) Short- Term		
	b) Long- Term		
	<b>Total</b>	-	-

**Schedules to and forming part of the Revenue Accounts and Profit and Loss Account for the year ended on and to Balance Sheet as at 31<sup>st</sup> March**

## Schedule - 10 : Fixed Assets

Rupees ('000)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1st April 2007	Additions/ Adjustments during the year	Deductions/ Adjustments during the year*	As at 31st March 2008	As at 1st April 2007	For the Year	On Sales/ Adjust-ments	As at 31st March 2008	As at 31st March 2008	As at 31st March 2007
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles -Computer Softwares	66,475	29,690	-	<b>96,165</b>	53,168	14,027	-	<b>67,195</b>	<b>28,970</b>	13,306
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	142,251	51,151	3,062	<b>190,340</b>	85,933	39,253	2,880	<b>122,306</b>	<b>68,034</b>	56,318
Freehold Improvements	5,383	5,108	-	<b>10,491</b>	4,362	1,600	-	<b>5,962</b>	<b>4,529</b>	1,021
Building	81,975	76,888	-	<b>158,863</b>	7,608	2,665	-	<b>10,273</b>	<b>148,590</b>	74,367
Furniture & fixtures	147,162	71,800	4,956	<b>214,006</b>	89,378	58,354	2,892	<b>144,840</b>	<b>69,166</b>	57,783
Information Technology Equipment	347,246	160,011	5,385	<b>501,872</b>	240,571	117,472	3,479	<b>354,564</b>	<b>147,308</b>	106,675
Vehicles	14,633	9,441	3,456	<b>20,618</b>	6,404	3,305	3,035	<b>6,674</b>	<b>13,944</b>	8,229
Office Equipment	113,333	62,053	2,750	<b>172,636</b>	45,999	32,693	2,211	<b>76,481</b>	<b>96,155</b>	67,335
Others (specify nature)	-	-	-	-	-	-	-	-	-	-
Total	918,458	466,142	19,609	<b>1,364,991</b>	533,423	269,369	14,497	<b>788,295</b>	<b>576,696</b>	385,034
Capital work-in-progress & advances									<b>421,632</b>	92,812
Grand Total	918,458	466,142	19,609	<b>1,364,991</b>	533,423	269,369	14,497	<b>788,295</b>	<b>998,328</b>	477,846
Previous Year	707,409	220,787	9,738	<b>918,458</b>	363,389	178,830	8,795	<b>533,424</b>	<b>497,846</b>	352,968

\* Refer Schedule 16 Note 2.3(ii) & 2.15

## Schedule - 11 : Cash and Bank Balances

Rupees ('000)

Particulars	2008	2007
1. Cash and Stamps on Hand	15,068	9,161
2. Cheques on Hand	442,651	396,251
(Includes Cheques in Transit Rupees 19,449 thousand (Previous year Rupees 23,560 thousand)		
3. Bank Balances		
(a) Deposit Accounts		
(aa) Short Term (due within 12 months)	1,471,094	1,140,676
(bb) Others	-	160,000
(b) Current Accounts	770,781	532,736
(c) Others :- Margin Money Account	-	1,584
4. Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
5. Others ( to be specified)	-	-
<b>Total</b>	<b>2,699,594</b>	<b>2,240,408</b>
Balance with Non-scheduled Banks included in (2) and (3) above	4,016	645
Cash and Bank Balances		
In India	2,695,578	2,239,763
Outside India	4,016	645
<b>Total</b>	<b>2,699,594</b>	<b>2,240,408</b>

**Schedules to and forming part of the Revenue Accounts and Profit and Loss Account for the year ended on and to Balance Sheet as at 31<sup>st</sup> March**

## Schedule - 12 : Advances and Other Assets

Rupees ('000)

Particulars	2008	2007
<b>Advances</b>		
Deposits with Ceding Companies	13,620	9,685
Application Money for Investments	101,016	-
Prepayments	25,407	19,447
Advances to Directors / Officers	-	-
Advance Tax Paid and Taxes Deducted at Source ( Net of Provision for Taxation)	82,156	16,780
Others		
Advances to employees	4,774	6,306
Advances recoverable in cash or in kind	219,550	
Less : Provision for doubtful advances	(6,399)	
	213,151	87,788
Unutilised service tax carried forward (net)	62,447	147,809
<b>Total (A)</b>	<b>502,571</b>	<b>287,815</b>
<b>Other Assets</b>		
Income accrued on investments	544,303	316,827
Outstanding Premium	291,133	23,322
Agents' Balances	29,017	
Less: Provision For Doubtful Recoveries	(5,763)	
	23,254	117,580
Foreign Agencies Balances	-	-
Due from other entities carrying on insurance business, including reinsurers (net)	1,551,694	
Less Provision for doubtful amounts	(1,463)	
	1,550,231	322,816
Due from Subsidiary/Holding Companies	-	-
Deposit with Reserve Bank of India [Pursuant to Section 7 of Insurance Act, 1938 ]	-	-
Others		
Deposits	120,098	69,943
<b>Total (B)</b>	<b>2,529,019</b>	<b>850,488</b>
<b>Total (A + B)</b>	<b>3,031,590</b>	<b>1,138,303</b>

**Schedules to and forming part of the Revenue Accounts and Profit and Loss Account for the year ended on and to Balance Sheet as at 31<sup>st</sup> March**

## Schedule - 13 : Current Liabilities

Rupees ('000)

Particulars	2008	2007
Agents' Balances	129,504	105,011
Balances due to other insurance companies	364,944	991,278
Deposit held on Reinsurance Ceded	-	-
Premium Received in Advance	387,079	288,031
Unallocated Premium	525,644	365,204
Sundry creditors	1,088,623	766,533
Due to subsidiaries/holding company	-	-
Claims outstanding for		
i) More than Six Months	4,005,363	5,468,163
ii) Less than Six Months (Including IBNR & IBNER) (Refer Schedule 16 Note 2.12 and Note 6)	7,700,804	2,774,286
	11,706,167	
Claims Recoverable from Reinsurer (Including IBNR)	(4,538,041)	(4,316,484)
Net Claims Outstanding (Includes Rs.1,058,744 thousand.(Previous year Nil) on account account of third party motor pool (IMTPIP))	7,168,126	3,925,965
Solatium Fund	29,399	13,805
Premium Deficiency (Refer Schedule 16 Note 2.10)	-	38,683
Due to Officers/Directors	-	-
Others- Service Tax Payable	10,061	32,258
Temporary Overdraft as per books of accounts only	848,670	490,135
<b>Total</b>	<b>10,552,050</b>	<b>7,016,903</b>

## Schedule - 14 : Provisions

Rupees ('000)

Particulars	2008	2007
Reserve for Unexpired Risk	9,156,999	5,785,919
For taxation (Refer Schedule 16 Note 18) (Net of Advance Tax + Fringe Benefit Tax )	-	-
For proposed dividends	-	-
For dividend distribution tax	-	-
Employee Benefits	70,128	42,102
<b>Total</b>	<b>9,227,127</b>	<b>5,828,021</b>

## Schedule - 15 : Miscellaneous Expenditure (to the extent not written off or adjusted)

Rupees ('000)

Particulars	2008	2007
Discount allowed in issue of shares/debentures	-	-
Others (to be specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Schedule - 16 : Significant Accounting Policies & Notes to and forming part of the Financial Statements for the year ended 31st March 2008

### 1. Background

Bajaj Allianz General Insurance Company Limited ('the Company') was incorporated on 24th October 2000, as a company under the Companies Act, 1956 ('the Act'). The Company is registered with Insurance Regulatory and Development Authority (IRDA) and is in the business of underwriting general insurance policies relating to fire, marine and miscellaneous segments. The IRDA renewed the Company's certificate of registration to sell general insurance policies in India for the year 2008-09 vide its certificate of Renewal of Registration dated 11th March 2008. The renewal certificate is with effect from 1st April 2008 and is valid upto 31st March 2009.

### 2. Significant Accounting Policies

#### 2.1 Basis of Preparation of Financial Statements

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles 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 (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 notified accounting standards issued by Companies (Accounting Standard) Rules, 2006 (to the extent applicable) and current practices prevailing in the Insurance industry.

#### 2.2 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in 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 revision to accounting estimates is recognized prospectively in current and future periods.

#### 2.3 Changes in Accounting Estimates

##### (i) Adoption of Accounting Standard-AS 15 –Employee Benefits

The Company has, during the year, complied with the revisions to the Accounting Standard on "Employee Benefits" AS-15, which are mandatory from accounting periods commencing after 7th December 2006. Accordingly the Company's leave encashment actuarial liability as at the commencement of the year was recomputed, adopting the "projected unit credit method" mandated by the standard, by an actuary appointed for the purpose. As a consequence the opening accrued liability, also determined by an appointed actuary, resulted in an increase by Rs. 8,810 thousand (Gross amount Rs. 13,350 thousand less deferred tax Rs. 4,540 thousand.) which as per the transitional provisions of the revised accounting standard, has been adjusted to the reserves represented by retained profits carried forward from the previous accounting year.

##### (ii) Revision in useful life of leasehold improvement

Until 31st March 2007, the Company was providing depreciation on leasehold improvements at a rate that would have amortized the cost of acquisition less estimated salvage value, including subsequent additions and improvements over the balance period of the lease, computed from the month of acquisition. With effect from 1st April 2007, the depreciation rate in respect of leasehold improvements has been changed to 33.33%.

Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account after taxation for the current year would have been lower by Rs. 3,594 thousand and the net block of fixed assets would correspondingly have been higher by Rs.5,446 thousand. The net depreciation charge of Rs. 3,594 thousand (after adjusting deferred tax asset of Rs. 1,851 thousand) arising out of retrospective re-computation has been recognized in the current period profit and loss account.

#### 2.4 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 recognized in the year in which they occur.



**Interest / dividend income:** Interest income is recognized on accrual basis and dividend income 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.

**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 reinsurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by Reinsurer.

## 2.5 Reinsurance Ceded

Reinsurance cost, in respect of proportional reinsurance ceded, 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.

## 2.6 Reinsurance Accepted

Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

## 2.7 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.

## 2.8 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.

## 2.9 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 2.20).

## 2.10 Premium Deficiency

Premium deficiency is recognized 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 direct costs incurred for ensuring claim handling operations.

## 2.11 Claims Incurred

Claims are recognized as and when reported. Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) 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 recognized 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.

## 2.12 IBNR and IBNER (Claims Incurred But Not Reported and Claims Incurred But Not Enough Reported)

IBNR represents that amount of all 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 is determined based on actuarial principles 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 Institute of Actuaries of India in concurrence with the IRDA and accordingly liability determined certified as adequate by the Actuary.

## 2.13 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.

c) Depreciation is apportioned on the basis of Gross Written Premium.

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

## 2.14 Income from Investments and Other Income

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

## 2.15 Fixed Assets and Depreciation / Amortization

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

	Depreciation rates as per books(SLM)	Depreciation rates as per Sch XIV(SLM)
Information technology equipment	33.33%	16.21%
Computer software (Intangibles)	33.33%	16.21%
Vehicles	20.00%	7.07%
Office equipment	25.00%	4.75%
Furniture & fixtures	6.33%	6.33%
Building	2.00%	1.63%
Air conditioner (part of office equipments)	10.00%	4.75%
Electrical fittings (part of office equipments)	33.33%	6.75%
Leasehold improvements	33.33%	-
Free Hold Improvements on Investment properties leased out	33.33%	-

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

(i) The carrying amounts of all assets 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.

(ii) After impairment depreciation is provided on the revised carrying amount of the assets over its remaining useful life, if any.

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

**Equities (Listed & Actively Traded):** Listed and actively traded securities are stated at the lower of the last quoted closing prices on The National Stock Exchange of India Limited or The Bombay Stock Exchange Limited. Unrealized gains or losses are credited / debited to the fair value change account.

The realized gain or loss on the listed & actively traded equities is the difference between the sale consideration and the cost as on the date of sale, determined on a first in first out 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. Unrealized gains or losses are credited / debited to the fair value change account.

The realized 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 unrealized 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.

Unrealized loss on listed and actively traded investments held for long term are not considered to be a part permanent nature and hence not considered as impaired. However the company, at each balance sheet date, assesses investments for any impairment and necessary provisions are made for the same where required.

**Real Estate – Investment Property:** Investment Property is measured at historical cost less accumulated depreciation and impairment loss, if any.

## 2.17 Retirement and Other Employee Benefits

### i) Provident Fund and Family Pension Schemes

Retirement benefits in the form of Provident Fund and Family Pension Scheme, is a defined contribution scheme held with Provident Fund Authority at the prescribed rates and the

contribution are charged to the profit and loss account of the year when the contribution to the respective funds are due. For the purpose of determining contribution to provident fund, the amount of leave encashment is included in computing the basic wage.

### ii) 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.

### iii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the balance sheet date. Refer note 19

### iv) Compensated absences and leave entitlements

Non-accumulating compensated absences are accounted for as and when availed / encashed. Long term accumulating leave entitlements are provided for on the basis of actuarial liability determined by an actuary appointed for the purpose. Refer note 2.3(i) above.

v) Actuarial gains / losses are immediately taken to profit and loss account

### vi) Long Term Incentive Plan

The Company has a Long Term Incentive Plan (LTIP) for selected management personnel. The plan is a discretionary deferred compensation plan with a vesting period of three years from the period of first entitlement of an employee. Provision for LTIP, liability is accrued and provided for on the basis of actuarial valuation made at the balance sheet date.

## 2.18 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 recognized in the Revenue Accounts or Profit and Loss Account, as applicable.

## 2.19 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.

## 2.20 Contributions to Terrorism and Third Party Insurance Pools

### i) 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 6 billion per location/compound.

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 31st December 2007. 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.

### ii) The Indian Motor Third Party Insurance Pool (IMTPIP)

In accordance with the directions of IRDA, the Company, together with other direct general insurance companies, participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is administered by the General Insurance Corporation of India (GIC). The IMTPIP covers reinsurance of the entire third party risks of specified commercial motor vehicles (specified risks). Amounts collected as premium in respect of specified risks are ceded at 100% of such premium, to the IMTPIP. The terms of the IMTPIP are covered by the provisions of a multi lateral reinsurance arrangement, executed by all direct insurers licensed to carry on motor insurance business with effect from 1st April 2007.

As per the directions of the IRDA and the terms of the agreement between participant companies:

a) The General Insurance Corporation of India (GIC) participates in the pooled business at such percentage of the motor business that is ceded to it by all insurers as statutory reinsurance cessions under Sec 101A of the Insurance Act, 1938. For the financial year ended 31st March 2008, the share of GIC was fixed at 15% by the Insurance Regulatory Development Authority (IRDA)

b) The business remaining after such cession to GIC is shared among all general insurers writing motor insurance business in the proportion that their gross direct general insurance premium in India from all classes of general insurance underwritten by them in that financial year bears to the aggregate gross direct general insurance premium from all classes of general insurance business written by all participant companies. Such share of business is computed by GIC and is applicable to all insurance companies, who are members of the IMTPIP.

The Company's share of premiums, claims, reinsurance commissions and expenses of the pool is recorded as inward reinsurance business, based on the returns submitted by GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous Revenue Account. Accordingly, such share has been recorded by the Company, only up to 29th February 2008, the date up to which the return is submitted by GIC. Unexpired risks reserve is provided for at 50% of net premiums of such inward reinsurance business, being the minimum rate specified in Section 64V(1)(ii) of the Insurance Act, 1938. IBNR and IBNER determined by GIC is subject to clearance from IRDA. Pending such clearance, IBNR / IBNER has been recorded based on GIC's determination.

## 2.21 Contributions to Funds

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

## 2.22 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 recognized 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 realized.

If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized 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 realized.

## 2.23 Service Tax

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, 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. Service tax paid for eligible input services not recoverable by way of credits are recognised in the revenue account as expenses forming as separate line item in schedule 4.

## 2.24 Provisions and Contingent liabilities

A provision is recognized 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.

## 2.25 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

### 3. 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 2008	31st March 2007
Partly paid up investments	Nil	240
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	81,615	58,954
Income Tax	124,684	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil

The contingent liability in respect of service tax includes an amount of Rupees 22,661 thousand for which only show cause notices have been issued by the Commissioner of Central Excise Pune III (service tax cell), seeking to disallow some items of input credit, but there is no actual demand for payment. The Company has received expert opinion supporting its view that such input credit is allowable. The amount is shown as contingent liability as a measure of abundant caution.

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

#### 5. Capital Commitments

Commitments made and outstanding for acquisition of fixed assets amount to Rupees 382,461 thousand (Previous year Rupees 29,647 thousand).

6. The appointed actuary has certified to the Company that actuarial estimates for IBNR (including IBNER) are in compliance with the guidelines prescribed by the Institute of Actuaries 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, workmen's compensation and health.

These constitute over 97% (Previous year – 93 %) of the Company's total business. For other lines such as aviation, liability and rural, 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 actuarial work on net of reinsurance data thereby making allowances for reinsurance recoveries by the company.

7. Claims settled and outstanding for more than six months Rupees Nil (Previous year – Rupees Nil)
8. Extent of premium income recognized based on varying risk pattern Rupees. Nil (Previous year – Rupees .Nil )

#### 9. Computation of Managerial Remuneration

Rupees ('000)

	For the year ended 31st March 2008	For the year ended 31st March 2007
Salary-(Including contributions to funds)		
Mr. Kamesh Goyal (1st April – 30th Sept 2007)	3,040	6,079
Mr. Swaraj Krishnan (1st Oct - 31st Mar 2008)	3,938	-
Perquisites		
Mr. Kamesh Goyal (1st April – 30th Sept 2007)	141	298
Mr. Swaraj Krishnan(1st Oct - 31st Mar 2008)	17	-

Expenses towards gratuity are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

Mr. Kamesh Goyal erstwhile was Chief Executive Officer for the period from 1st April 2007 to 30th September 2007. Thereafter, Mr. Swaraj Krishnan appointed as Chief Executive Officer which has been duly approved by the IRDA vide letter No 15/IRDA/BAGIC/2007-08/LR Dated 21.09.2007.

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

10. Fair value of investment properties – real estate is considered at its book value being Rupees 107,695 thousand as at 31st March 2008(Previous year Rupees 31,057 thousand), since the acquisitions has been recent.
11. Percentage of business sector – wise (Based on Gross Written Premium)

Rupees ('000)

Business sector	For the year ended 31st March 2008			For the year ended 31st March 2007		
	GWP	No of Lives	% of GWP	GWP	No of Lives	% of GWP
Rural	2,350,528	-	9.12	1,691,433	-	9.38
Social	631	38,561	-	23,547	36,833	0.13
Urban	23,429,240		90.88	16,318,417		90.49
Total	25,780,399	38,561	100	18,033,397	36,833	100

12. Extent of risk written and reinsured based on Gross written premium/Net written premium (excluding excess of loss and catastrophe reinsurance).

	For the year ended 31st March 2008	For the year ended 31st March 2007
	% age of business written	% age of business written
Risk retained	68.00%	60.25%
Risk Reinsured	32.00%	39.75%
	100.00%	100.00%

#### 13. Contribution to Environment Fund

An amount of Rupees 7,403 thousand (Previous year - Rupees 9,407 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.

14. 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 Note no's 2.13, 2.14 and 24 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 only to customers in the Indian market or to Indian interests overseas and does not distinguish any reportable regions within India.
15. 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.



16. 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 2008	As at 31st March 2007
Payable not later than one year	150,892	92,248
Payable later than one year but not later than five years	194,333	56,496
Payable later than five years	3,277	1,010

- Amount charged to revenue accounts for lease is Rupees 169,184 thousand (Previous year Rupees 102,112 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.

#### 17. Earning Per Share ('EPS')

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

Rupees ('000)

	As at 31st March 2008	As at 31st March 2007
Profit after Tax		
Basic earnings before extra-ordinary items [A]	1,056,179	753,691
Basic earnings after extra-ordinary items [B]	1,056,179	753,691
Weighted average number of equity shares (par value of Rs. 10 each) [C]	110,143,820	110,050,910
Basic and diluted earnings per share [A/C]	Rs. 9.59	Rs. 6.85
Basic and diluted earnings per share excluding extraordinary items [B/C]	Rs. 9.59	Rs. 6.85

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.

#### 18. Taxation

Current tax: Includes Rupees 118,715 thousand towards tax provision for Assessment Year 2007-08 corresponding to previous year ended 31st March 2007.

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

Rupees ('000)

	As at 31st March 2008		As at 31st March 2007	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Timing difference on account of				
Reserve for unexpired risks	128,909	-	265,887	-
Leave encashment	2773	-	6,495	-
Long term incentive plan	2,216	-	18,713	-
Provision for doubtful debts	1,228	-	3,250	-
Depreciation as per Section 32 as per provisions of Income Tax Act 1961	30,054	-	-	-
Total	165,180	-	294,345	-
Net deferred tax asset/(liability)	165,180		100,050	-
Deferred Tax expense/(income) - recognised in the General Reserve as an adjustment to the Profit and loss account, being transitional liability under AS 15 (Revised) (a)	-	4,540	-	-
Deferred Tax expense/(income) recognised in the Profit and loss account (b)	(60,590)	-	(46,471)	-
Total Deferred Tax expenses (c=a+b)	(65,130)	-	(46,471)	-

#### 19. Gratuity Benefit Plans: [AS 15 120(b)]

The Company has a defined benefit gratuity plan. Every employee gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company makes contribution to an approved gratuity fund, which covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India.

The following tables summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

## I. Profit and Loss account

### Net employee benefit expense (recognized in Employee Cost)

Rupees ('000)

	<b>Gratuity</b>	
	<b>2008</b>	<b>2007</b>
Current service cost	14,066	6,486
Interest cost on benefit obligation	3,144	931
Expected return on plan assets	(1,922)	(1,010)
Net actuarial( gain ) / loss recognized in the year	7,217	6,309
Past service cost	0	0
Net benefit expense	22,505	12,716
Actual return on plan assets	1,910	1,412

## II. Balance Sheet

### (i) Details of provision for gratuity

Rupees ('000)

	<b>Gratuity</b>	
	<b>2008</b>	<b>2007</b>
Defined benefit obligation	41,182	27,505
Fair value of plan assets	(28,762)	(24,142)
	12,420	3,363
Less: Unrecognized past service cost	-	-
Plan asset / (liability)	12,420	3363

### (ii) Changes in the present value of the defined benefit obligation are as follows

Rupees ('000)

	<b>Gratuity</b>	
	<b>2008</b>	<b>2007</b>
Opening defined benefit obligation	27,506	13,377
Interest cost	3,144	931
Current service cost	14,066	6,486
Benefits paid	(10,739)	-
Actuarial (gains) / losses on obligation	7,205	6,712
Closing defined benefit obligation	41,182	27,506

### (iii) Changes in the fair value of plan assets are as follows:

Rupees ('000)

	<b>Gratuity</b>	
	<b>2008</b>	<b>2007</b>
Opening fair value of plan assets	24,142	14,435
Expected return	1,922	1,010
Contributions by employer	13,449	8,295
Benefits paid	(10,739)	-
Actuarial gains / (losses)	(11)	401
Closing fair value of plan assets	28,762	24,142

The Company expects to contribute Rs.10,000 thousand to gratuity in 2008-09

### (iv) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Rupees ('000)

	<b>Gratuity</b>	
	<b>2008</b>	<b>2007</b>
	%	%
Investments with insurer	100	100

### (v) The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

Rupees ('000)

	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
Discount rate	7.95	8.05
Expected rate of return on assets	7.50	7.50
Increase in Compensation cost	12 for first 4 years & 7.5 thereafter	12 for first 4 years & 7.5 thereafter

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(vi) Amounts for the current and previous two periods are as follows

Rupees ('000)

	Gratuity		
	2008	2007	2006
Defined benefit obligation	41,182	27,506	13,376
Plan assets	28,763	24,142	14,436
Surplus / (deficit)	(12,420)	(3,363)	1,059
Experience adjustments on plan liabilities	6,836	2,205	-
Experience adjustments on plan assets	(11,909)	401	-

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. Expenses other than those directly related to insurance business includes interest in delayed payments of taxes relating to earlier period Rupees 14,910 thousand

## 22. Miscellaneous Business Segment

The limits specified in Section 64V(i)(ii)(b) in respect of unexpired risk reserve for miscellaneous segment was hitherto calculated

by applying the specified percentages to miscellaneous business segment excluding motor business. Pursuant to IRDA letter dated 7th Sept 2007, the Company has now included motor business segment as part of miscellaneous business.

23. Included under employees remuneration, benefits and other manpower costs in schedule 4 (operating expenses), is an amount of Rupees 418,957 thousand towards outsourced expenses
24. Expenses directly identifiable with investment activity amounting to Rupees 3,852 thousand are included under "expenses other than those relating to insurance business" in the Profit and Loss Account. Further, Operating expenses related to insurance business in Schedule 4, includes indirect expenses of Rupees 13,791 thousand which could be apportionable towards investments activity. The said expenses amounting to Rupees 13,791 thousand has been computed on the basis of number of documents, income or staff cost as appropriate
25. Previous year figures have been regrouped where possible and wherever necessary to make them comparable with those of the current year. Service tax expense has been disclosed as an independent line item under operating expenses as against previous year as a part of commission direct.

### As per our report of even date attached

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

**per Hemal Shah**  
Partner

Membership No.: 42650

**For and on behalf of Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner

Membership No.: 40451

Mumbai  
May 12, 2008

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

**Rahul Bajaj**  
Chairman

**Ranjit Gupta**  
Director

**Swaraj Krishnan**  
Chief Executive Officer

**Don Nguyen**  
Director

**Kamesh Goyal**  
Alternate Director

**S Sreenivasan**  
Chief Financial Officer

**Onkar Kothari**  
Company Secretary

Pune  
May 12, 2008

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

## Segmental Break up of the Balance Sheet items as at 31<sup>st</sup> March 08

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)

	Fire	Marine		Misc	Total
		Cargo	Others		
Premium Received in Advance	14,440	76,236	122	296,281	387,079
	(51,027)	(66,833)	(510)	(169,661)	(288,031)
Net Claims Outstanding	499,561	198,693	38,142	6,431,730	7,168,126
	(419,297)	(215,851)	(25,994)	(3,264,823)	(3,925,965)
Reserve for Unexpired Risk	748,909	238,806	20,869	8,148,415	9,156,999
	(637,288)	(140,697)	(10,313)	(4,997,621)	(5,785,919)
Deposits with Ceding Companies	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Premium Deficiency	-	-	-	-	-
	(-)	(38,683)	(-)	(-)	(38,683)
Solatium Fund	-	-	-	29,399	29,399
	(-)	(-)	(-)	(13,805)	(13,805)
Proposal Deposits ( to the extent identifiable)	-	-	-	-	-
	-	-	-	-	-

31<sup>st</sup> March 2007 figures are in Brackets

## Summary of Financial Statements for the year ended 31<sup>st</sup> March

Rupees ('000)

Particulars	2008	2007	2006	2005	2004
Operating Results					
Gross Written Premium	25,780,399	18,033,397	12,845,680	8,560,742	4,797,967
Net Premium Income (net of Reinsurance)	17,525,507	10,397,639	6,986,887	4,792,862	2,864,123
Income from Investments (net of losses)	1,429,652	679,252	388,696	285,296	187,734
Miscellaneous Income	92,889	87,114	9,589	7,089	24,043
Total Income	19,048,048	11,164,005	7,385,172	5,085,247	3,075,900
Commissions	(187,564)	(786,418)	(622,153)	(419,433)	(230,722)
Operating Expenses	5,194,751	3,454,019	2,156,298	1,455,879	984,409
Claims, increase in URR and other outgoes	12,804,986	7,567,015	5,182,434	3,382,359	2,099,321
Operating Profit/Loss	1,235,875	929,389	668,593	666,442	222,892
Non Operating Results					
Total income under Shareholder's Account	443,129	240,896	149,733	103,129	94,792
Profit before Tax	1,679,004	1,170,285	818,326	769,571	317,685
Provision for Tax	(622,825)	(416,594)	(302,637)	(298,655)	(100,790)
Profit after Tax	1,056,179	753,691	515,689	470,916	216,895
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	1,102,273	1,101,331	1,100,500	1,100,000	1,100,000
Net Worth	5,747,803	4,115,735	2,767,371	1,824,167	1,380,430
Total Assets (Gross of current liabilities and provisions)	25,526,980	16,960,659	10,632,837	7,375,647	4,593,932
Yield on Total Investments	10.17%	6.84%	6.87%	8.34%	9.95%
Earning Per Share	9.59	6.85	4.69	4.28	1.97
Book value per Share	52.15	37.40	25.15	16.58	12.55
Total Dividend	-	-	-	-	-
Dividend per share	-	-	-	-	-

## Ratios for the year ended 31<sup>st</sup> March

Rupees ('000)

	Particulars	2008	2007
1	Gross Premium growth rate		
	Motor	85%	57%
	Fire	-25%	6%
	Marine Cargo	12%	46%
	Marine Hull	-28%	-12%
	Workmen's Compensation / Employers' Liability	28%	51%
	Public/Product Liability	33%	2%
	Engineering	-6%	55%
	Aviation	48%	99%
	Personal Accident	92%	56%
	Health	54%	62%
	Others	29%	44%
2	Gross Premium to Shareholder's Fund Ratio	447%	438%
3	Growth Rate of Shareholder's Fund	43%	49%
4	Net Retention Ratio		
	Motor	75%	76%
	Fire	46%	26%
	Marine Cargo	71%	47%
	Marine Hull	23%	8%
	Workmen's Compensation / Employers' Liability	83%	77%
	Public/Product Liability	38%	30%
	Engineering	21%	19%
	Aviation	16%	1%
	Personal Accident	74%	69%
	Health	83%	78%
	Others	64%	66%
5	Net Commission Ratio		
	Motor	1%	2%
	Fire	-21%	-69%
	Marine Cargo	5%	-1%
	Marine Hull	-33%	-92%
	Workmen's Compensation / Employers' Liability	5%	4%
	Public/Product Liability	-3%	-14%
	Engineering	-70%	-99%
	Aviation	14%	-153%
	Personal Accident	0%	0%
	Health	4%	5%
	Others	8%	5%
6	Expenses of Management to Gross Premium Ratio	22%	19%
7	Combined Ratio	102%	98%
8	Technical Reserves to Net Premium Ratio	93%	94%
9	Underwriting Balance Ratio		
	Fire	43%	79%
	Marine	-14%	-79%
	Miscellaneous	-6%	13%
10	Operating Profit Ratio	8%	9%
11	Liquid Assets to liabilities ratio	11%	48%
12	Net Earning Ratio	6%	7%
13	Return on Net worth	18%	18%
14	Reinsurance Ratio	32%	43%

## Receipts and Payments for the year ended 31<sup>st</sup> March

Rupees ('000)

Particulars	2008	2007
Premium received from Policyholders,including advance receipts and service tax	25,774,880	19,808,118
Payment to Reinsurers, net of commissions and claims	(3,548,555)	(1,109,449)
Receipts from Coinsurers, net of claims recovery	622,096	326,086
Payment of Claims	(9,943,983)	(7,519,936)
Payment of Commission	(1,355,417)	(1,188,170)
Payment of other Operating Expenses	(4,815,458)	(2,984,498)
Miscellaneous Income	8,191	9,923
Income tax paid (Net)	(753,301)	(454,179)
Service Tax Paid	(1,618,182)	(1,594,743)
<b>Net Cash In Flow From Operating Activities</b>	<b>4,370,271</b>	<b>5,293,152</b>
<b>Cash Flow from Investment Activities</b>		
<b>Investment Activities</b>		
Purchase of Fixed Assets including Capital Work in Progress	(789,302)	(323,817)
Proceeds from Sale of Fixed Assets	3,354	2,841
Purchase of Investments	(24,024,747)	(31,070,304)
Sale of Investments	18,256,375	27,310,538
Rent/Interests/Dividends Received	1,137,219	735,796
Investments in money market instruments and in liquid mutual funds (Net)	539,948	(1,628,729)
Investment property purchase	(78,040)	(16,282)
Interest Expense and Other Investment Expenses	(3,852)	(4,697)
Cash Deposit under Section 7 of the Insurance Act, 1938	-	100
Investment in Fixed Deposit Maturity more than 3 months	(171,780)	(845,481)
<b>Net Cash Out Flow from Investment Activities</b>	<b>(5,130,825)</b>	<b>(5,840,035)</b>
<b>Cash Flow from financing Activities</b>		
Proceeds from issuance of share capital	691,616	609,753
<b>Net cash flow financing activities</b>	<b>691,616</b>	<b>609,753</b>
Effect of foreign exchange rates on cash and cash equivalents,net	(2,192)	(1,287)
(Decrease)/Increase in Cash and Cash Equivalents during the year	(71,129)	61,583
Cash and Cash Equivalent at the year beginning	562,353	500,770
Cash and Cash Equivalent at the year end**	491,224	562,353

<b>** Cash and cash Equivalent ('000)</b>	<b>2008</b>	<b>2007</b>
Cash & Bank balance as per schedule 11	2,699,594	2,240,408
Less: Fixed Deposit Maturity More than 3 Months	1,359,700	1187920
Less: Temporary over draft as per schedule 13	848,670	490,135
Cash and Cash Equivalent at the year end	<b>491,224</b>	<b>562,353</b>

As Intergral part of Financial Statements

As per our report of even date attached

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

**per Hemal Shah**  
Partner

Membership No.: 42650

**For and on behalf of Dalal & Shah**  
Chartered Accountants

**Anish Amin**  
Partner

Membership No.: 40451

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Ranjit Gupta**  
Director

**Swaraj Krishnan**  
Chief Executive Officer

**Don Nguyen**  
Director

**Kamesh Goyal**  
Alternate Director

**S Sreenivasan**  
Chief Financial Officer

**Onkar Kothari**  
Company Secretary

Mumbai  
May 12, 2008

Pune  
May 12, 2008



## Balance Sheet Abstract and Company's general business profile for the year ended 31<sup>st</sup> March 08

Rupees ('000)

<b>I.</b>	<b>Registration No.</b>	15329
	State code	11
	Balance Sheet Date	31st March
<b>II.</b>	<b>Capital raised during the year</b>	Rs in '000s
	Public issue	-
	Private issue	691,616
	Bonus Issue	-
	Private placement	-
<b>III.</b>	<b>Position of mobilisation and deployment of funds</b>	Rs in '000s
	Total Liabilities (Sources of funds)	5,747,803
	Total Assets (Application of funds)	5,747,803
<b>IV.</b>	<b>Source of funds</b>	Rs in '000s
	Paid up capital	1,102,273
	Reserves and surplus	4,645,530
	Secured loans	-
	Unsecured loans	-
<b>V.</b>	<b>Application of funds</b>	Rs in '000s
	Net Fixed assets	998,328
	Investments	18,632,288
	Net Current Assets	(14,047,993)
	Miscellaneous expenditure	-
	Accumulated loss	-
<b>VI.</b>	<b>Performance of the company</b>	Rs in '000s
	Turnover	25,780,399
	Total expenditure	24,101,395
	Profit / (Loss) before tax	1,679,004
	Profit / (Loss) after tax	1,056,179
	Accumulated profits	3,004,680
	Earnings per share	9.60
	Dividend rate%	-
<b>VII.</b>	<b>Generic names of principal products / services of the company</b>	
	Item code number (ITC code)	-
	Product Description	General Insurance

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

For and on behalf of the Board of Directors

**Rahul Bajaj**  
Chairman

**Kamesh Goyal**  
Alternate Director

**Don Nguyen**  
Director

**Swaraj Krishnan**  
Chief Executive Officer

**Ranjit Gupta**  
Director

**S Sreenivasan**  
Chief Financial Officer

**Onkar Kothari**  
Company Secretary

Pune  
May 12, 2008

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2008

Related Party Disclosures under AS 18 of ICAI (For the year ended 31<sup>st</sup> March 2008)

S.No.	Related Party	Relationship	Nature of Transaction	2007-2008		2006-2007	
				Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)
1	Bajaj Auto Limited (Now known as Bajaj Holdings & Investments Ltd)**	Holding Company	Rent for premises hired	12,083	-	13,151	-
			Other Expenses	1,295	-	-	-
			Deposits for Rent Premises	-	(11,772)	-	(11,772)
			Insurance Premia received	104,935	-	187,060	-
			Insurance Claims paid	14,946	-	8,803	-
			Unallocated Premium	-	2,889	-	4,176
			Purchase of Investments	195,561	-	-	-
			Sale of Investments	-	-	-	-
			Amount contributed towards total capital	289	815,274	615	814,985
1(a)	Bajaj Finserv Limited	Holding Company	Amount contributed towards total capital	408	408	-	-
2	Allianz SE, Germany	Joint Venture Partner	Billable expenses incurred on behalf of Allianz SE	3,144	(3,144)	238	-
			Income from Software Consultancy -Billed	24,090	-	10,596	(61)
			License fees for Opus	8,458	-	6,266	-
			Pre-Paid License fees for Opus	(7,544)	-	2,672	-
			Amount contributed towards total capital	690,919	286,591	609,139	286,346
3	Allianz Global Corporate & Speciality AG, Munich	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	92,297	31,629	86,669	43,529
			Commission on reinsurance received/receivable	8,789	-	5,643	-
			Claims recovery on reinsurance	117	-	702	-
4	Allianz CP General Ins Co. Ltd	Associate of Joint Venture Partner	Reinsurance premium received/receivable	35,318	(9,757)	32,226	(7,298)
			Commission on reinsurance paid/payable	456	-	1,611	-
			Income from Software Consultancy -Billed	4,588	(5,108)	21,248	(413)
			Deposits with the Ceding Company	13,620	(13,620)	-	(9,685)
			Claims recovery on reinsurance	10	-	-	-
5	Allianz AG Reinsurance, branch Asia Pacific	Branch of Allianz SE	Reinsurance premium paid/payable	626,777	18,779	694,157	(6,211)
			Commission on reinsurance received/receivable	170,510	-	158,263	-
			Claims recovery on reinsurance	227,524	-	760,529	-
			No claim Bonus on XOL premium	9,756	-	9,919	-
			Portfolio Premium withdrawal	118,373	-	155,601	-
			Portfolio Claims withdrawal	189,530	-	214,632	-
			Portfolio Premium Entry	157,643	-	116,701	-
			Portfolio Claims Entry	252,707	-	160,974	-
6	Assurances Generales de France	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	31,026	9,847	14,659	24,909
			Commission on reinsurance received/receivable	1,309	-	3,665	-
			Claims recovery on reinsurance	29	-	3	-
7	Euler Hermes UK Plc	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	-	-	162	-
			Commission on reinsurance received/receivable	-	-	32	-
			Claims recovery on reinsurance	-	-	-	-
8	Allianz Marine and Aviation Versicherungs AG	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable	131	(106)	944	542
			Commission on reinsurance received/receivable	26	-	288	-
			Claims recovery on reinsurance	818	-	392	-
9	Allianz Insurance Management Asia Pacific	Subsidiary of Joint Venture Partner	Billable expenses incurred on behalf of Allianz Insurance Management Asia Pacific	6,423	21	6,942	(3,999)

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2008

Related Party Disclosures under AS 18 of ICAI (For the year ended 31<sup>st</sup> March 2008)

S.No.	Related Party	Relationship	Nature of Transaction	2007-2008		2006-2007	
				Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)
10	Allianz Hongkong - Name changed from Allianz China	Subsidiary of Joint Venture Partner	Software Consultancy Fees Billable expenses incurred on behalf of Allianz China Reinsurance premium paid/payable Commission on reinsurance received/receivable Claims recovery on reinsurance	- - 68 51 -	- - - - -	1,854 - - - -	- - - - -
11	Allianz Ost-West Allianz, Moscow	Associate of Joint Venture Partner	Income from Software Consultancy-Billed	4,240	(897)	3,304	(5,042)
12	Allianz Ins Co of Singapore - PTE	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable Commission on reinsurance received/receivable	(1,518) 200	470 -	- -	- -
13	Allianz Cornhill Ins - PLC	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable Commission on reinsurance received/receivable	- -	- -	2,085 239	1,545
14	Allianz Elementar Versicherungs	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable Commission on reinsurance received/receivable	(560) 110	- -	- -	- -
15	AGF IART - Franch	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable Commission on reinsurance received/receivable	38,138 3,336	2,651 -	67 63	- -
16	Euler Hermes Cr Insurance (S) Ltd.	Subsidiary of Joint Venture Partner	Reinsurance premium paid/payable Commission on reinsurance received/receivable Claims recovery on reinsurance Billable expenses incurred on behalf of Euler Hermes Income from Software Consultancy -Billed	(61,534) 7,924 (2,839) 11,814 -	24,524   (11,814) -	55,540 11,106  15,325 582	54,664   (15,325) -
17	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 Expenditure incurred on behalf of Bajaj Allianz Life Insurance Co. Ltd. Insurance Premium paid to Bajaj Allianz Life Insurance Premium from Bajaj Allianz Life Insurance Claims paid Insurance Premium paid to Bajaj Allianz Life Insurance Claims received from Bajaj Allianz Life Insurance Unallocated Premium Purchase of Investments Sale of Investments	4,938  37,023  - 7,435 236 3,887 2,581  - - -	-  - - - - - - 13 - -	3,164  14,422  2,674 7,304 110 - -  49,647 54,074	-  - - - - - - 66 - -
18	Bajaj Hindustan Ltd	Fellow Subsidiary	Insurance Claims paid Insurance Premia received	- 22	- -	- -	- -
19	Bajaj Electricals Ltd	Fellow Subsidiary	Insurance Premia received Insurance Claims paid Unallocated Premium	14,647 8,217 -	- - 399	9,589 17,292 -	- - 98

Annexure to Schedule 13 Notes to Accounts and forming Part of Financial Statements for the year ended 31 March , 2008

Related Party Disclosures under AS 18 of ICAI (For the year ended 31<sup>st</sup> March 2008)

S.No.	Related Party	Relationship	Nature of Transaction	2007-2008		2006-2007	
				Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)	Amount Rs	Outstanding amounts carried to balance sheet.(Rs.) payable/(receivable)
20	Mukand Engineers Ltd	Enterprise where key mgmt personnel is having significant influence	Insurance Premia received Unallocated Premium Insurance Claims paid Other transactions	1,335 - 6 -	- 26 - -	7 - 9,200 -	- 3 8,724 -
21	Mukand Ltd	Enterprise where key mgmt personnel is having significant influence	Insurance Premia received Insurance Claims paid Unallocated Premium	22,058 3,153 -	- - 21	15,107 3,292 -	- - 520
22	Bajaj Auto Finance Ltd	Fellow Subsidiary	Support Charges for Insurance business Insurance Premia received Insurance Claims paid* Unallocated Premium	48,564 8,559 39 -	- - - 65	35,144 1,181 64 -	- - - 8,324
23	Hind Musafir Agency Ltd.	Enterprise where key mgmt personnel is having significant influence	Support Charges for Insurance business Insurance Premia received Unallocated Premium	281 3 -	1,177 - 48	192 - -	1,060 - -
24	Kamesh Goyal	Key Management Personnel	Remuneration for the period 1st April 2007 to 30th September 2007	3,181	-	6,598	-
25	Swaraj Krishnan	Key Management Personnel	Remuneration for the period 1st October 2007 to 31st March 2008	3,956	-	-	-
26	Allianz SE India Liaison Office	Subsidiary of Joint Venture Partner	Expenditure incurred on behalf of Allianz Liason office Deposits for Rent Premises	113 1,500	1,500 -	- -	- -

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.  
\* Transactions on behalf of third party are excluded.  
\*\*Presently Holding Company. However, shares are to be transferred in favour of Bajaj Finserv Limited under a Scheme of Arrangement approved by High Court of Judicature at Mumbai.

## A Range of Corporate and Retail Products

### Fire & Engineering

- Fire (including Consequential Loss) • Engineering-Projects (includes EAR, CAR and ALOP)
- Engineering-Operational (includes Contractor's Plant and Machinery, Electronic Equipment, Loss of Profits, Boiler Explosion, Machinery Breakdown, Deterioration of Stocks) • Industrial All Risk

### Motor

- Private Cars • Two Wheelers • Commercial Vehicles

### Health Insurance

- Personal Guard • Hospital Cash • Health Guard • Critical Illness • Silver Health • e-Opinion • Health Ensure • Star Package
- Premium Personal Guard

### Travel Insurance

- Travel Companion • Travel Elite • Students Travel • Corporate Plan • Swades Yatra • Pravasi Bhartiya Bima Yojana

### Asset Insurance

- Householders Package • Shopkeepers Package • Office Package • Motor Dealers Package • Plate Glass

### Speciality Lines

- Marine Cargo • Marine Hull • Aviation • Credit Insurance • Sports Insurance • Film Insurance • Wedding Insurance
- Golf Insurance

### Liability Insurance

- Commercial General Liability • Directors & Officers Liability • Public Offering of Securities Insurance
- Public Liability/Public Liability Act • Product Liability • Professional indemnity

### Rural Insurance

- Farmers Package • Cattle Insurance

### Miscellaneous

- Money • Fidelity Guarantee • Burglary • Workmen's Compensation



## Core Values



**Customer First Always:** Give first priority to customer needs. Look to build enduring relationships with customers - internal and external. Differences should be communicated in the spirit of relationship building

**Organisation Above Self:** We believe that individual, team and department actions will be driven by organization goals

**Trust:** We believe that there cannot be teamwork without mutual trust. Trust is fundamental to our business and will guide all internal and external interactions

**High Standards:** We believe that excellence can be achieved only by setting benchmarks that challenge our full potential as an organization and as individuals

**Shared Ownership:** We believe that ownership of success or failure in achieving organizational or team goals is shared by all

**Spirit of Adventure:** Uncertainty is our business and we believe in continuous innovation and creativity to meet challenges head-on. We will foster a work culture that promotes risk taking and entrepreneurship

**Respect for Diversity:** We believe that diversity is our strength and it needs to be nurtured. We recognize that team members have varying backgrounds, competencies and ideas and constructive action results only when opinions are aired and understood

The core values are the never-changing definition of who we are and what we stand for as Bajaj Allianz

