

## ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED

### 4TH ANNUAL REPORT AND ACCOUNTS 2003-2004

#### Directors

K. V. Kamath, *Chairman*  
Mark Norbom (from March 13, 2004)  
Mark Tucker (upto June 30, 2003)  
Lalita D. Gupte  
Kalpana Morparia  
Chanda D. Kochhar  
Kevin Holmgren (from September 16, 2003)  
Danny Bardin (upto March 13, 2004)  
M. P. Modi  
R. Narayanan  
Shikha Sharma, *Managing Director*

#### Risk Management & Audit Committee

M. P. Modi, *Chairman*  
Kevin Holmgren  
Kalpana Morparia

#### Investment Committee

Lalita D. Gupte, *Chairperson*  
Kevin Holmgren  
Shikha Sharma  
Puneet Nanda  
Sandeep Batra  
V. Rajagopalan

#### Governance Committee

Lalita D. Gupte  
Kevin Holmgren  
Shikha Sharma

#### Registered Office

ICICI Prulife Towers,  
1089, Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai - 400 025.

#### Grievance Redressal Committee

R. Narayanan, *Chairman*  
Anita Pai  
Sandeep Batra  
V. Rajagopalan

#### Executive Committee

Shikha Sharma  
Anil Tikoo  
Anita Pai  
Puneet Nanda  
Sandeep Batra  
Shridhar Sethuram  
Shubhro Mitra  
V. Rajagopalan

#### Joint Auditors

Bharat S. Raut & Co.  
Chartered Accountants  
S. R. Batliboi & Co.  
Chartered Accountants

## directors' report

### to the members

#### ICICI Prudential Life Insurance Company Limited

Your Directors have pleasure in presenting the Fourth Annual Report with the audited Statement of Accounts for the year ended March 31, 2004.

#### Operational Review

The third complete financial year, since the liberalization of the insurance sector, continued to witness expansion of the market, with the private players making big strides. On the back of numerous product introduction, advertising and consumer awareness programs, private life insurers have succeeded in increasing not only the penetration of life insurance, but also average premium and sum assured – making significant progress in a vastly under insured country. The success of the efforts is also evident from the fact that the private life insurers have captured 13% of the market in terms of new business premium. Your Company continued to be the clear leader in this expansion, commanding a healthy **Retail Market share of 36%** in terms of new business premium income amongst the private players.

Key highlights for fiscal 2004 are as under:

Particulars	Fiscal 2004	(Rs. Million) Fiscal 2003
<b>No. of new Policies (in '000)</b>	<b>436</b>	<b>244</b>
<b>Financials:</b>		
Premium Income	<b>9,893</b>	4,176
Sum Assured in force:		
– Basic Policy	<b>111,776</b>	51,095
– Total (Basic + Riders)	<b>170,037</b>	87,605
Annualized Premium Equivalent (APE):		
– Regular	<b>6,941</b>	2,378
– Single	<b>1,208</b>	1,570
– <b>APE (Regular + 10% of single)</b>	<b>7,062</b>	2,535
Funds under Management	<b>16,636</b>	6,804
Expense Ratio *	<b>26%</b>	54%
<b>Sales &amp; Distribution Strength:</b>		
Geographical Spread:		
– No. of Branches	<b>70</b>	29
– No. of Locations	<b>54</b>	25
No. of Advisors	<b>32,700</b>	18,300

\* Expense Ratio = All expenses (excluding commission and front line sales cost)/ (Total income-90% of single premium).

Surplus/(Deficit) in Revenue/Profit & Loss Accounts before transfer from Shareholders' fund:

Particulars	Fiscal 2004	(Rs. Million) Fiscal 2003
Participating	<b>(557)</b>	(927)
Non-participating	<b>(93)</b>	(30)
Linked	<b>(1,717)</b>	(626)
Shareholders	<b>152</b>	112
<b>Total</b>	<b>(2,215)</b>	(1,471)

Returns in respect of market-linked policies, which constitute the majority of the business, have been significantly superior vis-à-vis the benchmarks applicable to respective funds.

#### Dividend

In view of the loss, the Directors are unable to recommend any dividend for this financial year.

#### Customer First

One of the biggest reasons for our continued success remains our constant endeavour to keep our customer at the centre of all that we do. Our Customer centric philosophy is built on three corner stones: Process, Technology and People.

Over the last two years, we have implemented a Six Sigma Quality framework to drive consistent service delivery to our customers. This has resulted in some significant process improvements, such as bringing down end-to-end policy delivery time to less than 10 days. This year too, the Company continues to put in efforts to move up the Sigma Quality scale.

In a unique initiative towards getting a first hand understanding of policyholders' views, members of the senior management regularly meet select policyholders to obtain their feedback, which is utilized for further enhancements.

The Company has also deployed technology based solutions. The customers can log into the Company's website where they can track the status of their proposal, and even policy and transaction details once the policy has been issued. Likewise, messaging through Internet and mobile telephony has also been introduced to send premium payment alerts. This ensures that the customer does not inadvertently forget to pay his premiums.

The making of India's number 1 private life insurer has caught the attention of various segments of markets. This has resulted in the Company bagging several key recognition and awards, including the "Most Trusted Private Life Insurance Company" by The Economic Times AC Nielsen Survey, 2003 and the coveted "Best Life Insurer 2003" by Outlook Money magazine.

#### Products

Over the last three years, the Company has pioneered several initiatives, such as introducing uniquely structured child plans, retirement solutions and unit-linked plans in India. Each of these has been very successful in its category, one of the biggest successes being in retirement solutions.

# directors' report



Continued

The Company's range of market-linked policies offers unmatched flexibility and greater transparency to the customers, allowing the policyholder to align the underlying investments of his policy with his current and future financial goals. These products continued to be the most popular in the past year, contributing over 84% of business for the year under review.

During the year under review, the Company launched three endowment type of products - 'SecurePlus', 'CashPlus' and 'SecurePlus Pension'.

Today, your Company offers one of the most comprehensive ranges of insurance and retirement solutions and is present at all product points.

The Product mix during fiscal 2004 was as under:

Product type	Mix in terms of APE	
	Fiscal 2004	Fiscal 2003
Participating	12%	35%
Non-participating	1%	3%
Participating - Pensions	2%	10%
Linked	59%	28%
Linked - Pension	26%	24%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Your Company believes that the pensions business is akin to life assurance. Both provide the ultimate social security - assurance covers the risk of dying early and pension covers the risk of living too long.

Leveraging on the opportunity that the Company spotted early on in the Pensions segment has given it a significant first-mover advantage. This is reflected in its results, with 28% by APE coming from the pensions segment.

On the Group business side, the Company successfully signed up with several reputed corporates for term assurance, gratuity and superannuation solutions.

## Pension Reforms

The Government has taken major initiatives to crystallize the broad pension framework including establishing an interim Pension Fund Regulatory and Development Authority (PFRDA). The Company had been proactive in providing valuable suggestions on this front and is well positioned to exploit the opportunity that will be offered by opening of this sector.

## Corporate Governance

Your Company is committed to achieving the highest standards of Corporate Governance. Given below are the highlights of the Company's philosophy on Corporate Governance:

### a) Board of Directors

**Composition** - The Board comprises of 9 Directors - 4 have been nominated by ICICI Bank Limited, 2 nominated by Prudential Plc, 2 are Independent Directors and a Managing Director. The Chairman of the Board and all other Directors (except the Managing Director) are Non-Executive Directors.

**Segregation between Chairman and Managing Director** - There is a clear segregation of responsibility and authority between the Chairman and the Managing Director. The Chairman along with the Directors is responsible for overall Corporate Strategy and other Board related matters. The Managing Director is responsible for implementation of strategy, achievement of the business plan and day-to-day activities and operations related issues.

**Executive and Independent Directors** - The Board has an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and to separate the functions of Governance and Management. The Independent Directors are eminent personalities with significant expertise in finance and insurance. None of the Directors are related to any other Director or employee of the Company.

**Meetings and Review** - The Board meetings are scheduled in advance for a calendar year. Business at meetings include formulation and review of strategy, annual operating plans of business, and updates thereon, Investment Policy, regulatory reporting and Risk and audit review and issues. The information relating to above is routinely supplied as part of

agenda papers well in advance of board meeting or tabled at the meeting.

The Board has complete access to any information within the Company and to any employee of the Company. At its meetings, the Board invites the senior management team to provide additional insights.

During the year, the Board met 5 times.

### b) Board Committees

The Board has 3 committees, the details on which are as follows:

**Risk Management and Audit Committee:** This Committee is responsible for oversight of risk management, financial reporting and the internal control systems. Key terms of reference of this Committee include directing and overseeing the audit plan, review of financial statements, review of findings of internal and statutory auditors, recommend appointment of statutory auditors, and fix their remuneration, and review quarterly compliance certificate.

The Committee is chaired by M. P. Modi - an Independent Director. Other members of the Committee include Kevin Holmgren and Kalpana Morparia. The Committee met 5 times during the year under review.

**Governance Committee:** The terms of reference of this Committee include nominating directors to the Board, fixing their remuneration and approving executive compensation program. The Members of this Committee are Lalita D. Gupte, Kevin Holmgren and Shikha Sharma. The Committee met twice during the year under review.

**Investment Committee:** The Committee is responsible for recommending investment policy, review of investments and review the risk management framework of investments. The Committee is chaired by Lalita D. Gupte and the other members are Kevin Holmgren and Shikha Sharma. The Committee met 3 times during the year under review.

### c) Grievance Redressal Committee

The Company has set up a Grievances Redressal Committee which is chaired by R. Narayanan - an independent Director, with other 3 members being from senior management. The Committee's objective is to provide accessible machinery to the policyholders for settlement of their grievances. The Committee ensures a fair and expeditious complaint handling system. It will also provide feedback to management for systems review, where required.

### d) Whistle Blower Policy

The Company has a Whistle Blower Policy to provide employees a channel of communicating any issues in the areas of breaches of the Code of conduct, legal violation and irregularities in accounting policies and procedures. This has been communicated to all employees.

### e) Risk Management Framework

**Investment Risk:** Your Company believes that any sound investment policy should have following key elements - safety, return and compliance. The investment strategy is guided by prudent risk management techniques and effective asset-liability management principles.

The Company's Asset-Liability Management (ALM) framework is designed to cushion and mitigate the investment related risks of assets. The Assets under Management for the linked portfolio, in respect of which there is minimal asset-liability mismatch risk, amounts to over 60% of the policyholders funds. Non-linked products are offered in both segments - non-participating and participating. The former are the single premium investment products and pure protection products. While the investment risk on protection products is minimal, it is the mortality risk that is dominant. For the participating products, the investment risk is high and is shared between the policyholders and the shareholders.

As part of ALM of non-linked portfolio, the Company has hedged the single premium non-participating portfolio by duration matching, rebalanced monthly. On the participating portfolio, the Company's asset allocation strategy, which includes investments in equities, is designed to achieve the twin objectives of managing base guarantees and

maximizing bonus. The equity portfolio is benchmarked against CNX Nifty 50. In addition, there are strict exposure limits to companies, groups and industries.

*Operational Risks:* The Management assesses and rates the various operational risks and prepares a mitigating plan. This is also regularly reviewed by the Risk Management and Audit Committee.

## f) Transparency in Financial Reporting

One of the hallmarks of corporate reporting is maintaining integrity of accounts and having transparent disclosures. The Company took the following initiatives towards enhancing this transparency:

*Disclosure of New Business Achieved Profits (NBAP):* In the theme of observing practices that promote transparency, your Directors have decided to separately publish the NBAP. Put simply, NBAP signifies the present value of the profits which the Company expects to earn on policies issued during the year, based on standard assumptions. This parameter is an indicator of the potential profitability and provides the Board a yardstick to assess the performance of the business during a given period.

*Related party transactions:* These transactions are done at arm's length and are disclosed in the financial statements.

*Disclosure of Portfolio for unit-linked products:* The Company publishes a quarterly investment outlook for its unit-linked policyholders. This provides complete details on asset class for each fund.

## Social Responsibility

Rural and social sector sales are an important part of business and the Company seeks to build a sustainable business model that would enable it to go beyond just meeting obligations. The Company has instituted a dedicated sales unit responsible for rural and social sector sales, which has forged key alliances with NGOs and other entities. On the back of such initiatives, the total number of policies sold in the rural segment was over 14% of the total individual policy issuances during the year under review. Similarly, sales efforts directed towards social sector and economically backward classes of the society resulted in underwriting over 15,000 lives from that segment.

## Directors

During the year under review, Kevin Holmgren and Mark Norbom were nominated as Directors by Prudential subsequent to resignations of Mark Tucker and Danny Bardin respectively.

The Board places on record its sincere appreciation for invaluable services and guidance provided by both the resigning gentlemen during their respective tenures, particularly in the formative years.

Kevin Holmgren and Mark Norbom hold their office till the ensuing Annual General Meeting. Notices have been received from a Member proposing them as Directors. Mark Norbom is proposed to be appointed as Director not liable to retire by rotation, in terms of the Articles of Association of the Company.

In accordance with the provisions of the Companies Act, 1956, Lalita D. Gupte and Chanda Kochhar will retire by rotation at the ensuing Annual General Meeting. They, being eligible, offer themselves for re-appointment.

## Human Resources

The Company had over 3,200 employees as at March 31, 2004.

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report.

## Increase in Share Capital

The parent organizations, ICICI Bank Limited and Prudential plc, UK continue to show immense faith in the operations of the Company and in the Indian life insurance sector. They further enhanced their commitment by contributing another Rs. 2.5 billion as share capital, taking the paid-up equity capital to Rs. 6.75 billion.

## Public Deposits

During the year under review, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

## Auditors

The Joint Statutory Auditors, M/s. Bharat S. Raut & Company, Chartered Accountants and M/s. S. R. Batliboi & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and offer themselves for re-appointment. The Company has obtained certificate as required under Section 224 (1B) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be in conformity with the limits specified in that Section.

As recommended by the Risk Management and Audit Committee, the Board has proposed their appointment as joint Statutory Auditors for fiscal 2005. You are requested to consider their appointment.

## Additional Information

In view of the nature of activity of the Company, the information relating to the conservation of energy and technology absorption, as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not required to be given. Details about foreign exchange earnings and outgo required under above Rules are as under:

Particulars	Fiscal 2004	Rs. million
		Fiscal 2003
Foreign Exchange Earnings & Outgo		
- Earnings	0.8	1
- Outgo	35	17

## Directors' Responsibility Statement

Your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the annual accounts on a going concern basis.

## Acknowledgements

The Board places on record its sincere appreciation for the faith and confidence reposed by our esteemed policyholders, banks, ICICI Bank and Prudential group. We would also like to express our gratitude for the valuable advice, guidance and support received from time to time from the Insurance Regulatory & Development Authority, the Reserve Bank of India, the auditors and the statutory authorities.

We would also like to place on record our appreciation for the contribution made by all the employees, advisors and Bancassurance and Alliance partners to the excellent performance that the Company has achieved during the year and look forward to their continued involvement, commitment and dedication to enable it to reach greater heights in the life insurance industry.

For and on behalf of the Board

Mumbai, April 28, 2004

K.V. KAMATH  
Chairman

# auditors' report



## to the members of ICICI Prudential Life Insurance Company Limited

We have audited the attached Balance Sheet of ICICI Prudential Life Insurance Company Limited ('the Company') as at March 31, 2004, and the related Policyholders' Revenue Account, the Shareholders' 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 management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Balance Sheet, the Policyholders' Revenue Account and the Shareholders' Profit and Loss Account have been drawn up in accordance with the 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.

As required by the Regulations, we set out in the Annexure a statement certifying the matters specified in paragraph 4 of Schedule C to the Regulations.

Further to our comments in the Annexure referred to above, 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;
- As the Company's financial accounting system is centralised, no returns for the purposes of our audit are prepared at the branches of the Company;
- The Balance Sheet, the Policyholders' Revenue Account, the Shareholders' 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 for life policies in force is the responsibility of the Company's Appointed Actuary ('the Appointed Actuary'). The actuarial valuation of liabilities for policies in force as at 31 March 2004 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that, in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Actuarial Society of India in concurrence with the authority. We have relied upon the Appointed Actuary's certificate in this regard;
- On the basis of the written representations received from the Directors of the Company, as on March 31, 2004, and taken on record by the Board of Directors, no Director of the Company is disqualified as on March 31, 2004, from being appointed as Director under clause (g) of sub-section (1) of Section 274 to the Companies Act, 1956.

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

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

- The accounting policies selected by the Company are appropriate and are in compliance with applicable accounting standards referred to under sub-section (3C) of Section 211 of the Companies Act, 1956 and with accounting principles, as prescribed in the Regulations and orders or directions issued by IRDA in this behalf;
- The Balance Sheet, the Policyholders' Revenue Account, the Shareholders' Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- Proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books; and
- The Balance Sheet, the Policyholders' Revenue Account, the Shareholders' Profit and Loss Account and the Receipts and Payments Account together with the notes thereon and attached thereto are prepared in accordance with the requirements of the Regulations, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956, to the extent applicable and in the manner so required and give a true and fair view in conformity with 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, 2004;
  - in the case of the Policyholders' Revenue Account, of the deficit for the year ended on that date;
  - in the case of the Shareholders' Profit and Loss Account, of the loss for the year ended on that date; and
  - in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

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

- We have reviewed the management report attached to the financial statements for the year ended March 31, 2004, and there is no apparent mistake or material inconsistencies with the financial statements; and
- Based on information and explanations received during the normal course of our audit and management representation by officers of the Company charged with compliance and compliance certificates noted by the audit committee, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration as per sub-section 4 of section 3 of the Insurance Act, 1938.

For BHARAT S. RAUT & CO.  
*Chartered Accountants*

AKEEL MASTER  
*Partner*  
Membership No: 46768

*Mumbai, April 28, 2004*

For S. R. BATLIBOI & CO.  
*Chartered Accountants*

Per HEMAL SHAH  
*Partner*  
Membership No: 42650

*Mumbai, April 28, 2004*

## annexure to auditors' report

(Referred to in the Auditors' Report to the Members of ICICI Prudential Life Insurance Company Limited ('the Company') on the accounts for the year ended March 31, 2004.)

Based on the information and explanations given to us and to the best of our knowledge and belief, we certify that:

- We have verified the cash balances, to the extent considered necessary, securities relating to the Company's loans and 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. As at March 31, 2004, the Company had no reversions and life interests;

- The Company is not a trustee of any trust; and
- No part of the assets of the policyholders' funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders' funds.

For BHARAT S. RAUT & CO.  
*Chartered Accountants*

AKEEL MASTER  
*Partner*  
Membership No: 46768

*Mumbai, April 28, 2004*

For S. R. BATLIBOI & CO.  
*Chartered Accountants*

Per HEMAL SHAH  
*Partner*  
Membership No: 42650

*Mumbai, April 28, 2004*



# revenue account



for the year ended March 31, 2004

Form A-RA

Name of the Insurer: ICICI Prudential Life Insurance Company Limited

Registration No. and Date of Registration with the IRDA: Regn. No. 105 dated 24.11.2000

(Rs. in '000s)

Policyholders' Account (Technical Account)								
Particulars	Schedule	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group	Total
<b>Premiums earned – net</b>								
(a) Premium	9	1,796,424	119,902	525,753	4,958,194	2,420,905	71,580	9,892,758
(b) Reinsurance ceded		(1,634)	(13,629)	(198)	(3,597)	(17)	—	(19,075)
<b>Income from Investments</b>								
(a) Interest & Dividend (Gross)		134,699	73,767	50,953	3,047	3,074	27	265,567
(b) Profit on sale/redemption of investments		165,030	448	66,014	—	—	—	231,492
(c) Loss on sale/redemption of investments		(1,380)	(70)	(523)	—	—	—	(1,973)
(d) Transfer/Gain on revaluation/change in fair value		(10,273)	—	(1,265)	—	—	—	(11,538)
<b>Other income:</b>								
Contribution from the Shareholders' a/c		464,766	93,396	92,378	1,273,134	425,064	19,008	2,367,746
Linked Income		—	—	—	126,176	40,247	197	166,620
Fees and Charges		323	64	38	1,434	489	—	2,348
<b>Total (A)</b>		<b>2,547,955</b>	<b>273,878</b>	<b>733,150</b>	<b>6,358,388</b>	<b>2,889,762</b>	<b>90,812</b>	<b>12,893,945</b>
Commission	10	267,841	13,930	28,052	424,463	130,768	50	865,104
Operating Expenses related to Insurance Business	11	541,274	61,435	77,588	1,585,826	678,573	19,162	2,963,858
Provision for Taxation - Deferred		108,788	14,736	—	2,158	—	—	125,682
<b>Total (B)</b>		<b>917,903</b>	<b>90,101</b>	<b>105,640</b>	<b>2,012,447</b>	<b>809,341</b>	<b>19,212</b>	<b>3,954,644</b>
Benefits Paid (Net)	12	34,258	28,826	6,237	10,603	1,527	156	81,607
Liability against Life policies in force		1,595,794	154,951	621,273	99,164	12,490	615	2,484,287
Transfer to Linked Fund		—	—	—	4,236,174	2,066,404	70,851	6,373,429
<b>Total (C)</b>		<b>1,630,052</b>	<b>183,777</b>	<b>627,510</b>	<b>4,345,941</b>	<b>2,080,421</b>	<b>71,622</b>	<b>8,939,323</b>
<b>SURPLUS/(DEFICIT) (D) = (A)-(B)-(C)</b>		—	—	—	—	—	(22)	(22)
<b>APPROPRIATIONS (E)</b>								
Insurance reserve at the beginning of the year		—	—	—	—	—	22	22
Transfer to Shareholders' a/c		—	—	—	—	—	—	—
Balance being funds for future appropriations		—	—	—	—	—	—	—
<b>NET SURPLUS/(DEFICIT) (F)=(D)+(E)</b>		—	—	—	—	—	—	—
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	13	—	—	—	—	—	—	—

for the year ended March 31, 2003

Policyholders' Account (Technical Account)

Particulars	Schedule	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group	Total
<b>Premiums earned – net</b>								
(a) Premium	9	1,112,197	430,188	433,425	1,567,258	624,746	8,429	4,176,243
(b) Reinsurance ceded		(787)	(1,624)	(75)	(342)	—	—	(2,828)
<b>Income from Investments</b>								
(a) Interest & Dividend (Gross)		73,871	60,955	24,743	183	47	—	159,799
(b) Profit on sale/redemption of investments		22,088	27,630	13,876	109	36	—	63,739
(c) Loss on sale/redemption of investments		(788)	(63)	(252)	—	—	—	(1,103)
(d) Transfer/Gain on revaluation/change in fair value		—	—	—	—	—	—	—
<b>Other income</b>								
Contribution from the Shareholders' a/c		706,428	30,027	221,272	362,573	263,484	—	1,583,784
Linked Income		—	—	—	19,376	7,145	—	26,521
Fees and Charges		1,456	80	192	3	—	—	1,730
<b>Total (A)</b>		<b>1,914,465</b>	<b>547,192</b>	<b>693,181</b>	<b>1,949,160</b>	<b>895,458</b>	<b>8,429</b>	<b>6,007,885</b>
Commission	10	235,856	17,036	34,156	58,157	32,421	5	377,631
Operating Expenses related to Insurance Business	11	735,729	93,142	213,380	403,552	292,479	—	1,738,282
Provision for Taxation - Deferred		—	—	—	—	—	—	—
<b>Total (B)</b>		<b>971,585</b>	<b>110,178</b>	<b>247,536</b>	<b>461,709</b>	<b>324,900</b>	<b>5</b>	<b>2,115,913</b>
Benefits Paid (Net)	12	12,446	13,091	5,093	644	283	—	31,557
Liability against Life policies in force		930,434	423,923	440,552	31,200	45,808	405	1,872,322
Transfer to Linked Fund		—	—	—	1,455,607	524,467	7,997	1,988,071
<b>Total (C)</b>		<b>942,880</b>	<b>437,014</b>	<b>445,645</b>	<b>1,487,451</b>	<b>570,558</b>	<b>8,402</b>	<b>3,891,950</b>
<b>SURPLUS/(DEFICIT) (D) = (A)-(B)-(C)</b>		—	—	—	—	—	22	22
<b>APPROPRIATIONS</b>								
Insurance reserve at the beginning of the year		—	—	—	—	—	—	—
Transfer to Shareholders' a/c		—	—	—	—	—	—	—
Balance being funds for future appropriations		—	—	—	—	—	22	22
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	13	—	—	—	—	—	—	—

As required by Section 40-B(4) of the Insurance Act, 1938 we certify that all expenses of Management in respect of life insurance business transacted in India by the Company have been fully debited to the Policyholders' Revenue Account as expenses.

Schedules referred to herein form an integral part of the Policyholders' Revenue Account

As per our report of even date attached

For BHARAT S. RAUT & CO.  
Chartered Accountants

For S. R. BATLIBOI & CO.  
Chartered Accountants

K. V. KAMATH  
Chairman

MARK NORBOM  
Director

M. P. MODI  
Director

AKEEL MASTER  
Partner

Per HEMAL SHAH  
Partner

SHIKHA SHARMA  
Managing Director

SANDEEP BATRA  
Chief Financial Officer &  
Company Secretary

V. RAJAGOPALAN  
Appointed Actuary

Membership No. 46768

Membership No. 42650

Mumbai, April 28, 2004

# schedules

forming part of the financial statements

Continued

(Rs. in '000s)

## SCHEDULE - 1

March 31, 2004

March 31, 2003

### SHARE CAPITAL

#### Authorised Capital

Equity Shares of Rs.10 each

12,000,000

6,000,000

#### Issued, Subscribed & Called up Capital

Equity Shares of Rs.10 each Fully Paid Up

6,750,000

4,250,000

#### Total

6,750,000

4,250,000

Of the above issued share capital as of March 31, 2004, 499,499,993 shares (Previous Year : 314,499,993 shares) of Rs. 10 each are held by the holding company, ICICI Bank Limited and 7 shares (Previous Year : 7 shares) of Rs. 10 each are held by ICICI Bank Limited through its nominees.

#### PATTERN OF SHAREHOLDING

[As certified by the Management]

#### Shareholder

Shareholder	March 31, 2004		March 31, 2003	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
Indian	499,500,000	74	314,500,000	74
Foreign	175,500,000	26	110,500,000	26
<b>Total</b>	<b>675,000,000</b>	<b>100</b>	<b>425,000,000</b>	<b>100</b>

## SCHEDULE - 2

March 31, 2004

(Rs. in '000s)  
March 31, 2003

### INVESTMENTS-SHAREHOLDERS'

#### LONG TERM INVESTMENTS

Government securities \*

891,246

391,431

(Market value current year : Rs 897,584 thousands)

(Market value previous year : Rs 397,032 thousands)

#### Other Investments :

Debentures/ Bonds

265,505

129,861

(Market value current year: Rs. 268,534 thousands)

(Market value previous Year : Rs. 129,369 thousands)

#### Investments in Infrastructure and Social Sector:

Debenture / Bonds

721,601

384,609

(Market value current year: Rs. 734,325 thousands)

(Market value previous year : Rs. 388,252 thousands)

#### Other than Approved Investments :

Debentures/ Bonds

127,566

33,212

(Market value current year : Rs. 133,027 thousands)

(Market value previous year : Rs. 33,739 thousands)

#### SHORT TERM INVESTMENTS

Government securities

-

52,822

(Market value current year : Rs. NIL)

(Market value previous year :Rs. 53,250 thousands)

#### Other Investments :

Debentures/ Bonds

2,677

101,277

(Market value current year : Rs. 2,674 thousands)

(Market value previous year : Rs. 101,744 thousands)

#### Other than Approved Investments :

Mutual Fund units at Fair value

176,707

188,112

(Historical Value current year : Rs. 176,256 thousands)

(Historical Value previous year : Rs. 188,023 thousands)

#### Total

2,185,302

1,281,324

In India

2,185,302

1,281,324

#### Total

2,185,302

1,281,324

\* Includes Rs. 45,204 thousands of securities under section 7 of Insurance Act, 1938 (Previous Year : Rs. 12,342 thousands) (Refer Note 3.9 of Schedule 13)

# schedules



forming part of the financial statements

Continued

(Rs. in '000s)

## SCHEDULE- 2A INVESTMENTS-POLICYHOLDERS'

Particulars	March 31, 2004						Total
	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group	
<b>LONG TERM INVESTMENTS</b>							
Government securities (Market value Rs. 4,304,129 thousands)	2,043,889	688,832	911,009	126,390	70,696	483	3,841,299
<b>Other Investments :</b>							
Equity Shares at fair value (Historical Costs Rs. 790,202 thousands)	641,359	—	275,730	—	—	—	917,089
Debentures/ Bonds (Market value Rs. 176,382 thousands)	50,644	108,353	—	—	—	—	158,997
Long term fixed deposit with holding company	—	50,000	—	—	—	—	50,000
Investment Properties - Real Estate	95,423	—	95,419	—	—	—	190,842
<b>Investment in Infrastructure and social sector :</b>							
Equity Shares at fair value (Historical costs Rs. 26,937 thousands)	21,471	—	11,240	—	—	—	32,711
Debentures/ Bonds (Market value Rs. 322,429 thousands)	214,020	93,027	—	—	—	—	307,047
<b>Other than Approved Investments :</b>							
Equity Shares at fair value (Historical costs Rs. 18,677 thousands)	19,295	—	—	—	—	—	19,295
Debentures/ Bonds (Market value : Rs.200,482 thousands)	54,656	128,088	—	—	—	—	182,744
<b>Short Term Investments</b>							
Mutual Fund investment at fair value (Historical costs Rs. 44,830 thousands)	20,300	21,891	—	2,100	—	600	44,891
<b>Total</b>	<b>3,161,057</b>	<b>1,090,191</b>	<b>1,293,398</b>	<b>128,490</b>	<b>70,696</b>	<b>1,083</b>	<b>5,744,915</b>
In India	3,161,057	1,090,191	1,293,398	128,490	70,696	1,083	5,744,915
<b>Total</b>	<b>3,161,057</b>	<b>1,090,191</b>	<b>1,293,398</b>	<b>128,490</b>	<b>70,696</b>	<b>1,083</b>	<b>5,744,915</b>

## SCHEDULE- 2A INVESTMENTS-POLICYHOLDERS'

Particulars	March 31, 2003						Total
	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group	
<b>LONG TERM INVESTMENTS</b>							
Government securities (Market value Rs. 2,656,117 thousands)	1,189,827	583,186	571,786	31,613	45,411	502	2,422,325
<b>Other Investments :</b>							
Equity Shares at fair value (Historical Costs Rs. 281,683 thousands)	185,411	—	86,289	—	—	—	271,700
Debentures/Bonds (Market value Rs. 171,107 thousands)	50,848	110,619	—	—	—	—	161,467
Long term fixed deposit with holding company	—	50,000	—	—	—	—	50,000
Investment Properties - Real Estate	—	—	—	—	—	—	—
<b>Investment in Infrastructure and social sector :</b>							
Equity Shares at fair value (Historical costs Rs. 20,317 thousands)	13,135	—	6,460	—	—	—	19,595
Debentures/ Bonds (Market value Rs. 255,501 thousands)	157,606	79,576	—	—	—	—	237,182
<b>Other than Approved Investments :</b>							
Equity Shares at fair value (Historical costs Rs. 7,483 thousands)	7,392	—	—	—	—	—	7,392
Debentures/ Bonds (Market value : Rs.140,539 thousands)	—	129,724	—	—	—	—	129,724
<b>Short Term Investments</b>							
Mutual Fund investment at fair value	—	—	—	—	—	—	—
<b>Total</b>	<b>1,604,219</b>	<b>953,105</b>	<b>664,535</b>	<b>31,613</b>	<b>45,411</b>	<b>502</b>	<b>3,299,385</b>
In India	1,604,219	953,105	664,535	31,613	45,411	502	3,299,385
<b>Total</b>	<b>1,604,219</b>	<b>953,105</b>	<b>664,535</b>	<b>31,613</b>	<b>45,411</b>	<b>502</b>	<b>3,299,385</b>

Particulars	March 31, 2004												(Rs. in '000s)				
	Linked Funds			Linked Pension Funds			Linked Group Funds										
	Balancer	Protector	Maxi-miser	Cash Plus*	Secure Plus*	Balancer	Protector	Maxi-miser	Secure Plus*	Balanced	Income	Short Term Debt		Capital Guarantee	Capital Guarantee	Growth Superannuation*	Total
<b>LONG TERM INVESTMENTS</b>																	
Government Securities at fair value (Historical cost Rs.2,959,618 thousands)	509,057	1,466,928	—	4,768	3,139	277,406	709,169	—	4,576	9,663	3,724	196	132	2,166	156	2,991,080	
<b>Other Investments</b>																	
Equity Shares at fair value (Historical cost Rs. 2,045,985 thousands)	552,769	—	1,085,335	—	484	305,600	—	379,651	—	4,493	—	—	—	943	508	2,339,963	
Debentures/Bonds at fair value (Historical cost Rs. 989,620 thousands)	125,651	570,060	—	1,988	1,513	44,944	223,301	—	962	4,373	2,064	110	140	—	80	975,166	
<b>Investments in Infrastructure and Social Sector</b>																	
Equity Shares at fair value (Historical cost Rs.12 thousands)	—	—	—	—	13	—	—	—	—	—	—	—	—	—	—	13	
Debentures/Bonds at fair value (Historical cost Rs.1,069,814 thousands)	146,064	527,340	—	1,892	1,111	100,199	285,214	—	2,773	4,971	2,024	74	—	1,329	40	1,073,031	
<b>Other than Approved Investments</b>																	
Equity Shares at fair value (Historical cost Rs. 36,284 thousands)	9,145	—	20,824	—	—	4,026	—	6,145	—	274	—	—	—	—	28	40,442	
Debentures/Bonds at fair value (Historical cost Rs. 473,453 thousands)	73,015	231,104	—	612	204	50,250	119,202	—	713	—	102	—	41	405	—	475,648	
<b>SHORT TERM INVESTMENTS</b>																	
Certificate of Deposit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Other than Approved Investments</b>																	
Mutual Fund investment at fair value (Historical cost Rs.247,938 thousands)	41,241	29,886	89,288	425	500	23,988	19,251	40,942	900	902	100	—	—	600	100	248,123	
<b>Net Current Assets</b>																	
	80,518	233,118	2,109	641	1,021	47,604	100,227	191	1,191	40,196	81	48	22	(440)	10	506,537	
<b>Total</b>	<b>1,537,460</b>	<b>3,058,436</b>	<b>1,207,556</b>	<b>10,306</b>	<b>7,965</b>	<b>854,017</b>	<b>1,456,364</b>	<b>427,129</b>	<b>11,115</b>	<b>64,872</b>	<b>8,095</b>	<b>428</b>	<b>335</b>	<b>5,003</b>	<b>922</b>	<b>8,650,003</b>	
In India	1,537,460	3,058,436	1,207,556	10,306	7,965	854,017	1,456,364	427,129	11,115	64,872	8,095	428	335	5,003	922	8,650,003	
<b>Total</b>	<b>1,537,460</b>	<b>3,058,436</b>	<b>1,207,556</b>	<b>10,306</b>	<b>7,965</b>	<b>854,017</b>	<b>1,456,364</b>	<b>427,129</b>	<b>11,115</b>	<b>64,872</b>	<b>8,095</b>	<b>428</b>	<b>335</b>	<b>5,003</b>	<b>922</b>	<b>8,650,003</b>	

\* These schemes have been launched during the year hence previous year figures are Nil

# schedules



forming part of the financial statements

Continued

(Rs. in '000s)

## SCHEDULE-2B ASSETS HELD TO COVER LINKED LIABILITIES

Particulars	March 31, 2003									
	Linked Funds			Linked Pension Funds			Linked Group Funds			Total
	Balancer	Protector	Maxi-miser	Balancer	Protector	Maxi-miser	Balanced	Income	Short Term Debt	
<b>LONG TERM INVESTMENTS</b>										
Government Securities at fair value (Historical cost Rs. 698,774 thousands)	44,129	482,113	6,886	22,350	148,316	3,230	—	—	—	707,024
<b>Other Investments</b>										
Equity Shares at fair value (Historical cost Rs. 249,821 thousands)	54,020	—	125,129	26,878	—	40,667	—	—	—	246,694
Debentures/ Bonds at fair value (Historical cost Rs. 546,132 thousands)	27,826	383,153	8,220	13,339	111,349	2,702	—	—	—	546,589
<b>Investments in Infrastructure and Social Sector</b>										
Equity Shares at fair value (Historical cost Rs. 6,235 thousands)	1,253	—	3,133	492	—	868	—	—	—	5,746
Debentures/Bonds at fair value (Historical cost Rs. 209,706 thousands)	12,429	138,112	—	9,373	47,245	—	—	—	—	207,159
<b>Other than Approved Investments</b>										
Equity Shares at fair value (Historical cost Rs. 6,822 thousands)	1,445	—	3,469	650	—	1,053	—	—	—	6,617
Debentures/Bonds at fair value (Historical cost Rs. 48,423 thousands)	3,234	31,360	—	1,666	12,740	—	—	—	—	49,000
<b>SHORT TERM INVESTMENTS</b>										
Certificate of Deposit (Historical cost Rs. 46,719 thousands)	—	35,040	—	—	11,680	—	—	—	—	46,720
<b>Other than Approved Investments</b>										
Mutual Fund investment	—	—	—	—	—	—	—	—	—	—
<b>Net Current Assets</b>	23,274	147,652	13,502	14,138	51,397	8,223	6,776	843	378	266,183
<b>Total</b>	<b>167,610</b>	<b>1,217,430</b>	<b>160,339</b>	<b>88,886</b>	<b>382,727</b>	<b>56,743</b>	<b>6,776</b>	<b>843</b>	<b>378</b>	<b>2,081,732</b>
In India	167,610	1,217,430	160,339	88,886	382,727	56,743	6,776	843	378	2,081,732
<b>Total</b>	<b>167,610</b>	<b>1,217,430</b>	<b>160,339</b>	<b>88,886</b>	<b>382,727</b>	<b>56,743</b>	<b>6,776</b>	<b>843</b>	<b>378</b>	<b>2,081,732</b>

	March 31, 2004	March 31, 2003		March 31, 2004	March 31, 2003
<b>SCHEDULE - 3</b>					
<b>LOANS</b>					
<b>1. SECURITY-WISE CLASSIFICATION</b>					
<i>Secured</i>					
(a) On mortgage of property			(d) Companies	18,109	—
(aa) In India	18,109	—	(e) Loans against policies	3,510	21
(bb) Outside India	—	—	(f) Loans to employees	—	—
(b) On Shares, Bonds, Government Securities, etc.	—	—	<b>Total</b>	<b>21,619</b>	<b>21</b>
(c) Loans against policy	3,510	21	<b>3. PERFORMANCE-WISE CLASSIFICATION</b>		
(d) Others	—	—	(a) Loans classified as standard:		
<i>Unsecured</i>	—	—	(aa) In India	21,619	21
<b>Total</b>	<b>21,619</b>	<b>21</b>	(bb) Outside India	—	—
<b>2. BORROWER-WISE CLASSIFICATION</b>					
(a) Central and State Governments	—	—	(b) Non-standard loans less provisions:		
(b) Banks and Financial Institutions	—	—	(aa) In India	—	—
(c) Subsidiaries	—	—	(bb) Outside India	—	—
			<b>Total</b>	<b>21,619</b>	<b>21</b>
<b>4. MATURITY-WISE CLASSIFICATION</b>					
			(a) Short-Term	2,290	—
			(b) Long-Term	19,329	21
			<b>Total</b>	<b>21,619</b>	<b>21</b>

# schedules

forming part of the financial statements

Continued

(Rs. in '000s)

## SCHEDULE - 4

### FIXED ASSETS

Particulars	Cost/ Gross Block				Depreciation				Net Block	
	Opening Balance	Additions	Sales/ Adjust-ments	Closing Balance	Upto Previous year	For The Year	Sales/ Adjust-ments	To Date	As at March 31, 2004	As at March 31, 2003
Leasehold Improvement	195,928	156,323	—	352,251	30,368	31,597	—	61,965	290,286	165,560
Information Technology Equipments	96,272	52,526	(202)	148,596	35,998	44,104	(92)	80,010	68,586	60,274
Software	93,735	33,025	(88)	126,672	50,568	32,080	(72)	82,576	44,096	43,167
Networks	30,362	4,613	—	34,975	10,020	8,893	—	18,913	16,062	20,342
Furniture & Fixtures	60,298	21,392	—	81,690	27,977	20,364	—	48,342	33,348	32,321
Office Equipment	115,475	55,549	(998)	170,026	44,182	42,453	(167)	86,468	83,558	71,293
<b>Sub-total</b>	<b>592,070</b>	<b>323,428</b>	<b>(1,288)</b>	<b>914,210</b>	<b>199,113</b>	<b>179,491</b>	<b>(331)</b>	<b>378,274</b>	<b>535,936</b>	<b>392,957</b>
Capital Work in Progress									12,195	21,272
<b>Total</b>									<b>548,131</b>	414,229
<i>Previous Year</i>		346,035	247,360	(1,325)	592,070	77,135	122,495	(517)	199,113	392,957

## SCHEDULE - 5

### CASH AND BANK BALANCES

<b>Cash (including cheques in hand)</b>	<b>248,572</b>	132,175
<b>Bank Balance</b>		
(a) Deposit Account : Short-term (due within 12 months of the date of balance sheet)	44,900	65,111
(b) Current Account	209,732	118,392
<b>Money at Call &amp; Short Notice with banks</b>	—	4,700
<b>Total</b>	<b>503,204</b>	320,378

### CASH & BANK BALANCES

In India	503,204	320,378
<b>Total</b>	<b>503,204</b>	320,378

## SCHEDULE - 6

### ADVANCES AND OTHER ASSETS

<b>ADVANCES</b>		
Prepayments	24,824	5,220
Advance tax paid and taxes deducted at source	335	2,033
Deposits	72,087	57,792
Other advances	52,333	6,076
Other receivables	28,213	2,522
<b>Total (A)</b>	<b>177,792</b>	73,643

### OTHER ASSETS

Income accrued on investments/deposits	148,778	88,111
Outstanding Premiums	61,287	47,289
Deposit with Reserve Bank of India (refer to note 3.8 of Schedule 13)	1,000	1,000
Sundry Debtors (Investments)	77,589	—
<b>Total (B)</b>	<b>288,654</b>	136,400
<b>Total (A+B)</b>	<b>466,446</b>	210,043

## SCHEDULE - 7

### CURRENT LIABILITIES

Agents' Balances	18,078	6,564
Sundry creditors	10,880	3,531
Deposits	5,981	—
Expenses Payable	587,013	216,920
Reinsurance Premium Payable	6,215	2,199
Due to Holding company	24,891	8,064
TDS Payable	37,412	16,050
Claims Outstanding	6,633	743
Premium & other Liabilities	701,028	316,226
Premium received in advance	108,237	66,761
Outstanding Purchases (Investments)	80,435	41,790
Claims Received - Pending Documentation	12,694	7,993
Other liabilities	18,922	10,013
<b>Total</b>	<b>1,618,419</b>	696,854

## SCHEDULE - 8

### PROVISIONS

For taxation (less payments and taxes deducted at source)	—	—
For Proposed dividends	—	—
For dividend distribution tax	—	—
<b>Others</b>		
Provision for Leave Encashment	19,512	12,267
<b>Total</b>	<b>19,512</b>	12,267

# schedules



forming part of the financial statements

Continued

(Rs. in '000s)

Particulars	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group	Total
<b>SCHEDULE – 9</b>							
<b>PREMIUM</b>							
<b>For the year ended March 31, 2004</b>							
First year Premiums	802,169	45,635	110,151	3,535,310	1,726,356	71,559	6,291,180
Renewal Premiums	994,255	54,437	415,602	409,090	510,923	21	2,384,328
Single Premiums	—	19,830	—	1,013,794	183,626	—	1,217,250
<b>Total Premium</b>	<b>1,796,424</b>	<b>119,902</b>	<b>525,753</b>	<b>4,958,194</b>	<b>2,420,905</b>	<b>71,580</b>	<b>9,892,758</b>
<b>Premium Income from business written :</b>							
In India	1,796,424	119,902	525,753	4,958,194	2,420,905	71,580	9,892,758
<b>Total Premium</b>	<b>1,796,424</b>	<b>119,902</b>	<b>525,753</b>	<b>4,958,194</b>	<b>2,420,905</b>	<b>71,580</b>	<b>9,892,758</b>
<b>For the year ended March 31, 2003</b>							
First year Premiums	776,889	45,104	257,119	458,344	552,935	8,429	2,098,820
Renewal Premiums	335,308	16,830	171,382	11,656	—	—	535,176
Single Premiums	—	368,254	4,924	1,097,258	71,811	—	1,542,247
<b>Total Premium</b>	<b>1,112,197</b>	<b>430,188</b>	<b>433,425</b>	<b>1,567,258</b>	<b>624,746</b>	<b>8,429</b>	<b>4,176,243</b>
<b>Premium Income from business written :</b>							
In India	1,112,197	430,188	433,425	1,567,258	624,746	8,429	4,176,243
<b>Total Premium</b>	<b>1,112,197</b>	<b>430,188</b>	<b>433,425</b>	<b>1,567,258</b>	<b>624,746</b>	<b>8,429</b>	<b>4,176,243</b>
<b>SCHEDULE – 10</b>							
<b>COMMISSION EXPENSES</b>							
<b>For the year ended March 31, 2004</b>							
<b>Commission</b>							
Direct – First year premiums	199,343	10,453	8,679	400,633	120,581	50	739,739
– Renewal Premiums	68,498	3,364	19,373	17,190	9,197	—	117,622
– Single premiums	—	113	—	6,640	990	—	7,743
<b>Total Commission</b>	<b>267,841</b>	<b>13,930</b>	<b>28,052</b>	<b>424,463</b>	<b>130,768</b>	<b>50</b>	<b>865,104</b>
<b>For the year ended March 31, 2003</b>							
<b>Commission</b>							
Direct – First year premiums	212,239	11,937	22,905	51,567	32,034	5	330,687
– Renewal Premiums	23,617	1,111	11,180	506	—	—	36,414
– Single premiums	—	3,988	71	6,084	387	—	10,530
<b>Total Commission</b>	<b>235,856</b>	<b>17,036</b>	<b>34,156</b>	<b>58,157</b>	<b>32,421</b>	<b>5</b>	<b>377,631</b>
<b>SCHEDULE – 11</b>							
<b>OPERATING EXPENSES</b>							
<b>For the year ended March 31, 2004</b>							
Employees' remuneration & welfare benefits	185,848	13,196	27,067	581,528	239,045	14,142	1,060,826
Travel, conveyance and vehicle running expenses	18,163	1,297	2,427	52,052	19,211	2,907	96,057
Rents, rates & taxes	33,124	2,802	5,687	63,338	25,678	—	130,629
Repairs	10,929	956	1,732	21,969	8,646	61	44,293
Printing & stationery	10,894	2,913	1,595	20,367	15,140	139	51,048
Communication expenses	33,824	7,216	4,666	68,546	36,700	330	151,282
Legal & professional charges	19,718	1,801	2,812	36,252	13,467	304	74,354
Medical fees	11,376	4,420	1,857	18,873	3,611	—	40,137
Auditors' fees :							
(a) as auditor	142	8	10	516	407	—	1,083
(b) as advisor or in any other capacity, in respect of:							
(i) Taxation matters	35	2	6	45	12	—	100
Advertisement and publicity	49,385	2,944	6,188	219,146	100,904	806	379,373
Interest & Bank Charges	3,758	1,981	904	6,307	5,102	12	18,064
Agents Training & Recruitment	52,553	3,690	6,557	207,331	82,955	1	353,087
Depreciation	42,728	3,222	7,098	92,661	33,708	13	179,430
Others	68,797	14,987	8,982	196,895	93,987	447	384,095
<b>Total</b>	<b>541,274</b>	<b>61,435</b>	<b>77,588</b>	<b>1,585,826</b>	<b>678,573</b>	<b>19,162</b>	<b>2,963,858</b>

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(Rs. in '000s)

For the year ended March 31, 2003

Particulars	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group Gratuity	Total
Employees' remuneration & welfare benefits	242,934	27,221	73,850	134,588	99,292	—	577,885
Travel, conveyance and vehicle running expenses	23,216	2,793	6,157	12,441	8,470	—	53,077
Rents, rates & taxes	47,184	5,444	13,179	24,681	15,838	—	106,326
Repairs	12,109	1,347	3,451	6,463	4,508	—	27,878
Printing & stationery	12,855	1,645	3,433	8,867	7,659	—	34,459
Communication expenses	29,935	4,588	7,492	14,702	11,900	—	68,617
Legal & professional charges	27,697	3,018	7,363	12,406	6,960	—	57,444
Medical fees	15,660	6,656	5,226	3,851	1,805	—	33,198
Auditors' fees :							
(a) as auditor	289	17	170	227	289	—	992
(b) as advisor or in any other capacity, in respect of:							
(i) Taxation matters	28	2	16	22	28	—	96
Advertisement and publicity	132,773	13,102	41,162	81,890	60,050	—	328,977
Interest & Bank Charges	961	414	293	890	335	—	2,893
Agents Training & Recruitment	82,033	8,821	22,615	46,629	33,911	—	194,009
Depreciation	54,914	6,199	15,507	28,088	17,740	—	122,448
Others	53,141	11,875	13,466	27,807	23,694	—	129,983
<b>Total</b>	<b>735,729</b>	<b>93,142</b>	<b>213,380</b>	<b>403,552</b>	<b>292,479</b>	<b>—</b>	<b>1,738,282</b>

## SCHEDULE - 12

### BENEFITS PAID - Net

For the year ended March 31, 2004

Particulars	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group Gratuity	Total
<b>Insurance Claims</b>							
(a) Claims by Death	29,328	12,026	6,237	10,603	1,527	156	59,877
(b) Claims by Maturity	—	—	—	—	—	—	—
(c) Other benefits							
— Surrender	160	3,916	—	—	—	—	4,076
— Survival	4,770	13,134	—	—	—	—	17,904
<b>Total</b>	<b>34,258</b>	<b>29,076</b>	<b>6,237</b>	<b>10,603</b>	<b>1,527</b>	<b>156</b>	<b>81,857</b>
<b>Amount ceded in reinsurance</b>							
(a) Claims by Death	—	(250)	—	—	—	—	(250)
(b) Claims by Maturity	—	—	—	—	—	—	—
(c) Other benefits							
— Surrender	—	—	—	—	—	—	—
— Survival	—	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>(250)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(250)</b>
<b>Benefits paid to claimants:</b>							
In India	34,258	28,826	6,237	10,603	1,527	156	81,607
<b>Total Benefits paid</b>	<b>34,258</b>	<b>28,826</b>	<b>6,237</b>	<b>10,603</b>	<b>1,527</b>	<b>156</b>	<b>81,607</b>

For the year ended March 31, 2003

Particulars	Participating	Non-Participating	Annuities Participating	Linked	Linked Pension	Linked Group Gratuity	Total
<b>Insurance Claims</b>							
(a) Claims by Death	12,446	6,490	5,093	644	283	—	24,956
(b) Claims by Maturity	—	—	—	—	—	—	—
(c) Other benefits							
— Surrender	—	1,342	—	—	—	—	1,342
— Survival	—	5,259	—	—	—	—	5,259
<b>Total</b>	<b>12,446</b>	<b>13,091</b>	<b>5,093</b>	<b>644</b>	<b>283</b>	<b>—</b>	<b>31,557</b>
<b>Amount ceded in reinsurance</b>							
(a) Claims by Death	—	—	—	—	—	—	—
(b) Claims by Maturity	—	—	—	—	—	—	—
(c) Other benefits							
— Surrender	—	—	—	—	—	—	—
— Survival	—	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Benefits paid to claimants:</b>							
In India	12,446	13,091	5,093	644	283	—	31,557
<b>Total Benefits paid</b>	<b>12,446</b>	<b>13,091</b>	<b>5,093</b>	<b>644</b>	<b>283</b>	<b>—</b>	<b>31,557</b>

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## SCHEDULE - 13

### Significant accounting policies and notes forming part of the accounts for the year ended March 31, 2004

#### 1. Background :

ICICI Prudential Life Insurance Company Limited ('the Company') was incorporated on July 20, 2000 as a company under the Companies Act, 1956. The Company is registered with the Insurance Regulatory and Development Authority ('IRDA') and is in the business of underwriting life insurance policies.

The Company's life insurance business comprises of individual life & group business, including participating, non-participating, annuities, pension and linked policies. Some of these policies have riders attached to them such as Accident and Disability Benefit, Level Term, Critical Illness, Waiver of Premium and Major Surgical Assistance.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, in compliance with the accounting standards issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable, and in accordance with the provisions of the Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999, and the regulations framed thereunder and the Companies Act, 1956 to the extent applicable.

##### 2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 2.3 Revenue recognition

###### 2.3.1 Premium income

Premium is recognised as income when due. Uncollected premium on lapsed policies is recognised as income when such policies are reinstated.

For linked business, premium income is recognized when the associated units are allotted. Fees on linked policies is recognized when due.

###### 2.3.2 Income earned on investments

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortization of premium relating to debt securities is recognised over the holding/maturity period on a straight line basis.

Dividend income is recognised when the right to receive dividend is established.

Realised gain / loss on debt securities for other than linked business is the difference between the sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of listed equity shares / mutual funds units, the profit or loss on actual sale of investment includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account".

Realised gain / loss on debt securities for linked business is the difference between the sale consideration and the book cost, which is computed on weighted average basis, as on the date of sale.

###### 2.3.3 Income earned on loans

Interest income on loans is recognized on an accrual basis.

#### 2.4 Reinsurance premium

Reinsurance premium ceded is accounted in accordance with the treaty or in-principle arrangement with the reinsurer.

#### 2.5 Benefits Paid (Including Claims)

Death and surrender claims are accounted for on receipt of intimation. Maturity claims are accounted when due for payment. Reinsurance on such claims is accounted for, in the same period as the related claims.

#### 2.6 Acquisition Costs

Acquisition costs are costs that vary, with and are primarily related to the acquisition of new and renewal insurance contracts. Such costs are expensed in the year in which they are incurred.

#### 2.7 Liability for life policies in force

Liability for life policies in force and also policies in respect of which premium has been discontinued but a liability exists, is determined by the Appointed Actuary on the basis of an annual review of the life insurance business, as per the gross premium method in accordance with accepted actuarial practice, requirements of the IRDA and the Actuarial Society of India. The linked policies sold by the Company carry two types of liabilities - unit liability representing the fund value of policies and non-unit liability for future expenses, meeting death claims, income taxes and cost of any guarantees. Actuarial policies and assumptions are given in note 3.2 below.

#### 2.8 Investments

Investments are recorded at cost on the date of purchase, which includes brokerage, if any and excludes interest paid on purchases.

##### 2.8.1 Classification

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

Investments other than short-term are classified as long-term investments.

##### 2.8.2 Valuation - shareholders' investments and non-linked policyholders' investments

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost, subject to amortisation of premium or accretion of discount in the revenue account or the profit and loss account over the period of maturity/holding on a straight line basis.

Listed equity shares as at the balance sheet date are stated at fair value being the last quoted closing price on the National Stock Exchange ('NSE'). Mutual fund units as at the balance sheet date are valued at the previous day's net asset values. Equity shares awaiting listing are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

Unrealised gains/losses arising due to changes in the fair value of listed equity shares and mutual fund units are taken to "Fair Value Change Account" and carried forward in the balance sheet.

Investment in real estate is valued at historical cost, subject to provision for impairment, if any. Revaluation of investment in real estate is done at least once in every three years.

##### 2.8.3 Valuation - linked business

Government securities are valued at prices obtained from Credit Rating Information Services of India Ltd. ('CRISIL'). Debt securities, other than Government securities, are valued on the basis of CRISIL Bond Valuer.

Listed equity shares are valued at fair value, being the last quoted closing price on the NSE. Mutual fund units are valued at the previous day's net asset values.

Unrealized gains and losses are recognized in the scheme's revenue account.

### 2.8.4 Transfer of investments

In order to meet the deficit in the Policyholders' account the Company transfers investments from Shareholders' fund to Policyholders' fund.

Prior to the receipt of circular dated 29 October 2003 on "Transfer of funds by the life insurance companies" issued by IRDA, such transfers were carried out at market value. However, effective the date of receipt of the circular i.e. 6 November 2003, the Company effects such transfers at lower of cost or market value.

The circular permits transfer of only approved investments from shareholders' assets at market price where the policyholders' fund size does not exceed Rs. 50 crores. This change in accounting policy does not have a material impact on the financial statement.

### 2.9 Loans

Loans are stated at historical cost, subject to provision for impairment.

### 2.10 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use. Assets costing upto Rs. 20,000 (Rupees Twenty thousand) are fully depreciated in the year of acquisition. Significant improvements to software are capitalized with the insignificant improvements being charged-off as software expenses. Depreciation is provided on Straight-Line Method ('SLM') prorated from the date of acquisition / upto the date of sale, with reference to the management's assessment of the estimated useful life for each class of asset, as stated below:

Asset	Estimated useful life
Leasehold improvements	Renewable period of respective leases, subject to a maximum of 9 years.
Communication networks and servers	4 years
Computers and peripheral equipment	3 years
Software	3 years
Office Equipment	4 years
Furniture & Fixtures	4 years

### 2.11 Accounting for leases

#### Operating leases

Leases where the lessor, effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease rentals are recognized as an income/expense, as applicable, over the lease period.

### 2.12 Staff benefits

The Company has incorporated a Provident Fund trust, the contribution to which is under defined contribution plan. Company's liability towards the same is at the rate specified in the trust deed and is charged to the revenue account and profit & loss account.

The Company has incorporated a gratuity trust. The trust has taken a group policy from the Company to cover the liability towards gratuity. The Company's liability towards gratuity - a defined benefit plan, is accounted for on the basis of an independent actuarial valuation done at the year end and is charged to the revenue account and the profit & loss account.

The Company's liability towards leave encashment benefits is accounted for on the basis of an independent actuarial valuation done at the year end and is charged to the revenue account and the profit & loss account.

### 2.13 Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the revenue account or the profit and loss account. Current assets and liabilities in foreign currency, if any, are translated at the year-end closing rates. The resulting exchange gain or loss, if any, is reflected in the revenue account or the profit and loss account.

### 2.14 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realized.

### 2.15 Contingencies

Contingent losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

## 3. Notes to accounts

### Statutory disclosures

Statutory disclosures as required by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations'):

#### 3.1 Contingent liabilities

Particulars	(Rs. in 000's)	
	As at March 31 2004	As at March 31 2003
Partly-paid up investments	—	—
Underwriting commitments outstanding	—	—
Claims, other than those under policies, not acknowledged as debts	—	—
Guarantees given by or on behalf of the company	—	—
Statutory demands/liabilities in dispute, not provided for	—	—
Re-insurance obligations to the extent not provided for in accounts	—	—
Others	—	—

#### 3.2 Actuarial method and assumptions

The actuarial valuation liability on both participating and non-participating policies is calculated using the gross premium method. The gross premium reserves are calculated using assumptions for interest, mortality, expense, and inflation and in the case of participating policies, the future bonuses together with allowance for taxation and allocation of profits to shareholders. These assumptions are determined as prudent estimates at the date of valuation with allowances for adverse deviations.

For the participating policies and non-participating term insurance policies, the interest rates used for valuation are in the range of 4% to 6% per annum (Previous year - 4% to 7.75 % per annum). For non-participating single premium investment policies which are maintained as a hedged portfolio, the interest rates used for valuation range from 4.7% to 10% per annum (Previous year - 4.7% to 10% per annum).

The valuation has been carried out without assuming lapses or policies becoming paid up. Mortality rates used are based on the published L.I.C. (1994-96) Ultimate Mortality Table, adjusted to reflect expected experience and allowances for adverse deviation. The method of unearned premium

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for the unexpired portion of the risk has been adopted for the general fund liabilities of linked business and riders thereunder, and one year renewable group term insurance.

The charges under unit linked policies to meet future expenses are considered adequate. The unit liability in respect of linked business has been valued on the basis of the net asset value of the units, to the credit of policyholders, as on the valuation date.

### 3.3 Encumbrances of Assets

The assets of the Company are free from all encumbrances as at March 31, 2004, as in the previous year.

### 3.4 Commitments

Commitments made and outstanding for loans and investment is Rs. Nil (Previous year Rs. Nil).

Estimated amount of contracts remaining to be executed on fixed assets to the extent not provided for (net of advance) is Rs. 25,145 thousands (Previous year Rs. 24,400 thousands).

### 3.5 Claims

Claims settled and remaining unpaid for a period of more than six months as at March 31, 2004 amount to Rs. Nil. (Previous Year: Rs. Nil).

### 3.6 Investments

The investments are effected from the respective funds of the policyholders and shareholders and income thereon has been accounted accordingly.

### 3.7 Allocation of expenses

Operating expenses relating to insurance business are allocated to specific business segments - participating, non-participating, annuities and linked on the following consistently applied bases:

- Expenses that are directly identifiable to the business class are allocated on actual basis.
- Other expenses, that are not directly identifiable, are allocated on either of the following basis:
  - Number of policies;
  - Weighted annualized first year premium income;
  - Sum assured;
  - Total premium income; and
  - Medical cases
- Custody charges and other investment management expenses are allocated to policyholders and shareholders on the basis of funds under management.

The method of allocation has been decided based on the nature of the expense and its logical co-relation with various business segments.

### 3.8 Managerial remuneration

The details of the managing director's remuneration included in employee remuneration & welfare benefits are as follows:

Particulars	(Rs. in '000s)	
	March 31, 2004	March 31, 2003
Salary, perquisites and bonus	9,237	9,123
Contribution to Provident Fund	389	371

Note: Perquisites are based on actual payment.

Expenses towards gratuity and leave encashment provision are determined actuarially on an over all company basis annually and accordingly have not been considered in the above information.

The managerial remuneration is in accordance with the requirements of Section 34A of the Insurance Act, 1938 and as approved by the IRDA.

### 3.9 Investments

- All investments are performing investments.

- Investments under Section 7 of the Insurance Act, 1938 are as follows:

Particulars	(Rs. in '000s)	
	March 31, 2004	March 31, 2003
Balance with Reserve Bank of India	1,000	1,000
7.40% Govt. of India Securities *	45,204	12,342

- \* This investment is in the custody of Deutsche Bank AG, Indian branch in Constituent Subsidiary General Ledger Account under intimation to IRDA.

### 3.10 Value of unsettled contracts relating to investments as at March 31, 2004 are as follows:

	March 31, 2004		March 31, 2003	
	Linked Business	Non-Linked Business	Linked Business	Non-Linked Business
Purchases where deliveries are pending	134,766	80,435	14,410	41,790
Sales where receipts are overdue	Nil	Nil	Nil	Nil

### 3.11 Sector-wise percentage of business

Sector wise break-up of policies issued during the year are as follows :

Sector	March 31, 2004	March 31, 2003
Rural	15%	12%
Urban	85%	88%

### 3.12 Risks retained and reinsured

Extent of risk retained and reinsured is as follows :

	March 31, 2004	March 31, 2003
<b>Individual :</b>		
Risk retained	94%	95%
Risk reinsured	6%	5%
<b>Group :</b>		
Risk retained	54%	42%
Risk reinsured	46%	58%

### Other disclosures

#### 3.13 Taxation

Accounting Standard 22 'Accounting for Taxes on Income' issued by the ICAI states that "where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available, against which such deferred tax assets can be realized".

According to the Accounting Standard Interpretation (ASI) 9 issued by the ICAI on AS 22, "Virtual certainty" refers to "the extent of certainty, which, for all practical purposes, can be considered certain".

Accordingly, the net deferred tax asset of Rs. 102,346 thousands has been reversed in the current year.

The net deferred tax asset of Rs. 102,346 thousands in previous year was on account of carried forward losses.

#### 3.14 Operating lease commitments

The Company takes premises (both commercial and residential), office equipments, computers, servers & modular furniture on lease. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancelable and non cancelable operating lease arrangements are charged to the revenue account and the P&L account; and the future minimum lease payments in respect of non-

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cancelable operating leases as at the balance sheet date are summarized below:

	(Rs. in '000s)	
	March 31, 2004	March 31, 2003
Not later than one year	156,133	96,492
Later than one year not later than five years	346,507	184,870
Later than five years	30,879	107,423

The total operating lease rentals charged to profit and loss account in the current year is Rs. 142,245 thousands (previous year Rs. 91,121).

The Company has leased out its Investment Property-Real Estate. The lease arrangement is non-cancelable for a lease period of 6 months from the date of agreement and also contain a clause for renewal/cancellation by either party. Lease rent receivables on cancelable and

non-cancelable operating lease arrangements is credited to the revenue account and profit and loss account and the future minimum lease rentals receivable in respect of non-cancelable operating leases as at the balance sheet date are summarized below:

	(Rs. in '000s)	
	March 31, 2004	March 31, 2003
Not later than one year	11,961	Nil

Details of Gross carrying amount and accumulated depreciation of Leased Asset:

	(Rs. in '000s)	
	March 31, 2004	March 31, 2003
Gross carrying amount	190,841	Nil
Accumulated depreciation and impairment loss	Nil	Nil
Depreciation/ Impairment loss (if any)	Nil	Nil

### 3.15 Details of related parties and transactions with related parties

Related parties and nature of relationship

Nature of relationship	Name of the related party
Holding Company	ICICI Bank Limited
<i>Other Related Parties with whom transactions have taken place</i>	
Substantial Interest	Prudential Corporation Holdings Limited
Fellow Subsidiaries	ICICI Brokerage Services Limited ICICI Venture Funds Management Company Limited ICICI Home Finance Company Limited ICICI Lombard General Insurance Company Limited
Key Management Personnel	Shikha Sharma, Managing Director
Significant Influence	ICICI Prudential Life Insurance Company Limited Employees' Group Gratuity Cum Life Insurance Scheme

The following represents significant transactions between the Company and related parties :

For the year ending 2003-2004

	(Rs. in '000s)				
Particulars	Holding Company	Fellow Subsidiaries	Substantial Interest	Key Management Personnel	Significant Influence
<b>Income</b>					
Premium Income	627	3,433	—	—	10,583
Income from Interest	9,703	—	—	—	—
Reimbursement of expenses	—	—	7,858	—	—
<b>Expenses</b>					
* Establishment & Other Expenditure	165,754	11,065	—	9,626	—
Gratuity and term contribution	—	—	—	—	10,191

\* Establishment & Other Expenditure includes payments for sharing of common services and facilities, consultancy fees, insurance, business support and managerial remuneration.

Particulars	Holding Company	Fellow Subsidiaries	Substantial Interest	Key Management Personnel	Significant Influence
<b>Assets</b>					
Long Term Fixed Deposits	50,000	—	—	—	—
Cash, Bank Balances and Deposits	257,638	—	—	—	—
Income accrued on investments	7,059	—	—	—	—
Other Assets	—	24,679	1,282	—	—
<b>Liabilities</b>					
Share Capital	4,995,000	—	1,755,000	—	—
Others Liabilities	61,890	—	—	—	183

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(Rs. in '000s)

For the year ending 2002-2003 :

Particulars	Holding Company	Fellow Subsidiaries	Substantial Interest	Key Management Personnel	Significant Influence
<b>Income</b>					
Premium Income	1,048	—	—	40	—
Income from Interest	2,783	—	—	—	—
Reimbursement of expenses	—	—	—	—	—
<b>Expenses</b>					
* Establishment & Other Expenditure	73,973	9,764	—	9,494	—
Gratuity and term contribution	—	—	—	—	6,776

\* Establishment & Other Expenditure includes payments for sharing of common services and facilities, consultancy fees, insurance, business support and managerial remuneration.

Particulars	Holding Company	Fellow Subsidiaries	Substantial Interest	Key Management Personnel	Significant Influence
<b>Assets</b>					
Long Term Fixed Deposits	50,000	—	—	—	—
Cash, Bank Balances and Deposits	179,167	—	—	—	—
Income accrued on investments	2,001	—	—	—	—
Other Assets	—	—	—	—	—
<b>Liabilities</b>					
Share Capital	3,145,000	—	1,105,000	—	—
Others Liabilities	8,063	—	—	—	—

### 3.16 Segmental Reporting

#### Primary reportable segments

The segmental information has been disclosed based on the primary segment identified under the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations').

#### Secondary reportable segments

There are no reportable geographical segments since the Company provides services to customers in the Indian market only and does not distinguish any reportable regions within India.

Segment wise information of current assets & loans and current liabilities & provisions to the extent identifiable are given below:

(Rs. in '000s)

Business Segments	Current Assets & Loans		Current Liabilities & Provisions	
	March 31, 2004	March 31, 2003	March 31, 2004	March 31, 2003
Shareholders	177,801	105,850	483,779	213,673
Annuities Par	40,306	15,890	4,462	43,012
Participating	115,988	55,198	92,250	5,817
Non-participating	34,212	22,285	6,861	936
Linked	10,655	4,593	7,929	653
Linked Group	50	4	—	—
Linked Pension	4,542	1,412	455	109
Non-Identifiable	586,096	325,210	1,042,195	444,921
<b>Total</b>	<b>969,650</b>	<b>530,442</b>	<b>1,637,931</b>	<b>709,121</b>

Segment-wise information of non-cash items being amortization of premium included in interest income on debt instruments is tabled below:

(Rs. in '000s)

Business Segments	March 31, 2004	March 31, 2003
Shareholders	31,145	13,250
Annuities Par	7,415	2,640
Participating	15,581	6,570
Non-participating	14,263	10,020
Linked	1,289	40
Pension Linked	1,809	—
Group Linked	19	—
<b>Total</b>	<b>71,521</b>	<b>32,520</b>

Fixed Assets are not identifiable to any particular business segment.

# schedules

forming part of the financial statements

Continued

(Rs. in '000s)

## 3.17 Balance sheet of Linked Business as at March 31, 2004

Particulars	Linked Funds					Linked Pension Funds				Linked Group Funds						Total	
	Balancer	Protector	Maximiser	*Cash Plus	*Secure Plus	Balancer	Protector	Maximiser	*Secure Plus	Balanced	Income	Short Term Debt	*Capital Guarantee Gratuity	*Capital Guarantee Super-annuation	*Growth Super-annuation		
<b>SOURCES OF FUNDS</b>																	
<b>Shareholders' Funds</b>																	
Policy holder contribution	1,406,138	2,871,012	952,767	10,179	7,886	802,690	1,401,083	354,456	11,028	62,902	7,820	406	331	5,000	893	7,894,591	
Revenue Account	131,322	187,424	254,789	127	79	51,327	55,281	72,673	87	1,970	275	22	4	3	29	755,412	
<b>Total</b>	<b>1,537,460</b>	<b>3,058,436</b>	<b>1,207,556</b>	<b>10,306</b>	<b>7,965</b>	<b>854,017</b>	<b>1,456,364</b>	<b>427,129</b>	<b>11,115</b>	<b>64,872</b>	<b>8,095</b>	<b>428</b>	<b>335</b>	<b>5,003</b>	<b>922</b>	<b>8,650,003</b>	
<b>APPLICATION OF FUNDS</b>																	
<b>Investments</b>																	
Government Securities	509,057	1,466,928	—	4,768	3,139	277,406	709,169	—	4,576	9,663	3,724	196	132	2,166	156	2,991,080	
Equities	561,914	—	1,116,159	—	477	309,626	—	385,996	—	4,767	—	—	—	943	536	2,380,418	
Debentures & Bonds	344,730	1,328,504	—	4,472	2,828	195,393	627,717	—	4,448	9,344	4190	184	181	1,734	120	2,523,845	
Certificate of Deposit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Mutual Fund	41,241	29,886	89,288	425	500	23,988	19,251	40,942	900	902	100	—	—	600	100	248,123	
<b>Total</b>	<b>1,456,942</b>	<b>2,825,318</b>	<b>1,205,447</b>	<b>9,665</b>	<b>6,944</b>	<b>806,413</b>	<b>1,356,137</b>	<b>426,938</b>	<b>9,924</b>	<b>24,676</b>	<b>8,014</b>	<b>380</b>	<b>313</b>	<b>5,443</b>	<b>912</b>	<b>8,143,466</b>	
<b>CURRENT ASSETS</b>																	
Money at call	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bank Balances in current account	534	528	667	60	58	340	318	239	39	235	25	25	10	416	73	3,567	
Income accrued on investment	22,067	73,880	—	249	170	12,405	36,019	—	249	431	230	8	12	86	7	145,813	
Dividend Receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Unit Collection account	85,007	162,225	55,822	341	799	51,497	65,466	21,730	911	39,964	—	15	—	—	—	483,777	
Outstanding Sale Contracts	3,023	—	7,568	—	—	1,073	—	2,014	—	28	—	—	—	—	—	13,706	
Other Assets	1,150	—	3,307	—	—	455	—	994	—	10	—	—	—	—	—	5,916	
<b>Total</b>	<b>111,781</b>	<b>236,633</b>	<b>67,364</b>	<b>650</b>	<b>1,027</b>	<b>65,770</b>	<b>101,803</b>	<b>24,977</b>	<b>1,199</b>	<b>40,668</b>	<b>255</b>	<b>48</b>	<b>22</b>	<b>502</b>	<b>80</b>	<b>652,779</b>	
<b>Less: Current Liabilities &amp; Provisions</b>																	
Outstanding purchase contracts	28,919	—	63,314	—	—	16,942	—	24,142	—	438	—	—	—	942	69	134,766	
Other current liabilities	2,344	3,515	1,941	9	6	1,224	1,576	644	8	34	174	—	—	—	1	11,476	
<b>Net Current Assets</b>	<b>80,518</b>	<b>233,118</b>	<b>2,109</b>	<b>641</b>	<b>1,021</b>	<b>47,604</b>	<b>100,227</b>	<b>191</b>	<b>1,191</b>	<b>40,196</b>	<b>81</b>	<b>48</b>	<b>22</b>	<b>(440)</b>	<b>10</b>	<b>506,537</b>	
<b>Total</b>	<b>1,537,460</b>	<b>3,058,436</b>	<b>1,207,556</b>	<b>10,306</b>	<b>7,965</b>	<b>854,017</b>	<b>1,456,364</b>	<b>427,129</b>	<b>11,115</b>	<b>64,872</b>	<b>8,095</b>	<b>428</b>	<b>335</b>	<b>5,003</b>	<b>922</b>	<b>8,650,003</b>	

\* These schemes have been launched during the year. Hence previous year figures are Nil.

## 3.18 Revenue Account for Linked Business for the year/period ended March 31, 2004

(Rs. in '000s)

Particulars	Linked Funds					Linked Pension Funds				Linked Group Funds						Total	
	Balancer	Protector	Maximiser	*Cash Plus	*Secure Plus	Balancer	Protector	Maximiser	*Secure Plus	Balanced	Income	Short Term Debt	*Capital Guarantee Gratuity	*Capital Guarantee Super-annuation	*Growth Super-annuation		
<b>Income from Investments</b>																	
Interest income	21,797	134,709	1,222	177	148	9,118	43,033	381	84	726	348	29	2	1	5	211,780	
Dividend income	3,398	—	7,921	—	1	1,543	—	2,446	—	28	—	—	—	—	1	15,338	
Profit/loss on sale of Investment	42,093	19,817	96,860	5	2	17,645	5,751	28,913	7	882	28	(1)	—	—	11	212,013	
Unrealised Gain / Loss	73,570	22,684	160,830	(26)	(46)	27,650	9,626	44,964	10	568	(31)	(2)	2	2	16	339,817	
<b>Total (A)</b>	<b>140,858</b>	<b>177,210</b>	<b>266,833</b>	<b>156</b>	<b>105</b>	<b>55,956</b>	<b>58,410</b>	<b>76,704</b>	<b>101</b>	<b>2,204</b>	<b>345</b>	<b>26</b>	<b>4</b>	<b>3</b>	<b>33</b>	<b>778,948</b>	
Fund Management Expenses	5,031	4,690	4,932	29	26	2,092	1,483	1,431	14	234	70	4	—	—	4	20,040	
Fund Administrative Expenses	6,755	24,597	6,546	—	—	2,819	7,815	1,920	—	—	—	—	—	—	—	50,452	
<b>Total (B)</b>	<b>11,786</b>	<b>29,287</b>	<b>11,478</b>	<b>29</b>	<b>26</b>	<b>4,911</b>	<b>9,298</b>	<b>3,351</b>	<b>14</b>	<b>234</b>	<b>70</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>70,492</b>	
<b>Net Income for the year (A-B)</b>	<b>129,072</b>	<b>147,923</b>	<b>255,355</b>	<b>127</b>	<b>79</b>	<b>51,045</b>	<b>49,112</b>	<b>73,353</b>	<b>87</b>	<b>1,970</b>	<b>275</b>	<b>22</b>	<b>4</b>	<b>3</b>	<b>29</b>	<b>708,456</b>	
Add: Revenue account at the beginning of the year	2,250	39,501	(566)	—	—	282	6,169	(680)	—	—	—	—	—	—	—	46,956	
Revenue account at the end of year	131,322	187,424	254,789	127	79	51,327	55,281	72,673	87	1,970	275	22	4	3	29	755,412	

\* These schemes have been launched during the year. Hence previous year figures are Nil.

# schedules



forming part of the financial statements

Continued

(Rs. in '000s)

### 3.19 Balance sheet of Linked Business as at March 31, 2003

Particulars	Linked Funds			Linked Pension Funds			Linked Group Funds			Total
	Balancer	Protector	Maximiser	Balancer	Protector	Maximiser	Balanced	Income	Short Term Debt	
<b>Source of Funds</b>										
Policy Holders' Contribution	165,360	1,177,931	160,904	88,604	376,558	57,423	6,776	843	378	2,034,777
Revenue Account	2,250	39,500	(566)	282	6,169	(680)	—	—	—	46,955
<b>Total</b>	<b>167,610</b>	<b>1,217,431</b>	<b>160,338</b>	<b>88,886</b>	<b>382,727</b>	<b>56,743</b>	<b>6,776</b>	<b>843</b>	<b>378</b>	<b>2,081,732</b>
<b>Application of Funds</b>										
<b>Investments</b>										
Government Securities	44,129	482,113	6,886	22,350	148,316	3,230	—	—	—	707,024
Equities	56,718	—	131,731	28,020	—	42,588	—	—	—	259,057
Debentures & Bonds	43,489	552,626	8,220	24,377	171,334	2,702	—	—	—	802,748
Certificate of Deposit	—	35,040	—	—	11,680	—	—	—	—	46,720
Mutual Fund	—	—	—	—	—	—	—	—	—	—
	<b>144,336</b>	<b>1,069,779</b>	<b>146,837</b>	<b>74,747</b>	<b>331,330</b>	<b>48,520</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,815,549</b>
<b>Current Assets</b>										
Money at call	3,500	3,400	2,300	3,200	—	2,900	—	—	—	15,300
Bank balance - in current account	260	279	328	235	268	366	—	—	—	1,736
Income accrued on investments	2,853	31,124	534	1,398	8,173	211	—	—	—	44,293
Dividend Receivable	45	—	104	23	—	34	—	—	—	206
Unit collection account	17,907	114,154	13,055	10,849	43,305	6,406	6,776	843	378	213,673
Outstanding sale contracts	1,428	—	2,526	622	—	989	—	—	—	5,565
Other assets	437	—	894	390	—	463	—	—	—	2,184
	<b>26,430</b>	<b>148,957</b>	<b>19,741</b>	<b>16,717</b>	<b>51,746</b>	<b>11,369</b>	<b>6,776</b>	<b>843</b>	<b>378</b>	<b>282,957</b>
<b>Current Liabilities</b>										
Outstanding purchase contracts	2,903	—	5,974	2,465	—	3,067	—	—	—	14,409
Other current liabilities	253	1,305	266	113	349	79	—	—	—	2,365
	<b>3,156</b>	<b>1,305</b>	<b>6,240</b>	<b>2,578</b>	<b>349</b>	<b>3,146</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16,774</b>
<b>Net current assets</b>	<b>23,274</b>	<b>147,652</b>	<b>13,501</b>	<b>14,139</b>	<b>51,397</b>	<b>8,223</b>	<b>6,776</b>	<b>843</b>	<b>378</b>	<b>266,183</b>
<b>Total</b>	<b>167,610</b>	<b>1,217,431</b>	<b>160,338</b>	<b>88,886</b>	<b>382,727</b>	<b>56,743</b>	<b>6,776</b>	<b>843</b>	<b>378</b>	<b>2,081,732</b>

### 3.20 Revenue Account for Linked Business for the year/period ended March 31, 2003

(Rs. in '000s)

Particulars	Linked Funds			Linked Pension Funds			Total
	Balancer	Protector	Maximiser	Balancer	Protector	Maximiser	
<b>INCOME</b>							
Interest Income	2,348	30,920	564	703	4,820	120	39,475
Dividend Income	214	—	618	64	—	111	1,007
Profit/(Loss) on Sale of Investment (Net)	420	8,736	300	156	430	121	10,163
Change in Unrealized Gains/(loss)	(145)	3,364	(1,065)	(330)	1,816	(774)	2,866
<b>Total Income (A)</b>	<b>2,837</b>	<b>43,020</b>	<b>417</b>	<b>593</b>	<b>7,066</b>	<b>(422)</b>	<b>53,511</b>
<b>EXPENSES</b>							
Fund Management Expenses	450	1,226	559	133	162	110	2,640
Fund Administrative Expenses	584	4,691	722	178	735	148	7,058
<b>Total Expenses (B)</b>	<b>1,034</b>	<b>5,917</b>	<b>1,281</b>	<b>311</b>	<b>897</b>	<b>258</b>	<b>9,698</b>
<b>Net Income For the Year (A-B)</b>	<b>1,803</b>	<b>37,103</b>	<b>(864)</b>	<b>282</b>	<b>6,169</b>	<b>(680)</b>	<b>43,813</b>
Add: Revenue Account at the beginning of the year	447	2,397	298	—	—	—	3,142
Revenue Account at the end of the year	<b>2,250</b>	<b>39,500</b>	<b>(566)</b>	<b>282</b>	<b>6,169</b>	<b>(680)</b>	<b>46,955</b>

The entire group gratuity business has been written on March 31, 2003 and hence, no income accrued towards the same.

### 3.21 Previous year comparatives

Previous year figures have been regrouped and reclassified wherever necessary to conform to current year presentation.

K. V. KAMATH

Chairman

SHIKHA SHARMA

Managing Director

MARK NORBOM

Director

SANDEEP BATRA

Chief Financial Officer  
& Company Secretary

M. P. MODI

Director

V. RAJAGOPALAN

Appointed Actuary

Mumbai, April 28, 2004

# cash flow statement

for the year ended March 31, 2004

(Rs. in '000s)

	March 31, 2004		March 31, 2003	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash Receipt from Customers :</b>				
Premium & other receipts	10,034,934		4,173,707	
Fees from professional services	1,098	10,036,032	1,397	4,175,104
<b>Cash Paid Towards Operating Activities :</b>				
Expenses & Withdrawals	(3,726,823)		(1,880,347)	
Reinsurance premium ceded	(15,059)		(911)	
Advances & Deposits	(60,552)		(11,202)	
Loan Against Policies	(3,489)	(3,805,923)	(21)	(1,892,481)
<i>Net cash from operating activities :</i>		<b>6,230,109</b>		<b>2,282,623</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale of fixed assets	128			
Purchase of fixed assets	(314,351)	(314,223)	(255,579)	(255,579)
Purchase of Investments		(22,397,540)		(13,484,325)
Loan		(18,109)		
Margin Money Receivable		(20,450)		
Sale of Investments		13,702,422		9,106,692
Deposit Received on Lease Propetry		5,981		
Interest Received		501,376		213,638
<i>Net Cash from investing activities :</i>		<b>(8,540,543)</b>		<b>(4,419,574)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital		2,500,000		2,350,000
<i>Net cash used in financing activities :</i>		<b>2,500,000</b>		<b>2,350,000</b>
Net increase in cash and cash equivalents		<b>189,566</b>		<b>213,049</b>
Cash and cash equivalents at beginning of the year		<b>272,305</b>		<b>59,256</b>
<i>Cash and cash equivalents at end of the year</i>		<b>461,871</b>		<b>272,305</b>
Note:				
Cash and cash equivalents at the end of the year includes :				
— Cash (including Cheques in hand & stamps in hand)		248,572		132,175
— Bank Balance & money at call and short notice		213,299		140,130
		<b>461,871</b>		<b>272,305</b>

As per our report of even date attached

For BHARAT S. RAUT & CO.  
Chartered Accountants

For S. R. BATLIBOI & CO.  
Chartered Accountants

K. V. KAMATH  
Chairman

MARK NORBOM  
Director

M. P. MODI  
Director

AKEEL MASTER  
Partner

Membership No. 46768  
Mumbai, April 28, 2004

Per HEMAL SHAH  
Partner

Membership No. 42650

Shikha Sharma  
Managing Director

Sandeep Batra  
Chief Financial Officer  
& Company Secretary

V. Rajagopalan  
Appointed Actuary

## section 217 annexure to the directors' report

**Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2004**

Sr. No.	Name & Qualification	Age in years	Designation	Date of Commencement of Employment	Remuneration Received		Experience (No. of Yrs)	Last Employed Name of the Company
					Gross	Net		
1	Anil Tikoo	42	Head -IT	01-Nov-2000	2,971,065	1,939,577	21	ICICI Ltd.
2	Anita Pai	36	Chief Customer Services and Operations	01-Nov-2000	4,288,614	2,776,226	13	ICICI Ltd.
3	Bill Lisle	39	Chief Agency Officer	01-Nov-2002	7,588,718	3,219,955	13	Prudential , Hong Kong
4	Binayak Dutta	31	Head-Banca and Alliances	21-May-2001	2,621,795	1,742,706	8	Microland
5	Chander Chellani	37	Head-Agency Sales-Himalayan	07-Jan-2002	2,861,262	1,979,277	12	BNP Paribas
6	Mukesh Dhawan	35	Head-Agency Sales-Peninsular	01-Nov-2000	2,723,725	1,748,674	10	ICICI PFS Ltd.
7	Puneet Nanda	35	Head Investment	09-Jan-2001	4,517,941	2,989,200	10	J. P. Morgan
8	Sandeep Batra	38	Chief Financial Officer	18-Sep-2000	4,405,593	2,819,580	16	CitiCorp Maruti Finance Ltd.
9	Saugata Gupta (***)	37	Chief Marketing	16-Oct-2000	3,624,005	2,437,027	12	Cadbury India Ltd.
10	Shikha Sharma	45	Managing Director	01-Apr-2002	9,625,685	6,064,927	24	ICICI Ltd.
11	Shubhro Mitra	42	Chief HR	17-Nov-2000	4,128,621	2,635,616	20	Cadbury India Ltd.
12	Tarun Chugh (***)	36	Head Group Sales	12-Jan-2004	543,034	381,652	13	ICICI Securities Ltd.
13	V. Rajagopalan	60	Chief Actuary	01-Jan-2001	4,812,932	3,258,189	36	Arab Insurance Group, Bahrain

**Notes:**

- Gross remuneration as above includes salary, taxable allowances, Value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Funds.  
Net remuneration is shown after deduction from gross remuneration of contribution to Provident and Superannuation fund, Profession Tax and Income Tax.
- The nature of employment is contractual.
- The employees mentioned above are not the relatives of any Director of the Company.
- (\*\*\*) Indicates employed for part of the year.

